MP@Y

PAYMENT AND MOBILE: A PERFECT MATCH

ManagePay

Agile • Convenient • Secure

Annual Report 2014

MANAGEPAY SYSTEMS BERHAD

(887689-D)

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Our Mission

To revolutionize the way business works and functions by integrating new internet enabled technologies and traditional business applications that will effectively eliminate the constraints of distance and time

Our Vision

To be the most trusted provider of managed payment services and its related systems and technologies that ensure the security and freedom of our corporate enterprises and their customers.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I have great pleasure in presenting the Annual Report and Audited Financial Statements of ManagePay Systems Berhad ("ManagePay") and its subsidiaries ("Group") for the financial year ended 31 December 2014.

ECONOMICS AND BUSINESS ENVIRONMENT

In the midst of global uncertainties, a dip in crude oil and other commodities prices worldwide, the Group continues to move forward steadily amidst challenging prospects of the payment industry. In line with the 4.5% growth projected for the Malaysian economy in 2015, the Group's on-going development and projects will continue to be the key revenue drivers, contributing to the Group's revenue and profitability.

According to Financial Sector Blueprint 2011-2020 released by Bank Negara Malaysia ("BNM"), e-Payments for greater economic efficiency is one (1) of the nine (9) focus areas under the Blueprint to drive Malaysia's transition to a high value-added, high-income economy with adequate safeguards to preserve financial stability. BNM will work towards accelerating the migration to e-Payments. BNM targets to increase the number of e-payment transactions per capita from forty-four (44) transactions to two hundred (200) transactions, and reduce cheques by more than half from two hundred seven (207) million to one hundred (100) million per year. Measures to achieve this aim will include providing the right price signals to encourage the switch from paper-based payments to e-Payments, and facilitating wider outreach of e-Payments infrastructure, such as point-of-sale terminals and mobile phone banking.

On 23rd December 2014, BNM issued the Payment Card Reform Framework ("Framework") as a standard under the Financial Services Act 2013 and the Islamic Financial Services Act 2013, with the objective of fostering an efficient, transparent and competitive payment card industry in Malaysia. The Framework seeks to ensure that the cost of accepting payment cards is fair and reasonable through the establishment of an objective and transparent mechanism for the reimbursement of fees among payment card network participants.

The Framework also introduces a series of measures which are designed to address other distortions in the payment card market in order to promote greater usage and acceptance of cost-effective payment cards. Such measures would improve the price signals and empower merchants to accept cost-effective payment cards. The Framework would be implemented in phases commencing from 15 January 2015, with the majority of the measures including the interchange fee ceilings, becoming effective from 1 July 2015.

As reported in ManagePay 2013 annual report, the Group's wholly-owned subsidiary, ManagePay Services Sdn Bhd ("MPSB"), had on 25 January 2013 received a letter of notification from Bank Negara Malaysia that MPSB has complied with the requirements of section 5(3) of the Payment Systems Act 2003 to operate its payment systems. Since then, Managepay has been deploying credit card terminals to merchants and conducting daily settlement for the merchants ("MPAY Payment System"), where ManagePay operates as a Third (3rd) Party Acquirer ("TPA").

On 7 February 2014, the Company had announced the private placement of up to ten percent (10%) of its issued and paid-up share capital to finance the development of the e-Money technology. The aforementioned private placement was completed on 18 June 2014. e-Money is a digital equivalent of cash, stored on an electronic device or remotely at a server and the e-Money technology enables users of the system to purchase e-Money from ManagePay using traditional money. The users of e-Money will be able to utilise the e-Money at approved merchants and ManagePay would redeem the e-Money with traditional money and provide support services to the merchants ("e-Money Project").

Subsequently, on 24 February 2015, the Company announced that MPSB had again received a Letter of Approval dated 18 February 2015 from BNM for the issuance e-Money via MPAY Balance and MPAY MasterCard ("MPAY Issuer Project"). Subject to the terms and conditions stated in the Letter of Approval, MPSB can package an end-to-end eco-system to major retailers in Malaysia, ranging from issuing gift and payroll cards, to acquiring these cards in the form of e-Payment from merchants who wish to accept this e-Money.

The MPAY Issuer Project is also expected to complement the Company's existing TPA merchant aggregation business which was rolled out in 2013, by creating a retention program to encourage business to business purchases among the merchants recruited under the MPAY Payment System (retail outlet merchants and mobile merchants) and MDEX (e-commerce and m-commerce merchants) and subsequently integrating these merchants together into one (1) single trading community. Such integration will allow the end-consumers easy access to products and services information of the entire community and is expected to eventually increase the sales revenue of each participating merchant.

Additionally, the MPAY Issuer Project is expected to provide a platform for the Group to expand internationally by entering into strategic partnerships with other service provider(s) in the region for the issuance of MPAY Balance and MPAY MasterCard and subsequently prepaid card for other card scheme such as VISA and Union Pay International (UPI) within Southeast Asia.

All these projects set the stage for the Group to play a daily role in the consumers' financial lives, in particular finance technologies and services. Among all the technologies, the Group believes the mobile technology is disrupting the payments industry and hence the Group strives to be at the forefront of this disruption. The Group also believes that Mobile technology is driving this payment transformation so speedily that approximately one in three of the payment transactions processed by 2020 will be made through mobile technology. The mobile phone has evolved from a device used for voice communications and text messaging to a smart computing device that can be used for banking and for remote or point-of-sale payments.

Apart from mobile technology, another finance technology that will affect Malaysia payment industry is security, in particular, the Chip and Pin. Along with the Payment Card Reform Framework, BNM is boldly driving measures to further enhance the security of payment cards by mandating the Chip and Pin implementation for both domestic debit card and international scheme card by 2016. To comply, the industry will see tremendous activities involving banks investing in Card Management System host upgrade, re-carding of existing Chip and Sign card and replacing or upgrading existing 230,000 EDCPOS terminals that do not support the latest PIN security standard.

However, within next two to three quarters, the Group's earning may be impacted as the bank customers are busy preparing the internal purchasing procedure to upgrade the systems and procure the technical services required, the Group should be benefiting over the industry's requirement on 100,000 units EDCPOS/MPOS/PIN PAD each year from end 2015 to 2019, of which ManagePay Group is confident in securing some of these banks' projects.

Mobile devices are subject to the same security threats as PCs, such as malware — software containing malicious code — and vulnerabilities in applications and operating system software that hackers can exploit. Whether it is e-payment or m-payment, e-banking or m-banking, BNM's guideline requires issuers and acquirers to implement measures to authenticate cardholders for online or mobile transactions. Issuers are required to adopt strong authentication method, such as dynamic password/PIN, multi-factor authentication (e.g. mobile PKI), etc., to mitigate the risk of unauthorised use of cards for online transactions.

As such, the Group will focus on developing the application of multi-factor or out-of-band authentication for financial and payment transactions. Out-of-band authentication means that a transaction which begins on a PC has to be authenticated using a mobile device. This involves a customer logging on to PC Internet banking and receiving an authentication request on his or her cellphone via SMS that he or she needs to sign off with a PIN. The Group believes all providers of online banking and payment services should be following BNM guidelines for multi-factor authentication before the consumers become confident of the benefits of mobile banking and payment, and finance technology and service providers, in particular MPAY, will ploliferate in businesses throughout the world.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014, our Group recorded revenue of RM10.584 million, representing an increase of 19.97% as compared to RM8.822 million recorded in the previous financial year. The payment services revenue recorded growth of 17.38% from RM8.728 million in the previous financial year to RM10.245 million for the financial year ended 31 December 2014, whereas, the non-payment services revenue recorded an increase of 260.64% from RM0.094 million in the previous financial year to RM0.339 million for the financial year ended 31 December 2014.

With the increase in both the Group's payment services and non-payment services revenue, the Group's overall increase in revenue for the current financial year ended 31 December 2014 of RM10.584 million represent an increase of RM1.762 million or 19.97% as compared to RM8.822 million recorded for the previous financial year ended. This was mainly due to the increase in revenue derived from the payment segment namely, the delivery credit cards terminals.

Our Group recorded an increase in profit before tax of RM1.604 million or 60.91% from RM0.977 million for the financial year ended 31 December 2013 to RM2.581 million in the financial year ended 31 December 2014.The increase in profit margins for the year was in line with the increase in the revenue generated from both the payment services and non-payment services. With the increase in revenue, the group recorded an increase of RM0.345m in net profit after tax from RM0.941 to RM1.291 for financial year ended 2014.

For the financial year ended 2014, the Group continues to maintain a relatively healthy balance sheet with a cash and cash equivalent balance of RM16.166 million. Furthermore, the Group has maintained a low gearing ratio of 0.26% for the financial year ended 31 December 2014. Despite the relatively large trade receivables amount of RM10.319 million, the Group is of the opinion that the risk of non-payment is low as the trade receivables are due mainly from financial institutions and government link corporations.

PROSPECTS

The building blocks to ensure that ManagePay sustains its leadership position in the Electronic Payment Solutions industry have been steadily put in place. The Group has stepped up up its efforts to introduce Third Party Acquiring services ("TPA") in the year 2013 and Third Party Processing ("TPP") services in the year 2014. It will further enhance its efforts in e-Money service in year 2015 to enable the Group to offer end-to-end payment services vide the issuance of payment instruments, such as Visa or MasterCard powered payment cards to business communities.

The Board of Directors is of the view that, the Group is moving towards developing a sustainable multiple source of income streams in the coming years by providing TPA services, TPP services and e-Money services in relation to the acceptance of electronic payment services in Malaysia.

Premised on all of the above, and given the outlook of the finance industry and business aligned to the payment card reform framework advocated by BNM, the Group intends to raise the necessary funds for the upgrade of Chip & Pin system as well as the development of the e-Money system vide the Proposed Private Placement. The management expects the Group to be well positioned to capture the growth of the payment industry by offering end-to-end e-Payment and e-Money solutions to large retailers, shopping complexes, business communities in the next 5 years.

ENVIRONMENTAL, SOCIAL AND GOVERMANCE (ESG)

As part of the Company's commitment in contributing to the well-being of the community in which we operate, our Group will embark on our Environmental, Social and Governance (ESG) responsibilities through activities within the Group's business units and sponsored events outside its ordinary course of business activities.

As a corporation, our Group plays a vital role in sharing and promoting the principles of ESG due to growing concerns of social and economic issues that surround us. ESG not only consists of doing the right thing, but also to behave responsibly as an organisation and encouraging our customers as well as our business partners and employees to follow the same values.

ACKNOWLEDGEMENT AND APPRECIATION

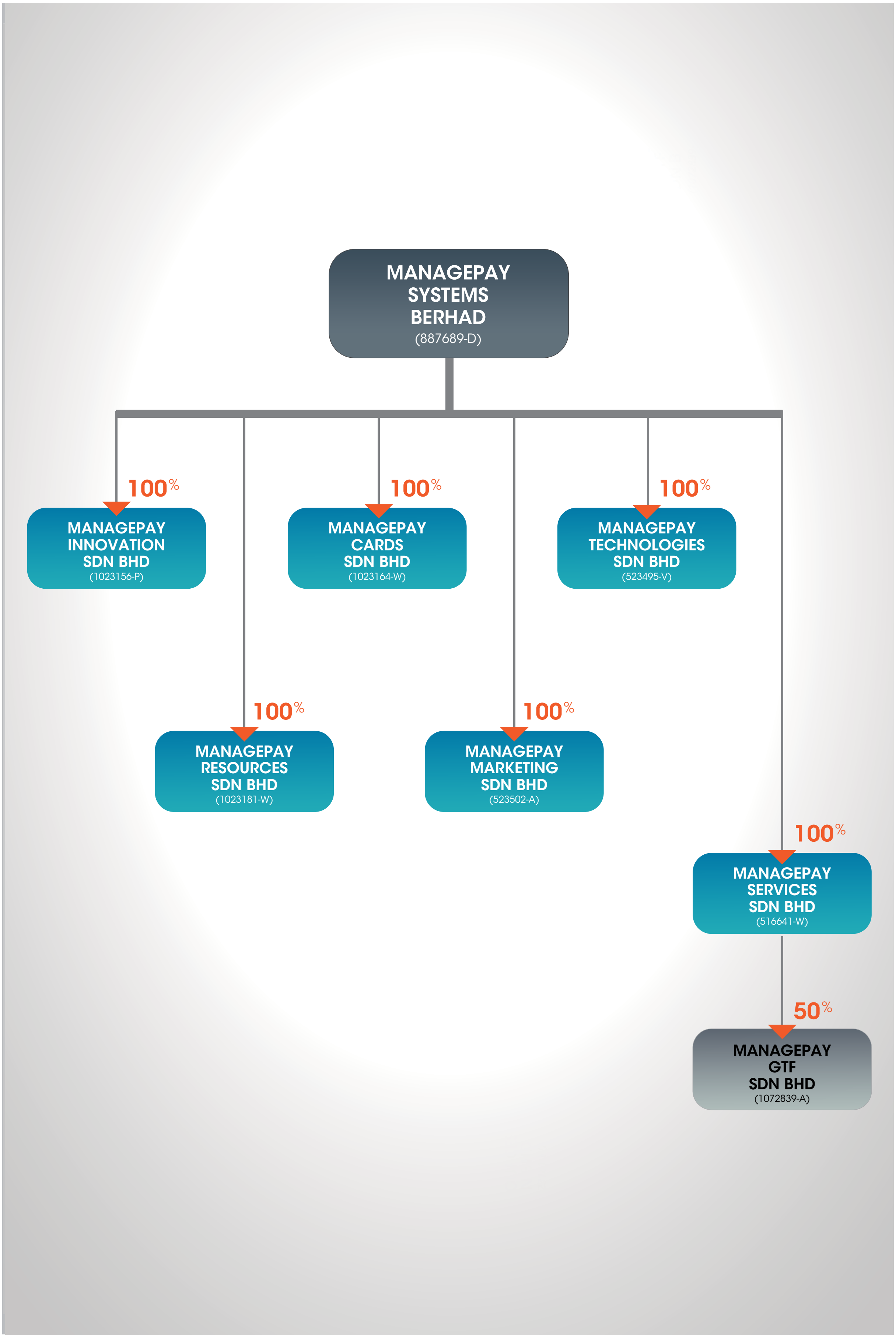
On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to the management and staff of our Group for their contribution to our Group during the financial year under review.

My appreciation also goes to my fellow Directors for their committed efforts during the year towards achievement of our corporate objectives.

Finally, I would like, on behalf of our Group, to thank our valued shareholders, customers and business associates and the authorities for their support rendered to our Group for the financial year ended 31 December 2014.

Thank you.
Dato' Dr Mohd Aminuddin Bin Mohd Rouse
(Independent Non-Executive Chairman)

CORPORATE STRUCTURE
AS AT 7 MAY 2015



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Mohd Aminuddin Bin Mohd Rouse
(Independent Non-Executive Director, Chairman)

Chew Chee Seng
(Managing Director/ Chief Executive Officer)

Cheong Chee Yun
(Independent Non-Executive Director)

Dato' Mohamad Kamarudin Bin Hassan
(Independent Non-Executive Director)

Chin Shea Fong
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Cheong Chee Yun (Chairman of Committee)
Dato' Dr Mohd Aminuddin Bin Mohd Rouse
(Member of Committee)
Dato' Mohamad Kamarudin Bin Hassan
(Member of Committee)

REMUNERATION COMMITTEE

Dato' Mohamad Kamarudin Bin Hassan
(Chairman of Committee)
Chew Chee Seng (Member of Committee)
Cheong Chee Yun (Member of Committee)

NOMINATION COMMITTEE

Cheong Chee Yun (Chairman of Committee)
Dato' Mohamad Kamarudin Bin Hassan
(Member of Committee)
Chin Shea Fong (Member of Committee)
(Appointed on 12 February 2015)

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Chan Su San (MAICSA 6000622)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel No.: (603) 7720 1188
Fax No.: (603) 7720 1111

HEAD OFFICE

Wisma MPSB
Lot 109 – 113 , Jalan USJ 21/10
47630 Subang Jaya
Selangor Darul Ehsan
Tel No.: (603) 8023 1880
Fax No.: (603) 8023 1889
Website: http://www.managepay.com

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur
Tel No.: (603) 2297 1000
Fax No.: (603) 2282 9980

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No.: (603) 2264 3883
Fax No.: (603) 2282 1886

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

STOCK NAME : MPAY

STOCK CODE : 0156

SECTOR : Technology

DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE

Dato' Dr Mohd Aminuddin Bin Mohd Rouse, aged 69, a Malaysian, is an Independent Non-Executive Chairman of ManagePay Systems Berhad ("ManagePay" or "Company"). He was first appointed to our Board on 2 February 2012 and re-designated as the Chairman of ManagePay on 22 November 2013. He was appointed as a member of the Audit Committee of ManagePay on 11 September 2013.

He obtained his Bachelor of Science (Hons.) in Biochemistry from the University of Malaya in 1969 and his PhD in Agricultural Chemistry from the University of Adelaide in 1974. Dato' Dr Mohd Aminuddin began his career as the Head and lecturer at the Department of Biochemistry and Microbiology before becoming the professor of Biochemistry and Deputy Dean at Universiti Pertanian Malaysia in 1977. Prior to joining Berjaya Group Berhad as the Group Director in 1994, he was the Director of Manufacturing and Agribusiness for Guthrie Berhad Group. He was the Group Chief Executive Officer of Konsortium Perkapalan Berhad cum President and Chief Executive Officer of PSNL Berhad. In November 1997, he assumed the position of Executive Chairman, Indah Water Konsortium Sdn Bhd and was President and Chief Executive Officer of Malaysian Technology Development Corporation Sdn Bhd. He retired as a director from Konsortium Logistics Bhd in 2007.

Currently, Dato' Dr Mohd Aminuddin is a director of Star Publications (Malaysia) Berhad, Ajiya Berhad, Tanco Holdings Berhad, Karambrunai Corp Berhad and a trustee of Star Foundation.

Dato' Dr Mohd Aminuddin does not have any family relationship with any director and/or major shareholder of our Company nor any conflict of interest in any business arrangement involving ManagePay. He has not been convicted of any offences within the past ten (10) years other than traffic offences, if any. He attended six (6) board meetings out of seven (7) board meetings held during the financial year ended 31 December 2014.

CHEW CHEE SENG

Chew Chee Seng, aged 47, a Malaysian, is the Managing Director and Chief Executive Officer of ManagePay and also is the founder of ManagePay and its subsidiaries ("our Group"). He was first appointed to our Board on 5 April 2010. He is also a member of the Remuneration Committee of ManagePay. He sits on the board of all the subsidiaries of ManagePay.

In 1992, he graduated with an honours degree in Bachelor of Science in Computer Science and a general study degree in Business Management from Universiti Sains Malaysia. In the same year of graduation, Mr Chew began his career as an instrument engineer cum observer in Schlumberger Limited, a company incorporated in United States and listed on the New York Stock Exchange. Thereafter, he was employed by Dataprep Holdings Berhad as the Account Manager of the Government and Education Division in 1994 and subsequently promoted to Business Manager in 1995 and Senior Manager for the Managed Telecommunication Network Division in 1997 where he played an important role in marketing and strategic planning. He was then appointed as an alternate director of Asia IP Malaysia Sdn Bhd, a joint venture of Dataprep Holdings Berhad and Hong Kong based Millennium Group Ltd. As the founder of our Group, he has been instrumental in our development, growth and success. He is primarily responsible for the formulation and implementation of the overall business strategies and policies of our Group. In June 2000, he founded Multimedia Prospect Sdn Bhd (now known as ManagePay Services Sdn Bhd) and assumed the role of Chief Executive Officer.

He has no directorship in other public companies.

He is the brother-in-law of Chin Shea Fong, a director and substantial shareholder of ManagePay. He does not have any conflict of interest in any business arrangement involving ManagePay. He has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any. He attended all the seven (7) board meetings held during the financial year ended 31 December 2014.

CHEONG CHEE YUN

Cheong Chee Yun, aged 53, a Malaysian, is an Independent Non-Executive Director of ManagePay. He was first appointed to our Board on 5 April 2010. He is also the Chairman of Audit Committee and Nomination Committee and a member of the Remuneration Committee of ManagePay.

He is a chartered accountant member of the Malaysian Institute of Accountants, a member of the Certified Practising Accountant Australia (CPA Australia).

In 1985, he graduated with a Bachelor of Accounting (Hons) from Universiti Malaya. In the same year, he started his career as an executive officer with RHB Bank Berhad (then known as D&C Bank). He was involved in all branch operational aspects, corporate banking, trade financing and international banking matters and last held a managerial position. Thereafter, he joined a PC assembly and monitor manufacturer, KT Technology Sdn Bhd as Financial Controller in 1998. He then joined a software development and system integration company known as Object Solutions Sdn Bhd as director in 1999. In 2001, he joined Saferay (M) Sdn Bhd a manufacturer and exporter of Architectural Mouldings as an executive director. In 2003, he was also appointed a non-executive Director in CS Opto Semiconductors Sdn Bhd but had resigned in 2012. In 2006, he was appointed as operational director in Eastmont Sdn Bhd, a building construction services company.

Currently, he is also an independent non-executive director for Samchem Holdings Bhd. He also holds the post as director of Enco Holdings Sdn Bhd a green renewable energy outfit. He has also recently been appointed as a director to Kencana Bio Energy Pte Ltd, Singapore which owns biomass electrical power plants.

He does not have any family relationship with any director and/or major shareholder of our Company nor any conflict of interest in any business arrangement involving ManagePay. He has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any. He attended all the seven (7) board meetings held during the financial year ended 31 December 2014.

DATO' MOHAMAD KAMARUDIN BIN HASSAN

Dato' Mohamad Kamarudin Bin Hassan, aged 59 is an Independent Non-Executive Director of ManagePay. He was first appointed to our Board on 18 April 2014.

He obtained his MBA (Majoring in Finance) in Oklahoma City University,United States in year 1988 and graduated his Diploma in Public Management from the National Institute of Public Administration (INTAN) in year 1979. In year 1978 he graduated his Bachelor of Economics (Majoring in Business Administration) from University of Malaya.

He began his career with the Administrative and Diplomatic Service in 1979 with first posting to the Macro-economic Division of the Economic Planning Unit in the Prime Minister's Department. In May 1985, he was transferred to Pejabat Setiausaha Kerajaan Pulau Pinang In 1987, he was transferred to the Ministry of International Trade and Industry (MITI) where he had served in various divisions of the Ministry. From 1992 to 1994, he was posted to the Malaysian Embassy in Washington DC, United States as an Economic Counsellor. From January 2006 until his retirement on 31 August 2013, he was seconded to Malaysia External Trade Development Corporation (MATRADE) as the Deputy Chief Executive Officer.

Dato' Mohamad Kamarudin was a member of the Board of Directors of Malaysian Handicraft Development Corporation ("MHDC") from 2007 until August 2013 where he was also appointed as the Chairman of the Audit Committee of MHDC.

In June 2014, Dato' Mohamad Kamarudin was appointed a consultant to the International Finance Corporation (IFC), a member of the World Bank Group, where his service and expertise were contracted on a project-based basis on matters pertaining to capacity-building of foreign institutions and human resource, particularly in the area of trade and investment promotion.

Dato' Mohamad Kamarudin is also a Director of CCM Duopharma Biotech Berhad, Muhibbah Engineering (M) Bhd, Lion Diversified Holdings Berhad and Malaysian Pacific Industries Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving ManagePay. He has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any. He attended three (3) board meetings out of five (5) board meetings held since his appointment during the financial year ended 31 December 2014.

CHIN SHEA FONG

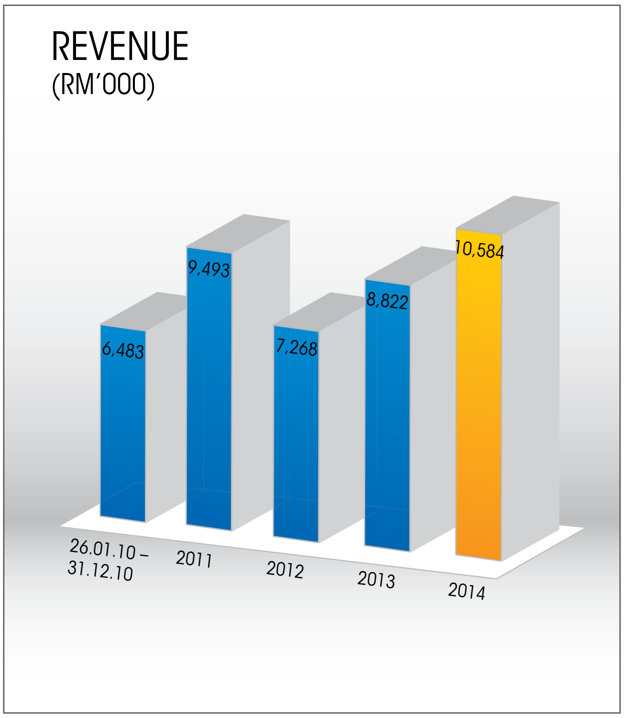
Chin Shea Fong, aged 52 is an Non-Independent Non-Executive Director of ManagePay. He was first appointed to our Board on 15 August 2014.

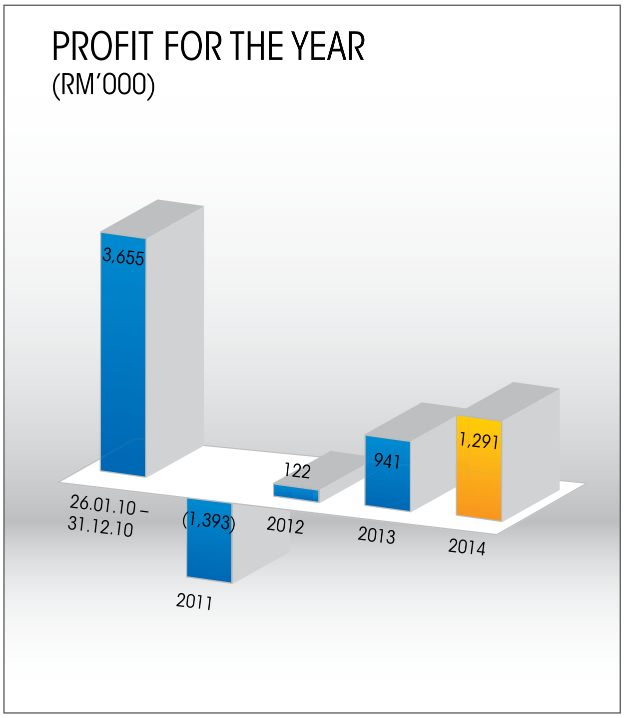
He holds Bachelor of Commerce (Honour Business Administration), University of Windsor, Ontario, Canada.

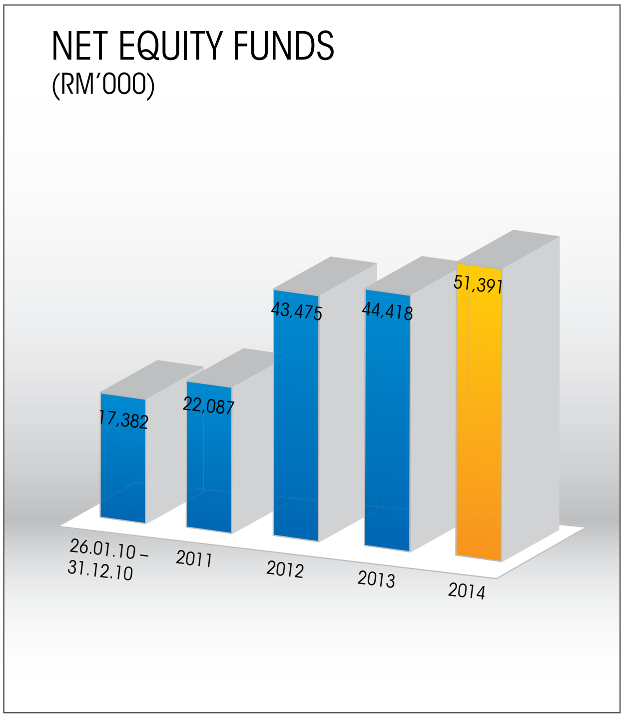
Mr. Chin began his career in 1983 with Mulpha Trading Sdn Bhd as Sales Executive and was promoted as Area Sales Executive in 1984. He was then joined Ericsson Telecommunication Sdn Bhd as Sales and Marketing Executive from 1986 to 1989. Prior to joining Imagetech Group as Marketing Manager and Director (1992-1994) and Chief Executive Officer (CEO) from 1994 to 2005), he was the Sales Manager of Facit Malaysia Sdn Bhd. Mr Chin presently is the CEO and Director of E Combi Pte Ltd, E Combi Service Pte Ltd and E Combi Malaysia Sdn Bhd.

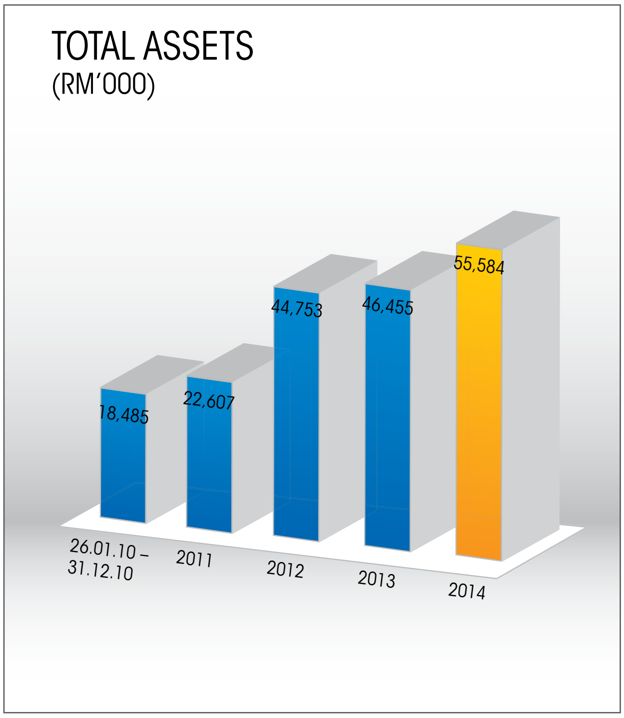
He is a substantial shareholder of ManagePay and the brother-in-law of Chew Chee Seng, Managing Director of ManagePay Group of companies. He does not have any conflict of interest in any business arrangement involving ManagePay. He has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any. He attended one (1) board meeting out of two (2) board meetings held during the financial year ended 31 December 2014.

FINANCIAL **HIGHLIGHTS**









The Board of Directors of ManagePay Systems Berhad ("our Board") recognises the importance of enhancing shareholders' value through adopting high standards of corporate governance in managing the business affairs of the Company. In its efforts to discharge its duties in ensuring an appropriate and sound governance system, accountability and integrity is implemented within ManagePay Systems Berhad ("our Company" or "ManagePay") and its subsidiaries ("our Group").

In manifestation of its commitment for good corporate governance as enumerated in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") released by the Securities Commission in late March 2012, appropriate measures have been or are being taken by the Company to apply the MCCG 2012. Our Company has applied the Principles of the MCCG 2012 and where specific Recommendations of the MCCG 2012 was not observed, the non-observation, including the reasons are included in this Statement.

Principle 1 - Establish clear roles and responsibilities of the Board and Management

The core responsibilities of our Board include reviewing and approving the Group's significant policies, and monitoring the Management's performance in implementing the policies and managing businesses. Our Board identifies the business risks faced by our Group and evaluates whether or not the businesses are properly managed. Our Board has also recommended the fees of the Directors of the Company for shareholders' approval.

Our Board has established Board committees namely, Audit Committee, Remuneration Committee and Nomination Committee to review specific matters within their respective terms of reference as approved by our Board. Matters reviewed and examined by the respective Board committees would be recommended to the Board for consideration and/or approval. Notwithstanding the above, our Board is responsible for decision making.

Board Charter

The Board Charter sets out the principles for the operation of our Board and our Group that describes the functions of our Board and those functions delegated to Management of our Company.

Our Board has primary responsibility to shareholders for the welfare of our Company. Our Board is responsible for guiding and monitoring the business and the affairs of our Company. Our Company recognises the importance of our Board in providing a sound base for good corporate governance in the operations of our Company.

The Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees. The Board Charter does not overrule or pre-empt the statutory requirements and other relevant statutes.The Board Charter shall form an integral part of each Director's duties and responsibilities.

The Board Charter is available at our Company's website at www.managepay.com.

Code of Conduct and Ethics for Directors

Our Directors continue to adhere to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. In addition, our Board has established a Code of Conduct and Ethics for Directors that aims to outline the standards of business conduct and ethical behaviour which our Directors should possess in discharging their duties and responsibilities, and to enhance the high standards of personal integrity and professionalism of the Directors.

The Code of Conduct and Ethics is available at our Company's website at www.managepay.com.

The Code of Conduct and Ethics is based on the following principles:

- Compliance with legal and regulatory requirements, and Company policies;
- Observance of the Board Charter;
- Duty to act in the best interest of the Company;
- Honesty and integrity;
- No conflict of interests;
- No-profit rules; and
- Relationship with stakeholders.

Sustainability of Business

Our Group is mindful of the importance of business sustainability and, in developing the business operations and corporate strategy of our Group which have direct and indirect impact to the work place, communities and environment. Our Group's activities on corporate social responsibility during the financial year are disclosed on page 29 of the Annual Report.

Supply of Information to our Board

Our Board has full access to all information necessary for them to discharge its responsibilities. Our Board is provided with the relevant agenda papers and a set of Board papers in sufficient time prior to every Board meeting to enable them to obtain further information and explanation, where necessary. Our Board papers circulated amongst others, include quarterly reports, annual financial statements and minutes of meetings of all Committees of our Board, updates from all regulatory bodies, internal and external audit reports. Our Directors also have unrestricted access to seek independent professional advice and services of the Sponsor (tenure completed on 31 December 2014), Company Secretaries, senior management staff as well as independent professional advisers to enable them to discharge their duties affectively.

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

Principle 2 – Strengthen Composition of the Board

Board Composition and Independence

Our Board currently has five (5) members comprising three (3) Independent Non-Executive Directors, one (1) Non Independent Non-Executive Director and an Executive Director. Our Board has complied with the ACE Market Listing Requirements of Bursa Securities where at least two (2) or one-third (1/3) of the Board (whichever is the higher) are Independent Directors. Our Board will, from time to time, examine its size with a view to determining the impact of the number of members upon its effectiveness.

Our Board members who are from varied backgrounds, collectively bring with them extensive experience and expertise in areas such as legal, accounting/auditing, manufacturing, general management/business, taxation, human resource, banking/finance, information technology, marketing/sales. A brief profile of each Director is presented on pages 7 to 9 of the Annual Report.

Nomination Committee - Selection and Assessment of Directors

The Nomination Committee was established on 6 April 2010. The Nomination Committee met once during the financial year ended 31 December 2014 which were attended by all the members. The Nomination Committee members are as follows:

Chairman

Cheong Chee Yun	- Independent Non-Executive Director

Member

Dato' Mohamad Kamarudin Bin Hassan	- Independent Non-Executive Director
Chin Shea Fong (Appointed on 12 February 2015)	- Non-Independent Non-Executive Director

Our Nomination Committee, in its terms of reference, is tasked with the duty of recommending new suitable candidates to fill vacancies within our Board and its committees. Our Nomination Committee reviews the candidates based on the required mix of skills, knowledge, expertise, experience, professionalism and integrity of the candidates before giving recommendation to our Board for endorsement and approval on appointment of new members to our Board. The Nomination Committee also assists our Board to review annually, the required mix of skills and experience core competencies as well as character, experience, integrity, competency and time commitment of our Directors. Our Nomination Committee also assists our Board in its annual assessment of the effectiveness of our Board as a whole and the Board Committees.

Our Nomination Committee held three (3) meetings during the financial year ended 31 December 2014. During the financial year, our Nomination Committee assisted our Board in its annual assessment of the effectiveness of our Board as a whole, our Board Committees as well as the contribution of each individual Director and assessment on the independence of the Independent Directors. Our Nomination Committee also assisted the Board to review annually, the character experience, integrity, competency and time commitment of the Chief Executive Officer/Managing Director and Financial Controller of our Company.

Our Nomination Committee also reviewed the candidates based on the required mix of skills, knowledge, expertise, experience, professionalism and integrity of the candidates before giving recommendation to our Board to approve the appointment of the new candidates as the Directors and/or Financial Controller of our Company.

Boardroom diversity

Our Board does not have a specific policy for nomination and/or appointment of women candidates on Board. New candidature would be evaluated based on the candidates' suitability, competency, character, time commitment, integrity, skills and experience in meeting our Group's needs without limiting to gender, age or ethnicity. Our Board would also take into account the personal qualities and background of the candidate.

Remuneration Committee

The Remuneration Committee was established on 6 April 2010. The Remuneration Committee met once during the financial year ended 31 December 2014 which was attended by all the members. The Remuneration Committee members are as follows:

Chairman

Dato' Mohamad Kamarudin Bin Hassan	- Independent Non-Executive Director

Members

Chew Chee Seng	- Managing Director/Chief Executive Officer
Cheong Chee Yun	- Independent Non-Executive Director

Our Remuneration Committee recommends to the Board the remuneration framework and remuneration package of the Executive Director and key management personnel. The Executive Director is remunerated based on his experience, responsibilities and performance.

The annual fees of the Non-Executive Directors for their services as Directors are tabled to our Board for its recommendation to the shareholders' for approval at the Annual General Meeting.

The aggregate remuneration for the Directors for the financial year ended 31 December 2014 with categorisation into appropriate components is as follows:

	Directors' Fees (RM)	Salaries (RM)	Bonuses (RM)	Benefits in kind (RM)	Commission (RM)	Total (RM)
Executive Director	–	118,889	8,487	–	–	127,343
Non-Executive Directors	138,000	–	–	–	–	138,000

Range of Remuneration (RM)	Executive	Non-Executive	Total
Less than 50,000	–	–	–
50,001 to 100,000	1	4	5
100,001 to 150,000	–	–	–
150,001 to 200,000	–	–	–
200,001 to 250,000	–	–	–
250,001 to 300,000	–	–	–
300,001 to 350,000	–	–	–
350,001 to 400,000	–	–	–

Our Company did not disclose each Director's remuneration separately as required as our Board is of the view that the disclosure of the remuneration in the above categories and bands is sufficient.

Principle 3 – Strengthen Composition of the Board

The roles of Chairman and Managing Director/Chief Executive Officer ("MD/CEO") are distinctive as the Chairman is responsible for ensuring Board's effectiveness and conduct of the Board meetings to ensure matters being deliberated and no Board member dominates discussion. The MD/CEO has overall responsibilities over the operating units, organisational effectiveness, developing business and corporate strategies as well as implementation of Board's policies and decisions.

The Board recognises the importance of independence, thus the recommendation in line with the MCCG 2012, where the Board should comprise a majority of Independent Directors in the event the Chairman of the Board is a Non-Independent Non-Executive Director was included in the Board Charter.

The Independent Non-Executive Directors provide independent judgement, views and advice for the interest of our Group as well as our shareholders and investors. The Board had assessed the independence of its Independent Non-Executive Directors based on criteria developed by the Nomination Committee during the financial year.

To be in line with the MCCG 2012, the Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, our Board, may and subject to the annual assessment conducted by the Nomination Committee, recommend for an Independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director. In making the recommendation, our Board shall justify its decision to retain the Independent Director and seeks approval from the shareholders at annual general meeting.

During the financial year under review, none of the Independent Directors have served for a cumulative term of nine (9) years.

Principle 4 – Foster Commitment

Our Board held seven (7) meetings during the financial year ended 31 December 2014. The members of the Board and their attendance at the meetings held during the financial year ended 31 December 2014 are as follows:

Directors	Designation	Attendance	Percentage (%)
Dato' Dr Mohd Aminuddin Bin Mohd Rouse	Independent Non-Executive Chairman	6/7	86%
Chew Chee Seng	Managing Director/ Chief Executive Officer	7/7	100%
Cheong Chee Yun	Independent Non-Executive Director	7/7	100%
Dato' Mohamad Kamarudin Bin Hassan*	Independent Non-Executive Director	3/5	60%
Chin Shea Fong**	Non-Independent Non-Executive Chairman	1/2	50%

Notes:

* Dato' Mohamad Kamarudin Bin Hassan was appointed on 18 April 2014. He attended three (3) meetings out of five (5) meetings held since his appointment.

** Mr Chin Shea Fong was appointed on 15 August 2014. He attended one (1) meeting out of two (2) meetings held since his appointment.

\# Mr Soon Kian Heng retired at the conclusion of the Fourth Annual General Meeting held on 18 June 2014. He attended all three (3) meetings held during his tenure of office.

Our Board had set a policy for Directors to notify the Chairman of the Board before accepting any new directorships in other public listed companies. This is to obtain time commitment from Directors to perform his duties and responsibilities in our Company.

Directors' Training

Our Board acknowledges the importance of continuous education and training to keep abreast with regulatory updates and developments in the market place to enable them to discharge their duties and responsibilities more effectively. Our Directors continue to identify and attend appropriate training that may be required from time to time to keep themselves abreast with current developments in the industry as well as the current changes in laws and regulations.

The training programmes or workshops attended by our Directors during the financial year ended 31 December 2014 are tabulated as follows:

Attended by	Training programmes or Workshops
Dato' Dr Mohd Aminuddin Bin Mohd Rouse	• BDO Goods & Service Tax Workshop Training • Reliability of Financial Statements and Corporate Disclosure Policy under Listing Requirements • Governance, Risk and Compliance – A Practical approach to an effective and efficient enterprise risk management and corporate governance framework • Goods and Services Tax Seminar Workshop
Chew Chee Seng	• Goods and Services Tax Seminar Workshop - Accounting for GST
Cheong Chee Yun	• Step-by-Step Guide on Implementing GST • Launch of Guides for Malaysian Listed Companies • Tax Incentives: A guide for Corporate Accountants • Malaysian Budget, GST & Beyond: A CCH and CPA Australia Conference • Green Technology Financing Workshop
Dato' Mohamad Kamarudin Bin Hassan	• Qualified Risk Director Program: Green Belt & Brown Belt organised by Institute of Enterprise Risk Practitioners Training Centre • Risk Management & Internal Control Workshops for Audit Committee • Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP) • Presentation Breakfast at Bursa Malaysia with Audit Committee Members: Enhancing Internal Audit Pratice • CCM Groups of Companies Directors Training Programme on Corporate Integrity
Chin Shea Fong	• Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)

Principle 5 – Uphold integrity in financial reporting

Our Board is committed to presenting a balanced and meaningful assessment of the Group's financial performance and prospects in its quarterly financial results and annual financial statements to shareholders.

Quarterly financial results and annual financial statements are reviewed by the Audit Committee to ensure information to be disclosed therein gives a true and fair view of the financial position of the Group and of the Company for approval by our Board. In preparing the financial statements, the Directors have ensured that financial statements have been drawn up in accordance with the applicable approved accounting standards and provisions of the Companies Act, 1965 prior to their release to the regulators.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 89.

Our Audit Committee is also tasked to assess the suitability and independence of the external auditors of our Group. Written confirmation and/or assurance is obtained from the external auditors confirming that they are, and have been independence throughout the conduct of the audit engagement of our Group is in accordance with the applicable accounting standards and regulators.

During the financial year, our Audit Committee met two (2) times with the external auditors in the absence of Executive Board members and Management staff.

Principle 6 – Recognise and manage risks

Risk Management

Our Board through the internal audit function has identified all key functional components within our Group and conducted a basic risk assessment exercise with the purpose of prioritising key areas for internal audit review. Areas with higher risk levels are selected as internal audit priority and incorporated into the internal audit plan. Reviews are then carried out based on resources allocated, focusing on areas that required immediate mitigation and rectification.

Internal Audit Function

Our Group outsourced its internal audit function to a professional services firm that reports directly to our Audit Committee. The internal audit function is to provide our Audit Committee and Board with the assurance they require pertaining to the adequacy and effectiveness of internal control systems.

The results of the audits and recommendations for improvement were presented at the Audit Committee's meeting. The scope of work performed by the internal audit function during the financial year is provided in the Statement of Internal Control of our Group set out on pages 26 to 28 of the Annual Report.

During the financial year, the Audit Committee met two (2) times with the internal auditors in the absence of Executive Board members and Management staff.

Principle 7 – Ensure timely and high quality disclosure

Our Group acknowledges the importance of timely and equal dissemination of material information to regulators, shareholders, investors and the public at large. Such information is disseminated through our Company's annual reports, quarterly financial reports, press releases and public announcements made to Bursa Securities to provide an overview of our Group's performance and operations to shareholders.

Our Board recognises the importance of timely and high quality disclosure thus a corporate disclosure policies and procedures ("CDPP") was formalised to ensure timely and accurate disclosures relating to our Group to the regulators, shareholders and stakeholders.

In formulating the CDPP, our Company has taken into account the recommendations contained in the MCCG 2012 and its disclosure obligations contained in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The CDPP sets out the Investor Relations ("IR") structure and parties responsible for the implementation of IR programme and strategy for the release of material information to regulators, shareholders and stakeholders.

In addition, our Group's website, www.managepay.com provides a comprehensive avenue for the shareholders and public to access up-to-date information including our Company's announcements, financial information, share prices, and press releases of our Group.

Principle 8 – Strengthen relationship between Company and shareholders

Shareholder participation at general meeting

The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders and investors. The key element of our Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both individual and institutional shareholders on all issues relevant to our Company at the AGM. Shareholders are also encouraged to participate in a question and answer session regarding our Group's financial statements and business activities. At the last AGM, our Chairman invited the shareholders to pose questions where our Board dealt with the questions raised. The Chairman also highlighted to the shareholders at the last AGM of their right to demand for a resolution to be voted by poll.

Shareholders are notified of the AGM together with a copy of our Company's Annual Report at least 21 days before the date of the AGM. All the resolutions set out in the notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the last AGM was announced to Bursa Securities on the same day the AGM was held.

Communication and engagement with shareholders

To ensure shareholders and investors can obtain information relating to our Company and assisting the shareholders in exercising their rights, they can access our Group's information through our website www.managepay.com or pose their queries by contacting and/or email our Company.

OTHER DISCLOSURES

1) Utilisation of Proceeds from Rights Issue With Warrants

Our Company had on 10 August 2012, completed a renounceable rights issue with warrants of 183,031,190 new ordinary shares of RM0.10 each in ManagePay ("Rights Shares") at an issue price of RM0.12 per Rights Share together with 183,031,190 free detachable Warrants ("Rights Issue With Warrants").The gross proceeds received were RM21.964 million.The gross proceeds raised from the Rights Issue With Warrants were proposed to be utilised in the following manner:

Purposes	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance unutilised as at 31/12/2014 (RM'000)	Timeframe for Utilisation
Capital expenditure (1)	14,822	14,822	–	Within 2 years (2)
Working capital (1) and (2)	6,352	6,444	–	Within 2 years (2)
Estimated expenses in relation to the Rights Issue With Warrants (2)	790	698	–	Within 3 months (2)
Total	**21,964**	**20,298**	**-**	

Notes:

(1) The proposed utilisation for capital expenditure has been fully utilized.

(2) The proposed utilisation for working capital has been fully utilized.

(3) In view that the actual expenses in relation to the Rights Issue With Warrants were lower than estimated, the excess of RM92,000 was utilised for working capital.

2) Share Buy-Back

Our Company did not undertake any share buy-back during the financial year ended 31 December 2014.

3) Options or Convertible Securities

There were no options or convertible securities issued or exercised during the financial year ended 31 December 2014.

4) Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2014.

5) Sanctions and/or penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2014.

6) Non-Audit Fees

There were no non-audit fees paid to external auditors by the Company and its subsidiaries for the financial year ended 31 December 2014.

7) Recurrent Related Party Transactions

Recurrent related party transactions of a revenue and trading nature of the Group conducted during the financial year ended 31 December 2014 were as follows:

Related Parties involved with ManagePay and/or its subsidiaries	Relationship	Nature of Transactions	Amount (RM'000)
Chew Chee Seng ("CCS")	Note 1	1) Rental paid by ManagePay to CCS for use of our head office Wisma MPSB, Jalan USJ21/10, 47630 Subang Jaya, Selangor Darul Ehsan ("Head Office")	48
		2) Rental paid by ManagePay Services Sdn Bhd ("MPSB") to CCS for use of Head Office	24
		3) Rental paid by ManagePay Technologies Sdn Bhd ("MTSB") to CCS for use of Head Office	24
		4) Rental paid by ManagePay Marketing Sdn Bhd ('MMSB") to CCS for use of Head Office	24
Chin Shea Swong ("CSS")	Note 2	Rental paid by MPSB to CSS for use of premise at No. 9 Neo Cyber, Lingkaran, Cyber Point Barat, 63000 Cyberjaya, Selangor Darul Ehsan for use as research and development office	28.8
Ng Kim Eng ("NKE")	Note 3	Rental paid by MTSB to NKE for use of premise at No. 11-1 Neo Cyber, Lingkaran, Cyber Point Barat, 63000 Cyberjaya Selangor Darul Ehsan for use as research and development office	28.8

Notes:

1) CCS is the Managing Director/Chief Executive Officer and substantial shareholder of ManagePay. CCS is also Director of MPSB, MTSB and MMSB, wholly-owned subsidiary companies of ManagePay.

2) CSS is Director of MPSB, MTSB and MMSB, wholly-owned subsidiary companies of ManagePay. CSS is the spouse of CCS.

3) NKE is the mother of CCS.

8) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' or major shareholders' interest either subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year.

9) Profit Guarantee

The Company did not receive any profit guarantee during the financial year ended 31 December 2014.

10) List of Properties

Location	Description And Existing Use	Tenure (Expiry Date)	Age of Building	Land Area	Built Area	Net Book Value ('000)	Date of Acquisition
Lot 109, USJ 21/10, Subang Jaya	Management office	Freehold	16 years	186 sq m	186 sq m	2,480	30 Dec 2013

11) Variation in Results

There were no variances of 10% or more between the results for the financial year and the unaudited results previously announced.

There were no profit forecasts or projections issued by the Group during the financial year ended 31 December 2014.

12) Employees' Share Option Scheme ("ESOS")

During the financial year ended 31 December 2014, the Company implemented an ESOS. A total of 40,050,000 options were offered on 20 April 2015 pursuant to the ESOS at an exercise price of RM0.28. Details of the offer of the share options are as follows:-

No.	Description of Options under the ESOS	
1.	Date of offer of the options	: 20 April 2015
2.	Exercise price of options offered	: RM0.28
3.	Number of options or shares offered	: 40,050,000
4.	Market price of the Company's security on the date of offer	: RM0.31
5.	Number of options or shares offered to each director **Managing Director:** 1. Mr Chew Chee Seng **Non-Executive Directors:** 1. Dato' Dr. Mohd Aminuddin Bin Mohd Rouse 2. Dato' Mohamad Kamarudin Bin Hassan 3. Cheong Chee Yun 4. Chin Shea Fong	 : 4,000,000 : 1,000,000 : 1,000,000 : 1,000,000 : 1,000,000
6.	Vesting period of the options or shares offered	: First 20%: 21 April 2016 until end of the duration of the ESOS Scheme Second 20%: 21 April 2017 until end of the duration of the ESOS Scheme Third 20%: 21 April 2018 until end of the duration of the ESOS Scheme Fourth 20%: 21 April 2019 until end of the duration of the ESOS Scheme Fifth 20%: 21 April 2020 until end of the duration of the ESOS Scheme

MEMBERSHIP

The members of the Audit Committee for the financial year ended 31 December 2014 are as follows:

	Designation	No. of meetings attended
Chairman		
Cheong Chee Yun	Independent Non-Executive Director	5/5
Members		
Dato' Dr Mohd Aminuddin Bin Mohd Rous	Non-Independent Non-Executive Director	5/5
Dato' Mohamad Kamarudin Bin Hassan *	Independent Non-Executive Director	2/2

Notes:

* Dato' Mohamad Kamarudin Bin Hassan was appointed as a member of the Audit Committee ("AC") on 15 August 2014. There were two (2) AC meetings held since his appointment as a member of the AC.

\# Mr Soon Kian Heng retired at the conclusion of the Fourth Annual General Meeting held on 18 June 2014. Attended all three (3) meetings held during his tenure of office.

TERMS OF REFERENCE

1. OBJECTIVE

The primary function of the Audit Committee ("AC") is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

1.1 Review and assess the Group's processes relating to its risks and control environment;

1.2 Review and assess the Group's quarterly and year-end financial reporting;

1.3 Review and assess the internal and external audit processes and;

1.4 Review and assess the conflict of interest situations and related party transactions.

2. COMPOSITION

The AC shall be appointed by the Board from among its members who fulfill the following requirements:-

2.1 the Committee must be composed of not fewer than three (3) members;

2.2 all the members must be Non-Executive Directors, with a majority of them being Independent Non-Executive Directors;

2.3 the members of AC shall elect a Chairman from among their number who shall be an Independent Non-Executive Director;

2.4 all members of the Audit Committee shall be financially literate and at least one member of the Committee:-

2.4.1 must be a member of the Malaysian Institute of Accountants; or

2.4.2 if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience; and

- he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

- he/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

2.4.3 fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities");

2.5 no Alternate Director shall be appointed as a member of the Committee; and

2.6 subject to any regulatory disqualification, members of the Committee shall not be removed except by the Board. In the event of any vacancy in the Committee, the Board shall within three (3) months fill the same so as to comply with all regulatory requirements. In any event the Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

3. SECRETARY

The Company Secretary shall be the Secretary of the Committee.

4. QUORUM

The quorum for all meetings of the Committee shall not be less than two (2) members, a majority of whom shall be Independent Non-Executive Directors.

5. MEETINGS AND ATTENDANCE

5.1 Meetings shall be held not less than four (4) times a year.

5.2 The meeting shall normally be attended by the Executive in charge of Finance, Internal Audit and Corporate Governance. Other Board Members and employees may attend meetings only upon the invitation of the Audit Committee.

5.3 The external auditors are normally invited to attend meetings as and when necessary.

5.4 However, at least twice a year, the Committee shall meet with the external auditors without any executive Board member present. The external auditors may also request additional meeting if they consider it necessary.

5.5 The Secretary shall on the requisition of the members of the Audit Committee summon a meeting of the Committee and, except in the case of an emergency, reasonable notice of every Committee meeting shall be given in writing.

6. AUTHORITY

The Committee shall have authority to investigate any matter within its terms of reference.

The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by the Committee, and it shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with external auditors, internal auditors or both, excluding the attendance of Executive Directors and employees of the Company, whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the ACE Market Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to the Bursa Securities.

7. RESPONSIBILITY AND DUTIES

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

7.1 Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan.

7.2 Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

7.3 Ensure that the internal audit function is independent of the activities it audits and the internal auditors shall report directly to the Committee. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company.

7.4 Review any appraisal or assessment of the performance of members of the internal audit function.

7.5 Take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit function) and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning.

7.6 Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in control or procedures that are identified.

7.7 Review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

7.8 Review major audit findings and the management's response during the year with management, external auditors, including the status of previous audit recommendations.

7.9 Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

7.10 Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.

7.11 Review the appointment and performance of external auditors, the audit fee, any question of resignation or dismissal, any letter of resignation from the external auditors and whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment before making recommendations to the Board and recommend the nomination of a person or persons as external auditors.

7.12 Review the Internal Audit Charter, budget and staffing of the internal audit functions.

7.13 Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems.

7.14 Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcation, frauds and thefts and management's response.

7.15 Review the quarterly results and the year end financial statements, prior to the approval by the Board focusing particularly on:-

7.15.1 changes in or implementation of major accounting policy changes;

7.15.2 the going concern assumption;

7.15.3 significant adjustments arising out of audit and unusual events; and

7.15.4 compliance with accounting standards and other legal requirements.

7.16 Review procedures in place to ensure that the Group complies with the Companies Act 1965, ACE Market Listing Requirements of Bursa Securities and other legislative and reporting requirements.

7.17 Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

7.18 Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarizing the activities or work performed in fulfilling the Committee's primary responsibilities, including details of relevant training attended by each Committee member.

7.19 Review the annual enterprise risk profile of the group (including risk registers) and evaluate the Risk Manager's risk assessments of the group and his plans to mitigate business risks as identified from time to time.

7.20 Discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts cannot be entered into should include:

7.20.1 Management consulting;

7.20.2 Strategic decision;

7.20.3 Internal audit; and

7.20.4 Policy and standard operating procedures documentation.

7.21 Any other activities, as authorised by the Board.

The Chairman of the Committee shall engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

The Terms of Reference of the Audit Committee is available at our Company's website at www.managepay.com.

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The Committee met five (5) times during the financial year ended 31 December 2014. The main activities undertaken by the Audit Committee during the financial year ended 31 December 2014 are as follows:

1) Reviewed the Group's quarterly reports and annual audited financial statements prior to submission to the Board of Directors for consideration and approval for release to Bursa Securities and/or the Securities Commission.

2) Reviewed the external auditors' scope of work, audit plan and matters arising from the audit and impact of new changes to accounting standards and regulatory requirements.

3) Reviewed the internal audit reports on findings and recommendations and management's responses.

4) Reviewed related party transactions within the Group.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is outsourced to an independent professional firm that reports directly to the Audit Committee. The role of the Internal Auditor is to undertake independent and systematic reviews of the operation of the companies within the Group to ensure proper systems of internal controls are in place.

ACTIVITY OF THE INTERNAL AUDIT THAT WAS CARRIED OUT DURING THE FINANCIAL YEAR INCLUDED:

Issued report on the results of the internal audit reviews, identifying weaknesses with suggested recommendations for improvements to management for further action.

The total cost incurred for the Internal Audit function for the financial year ended 31 December 2014 amounted to RM 8,000.00.

EMPLOYEES' SHARE ISSUANCE SCHEME ("ESOS")

The establishment of an ESOS was approved at the Extraordinary General Meeting of the Company held on 18 June 2014. The ESOS was implemented on 3 November 2014 and the duration is for a period of five (5) years. On 20 April 2015, a total of 40,050,000 options were offered to eligible employees and Directors of the Company at the option price of RM0.28.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board affirms the Statement on Risk Management and Internal Control prepared in reference to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is committed to develop an effective risk management framework and maintain a sound system of internal control. Each business unit/functional group has implemented its own control processes under the leadership of the Executive Chairman, who is responsible for good business and regulatory governance. The following statement outlines the nature and scope of the group's risk management and internal control in 2014.

BOARD OF DIRECTORS' RESPONSIBILITIES

The Board affirms its responsibility to oversee that effective systems of risk management and internal control are in place to assist the Group in meeting its objectives.

The Board meets on quarterly basis or on a more frequent basis, if required, to review our Group's risk management and internal control activities based on the scope collectively agreed by the Board and Senior Management. The Board through the Audit Committee ("AC") supported by an internal audit function that is independent of the activities it audits, conducted annually assessments as to whether risks that may hinder the Group from achieving its objectives, are being adequately evaluated, managed and controlled. Issues as well as actions agreed by our management to address them were tabled and deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings which recorded deliberations held during these meetings were presented to the Board.

The Board recognizes the need to embed risk management in all aspects of the company's activities and setting levels of acceptable risk appetite to aid decision making and governance processes. The Board affirms the need for a more formal risk management framework and processes that are capable to provide reasonable assurance that risks are managed within tolerable ranges.

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management will continuously improve and maintain a sound and effective systems of risk management and internal control systems are operating adequately and effectively in all material respect. In pursuing those objectives, the role of management is to implement the Board's policies, decisions and guidelines on risks and controls that include the identification, evaluation and treatment of risks with appropriate counter measures.

The Board however, recognizes that these systems are designed to manage, rather than eliminate, the risk of not adhering to the Group's policies and achieving goals and objectives. Therefore, the systems provide reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

Control Environment

The Board affirms its tone at the top regarding the importance of internal control and expected standards of conduct that will provide discipline, process and structure throughout the Group. The Board promotes transparency by providing communication channels for all levels within the organization to facilitate and ensure integrity and ethics are upheld at all times.

The Board reviews management performances on annually basis and exercises oversight for the development and performance of internal control. Management has attested its commitment to refine the currently established internal control, with Board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

The Board and management are committed to attract, develop and retain competent individuals in alignment with objectives. Individuals are held accountable for their internal control responsibilities in the pursuit of objectives.

Risk Assessment

The Board through the internal audit function has identified all key functional components within the Group and conducted a basic risk assessment exercise with the purpose of prioritising key areas for internal audit review. In this regard, risks were assessed using qualitative measures based on the significance of their impact to the Group and the likelihood of occurrence. The product of impact and likelihood were evaluated on a scale, indicating the level of attention required.

Areas with higher risk levels are selected as internal audit priority and incorporated into the internal audit plan. Reviews are then carried out based on resources allocated, focusing on areas that required immediate mitigation and rectification. Agreed management action plans are tabled to the Board via Audit Committee.

Control Activities

The Board oversees the establishment of policies and procedures to ensure that management's directives to mitigate risks for the achievement of objectives are carried out. Control activities are performed at all levels within the Group and at various stages within business processes, and over the technology environment.

Control activities are continuously evolving and improved to ensure that they better anticipate and mitigate risks to increase the Group's chances in meeting objectives. Together with resources, capabilities are continuously being evaluated to ensure that they are able to match the Group's strategic goals.

Monitoring Activities

The Board adopts the policy of ongoing and separate evaluations to ascertain whether key internal controls exist and that they are operating effectively. For ongoing evaluations, the Board ensures that management at all levels is competent and has sufficient knowledge to understand evaluation purpose and procedures, giving thoughtful consideration on information they receive. By focusing on relationships, inconsistencies or other relevant implications, issues are raised immediately and corrective actions followed up consistently.

For separate and periodical evaluations, the Board engages a professional service firm that is independent of the activities it audits to perform internal audit for the Group. The internal auditor review the audit areas based on scope and resources set by the board.

During the financial year ended 31 December 2014, the internal auditor performed reviews based on the audit plan or areas that require immediate attention. All internal audit reports are communicated to management for response and will be tabled to the Audit Committee upon completion of their audit at least once a year. Internal audit reports provided assurance on the effectiveness of the internal control system of the areas under review. Management action plans are monitored periodically to ensure agreed counter measures and improvements are fully implemented.

REVIEW OF THIS STATEMENT

Pursuant to Rule 15.23 of the ACE Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2014 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statements are inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control. This statement has been approved by the Board.

CONCLUSION

The Board is of the view that the system of internal control and risk management is operational for the year under review and sufficient to provide information related the status of the Group's assets, shareholders' investment, the interests of customers, regulators, employees and other stakeholders.

The Board has appraised the effectiveness, adequacy and integrity of the system of internal control in operation during the financial year through the monitoring process set out above. However, it must be made clear that any system of internal control, no matter how well designed, implemented and monitored, does not eliminate the possibility of human error, collusion or the deliberate circumvention of control procedures. The Board remains committed towards building a sound system of internal controls within an effective risk management framework. The Board acknowledges that internal controls must continuously improve to support the Group in achieving its key objectives.

STATEMENT OF ENVIRONMENTAL SOCIAL AND GOVERNANCE

The Group recognises that its business operations have direct and indirect impact on the communities and therefore engaging and adopting Environmental, Social and Governance (ESG) as one of the commitments of the Group.

The Workplace

The Group acknowledges the importance of having a quality working environment as we understand that a good working environment would raise the efficiency and productivity of employees besides improving the quality of life for our employees.

Besides, the Group recognises its workforce as valuable human capital essential for the sustainable success of its operations. Motivating and developing the workforce is a continuous and unrelenting corporate responsibility. All employees in the Group are encouraged to seek self improvement through training programmes to enhance their skills and abilities which would offer excellent opportunities for career development.

The Community

In carrying out its business activities, the Group is mindful of its responsibilities as a corporate citizen. The Group is focused on assisting the Small and Medium Sized Enterprises ("SMEs") business community through providing Information Communication Technology related education with the help of SME Corporation Malaysia, which is set up by Ministry of International Trade and Industry Malaysia to become the central point of reference for information and advisory services for all SMEs in Malaysia.

In the year 2014, the Group provide a scholarship to Persatuan Alumni Chung Ling Wilayah Tengah for a student name Mr. Tan Chung Yun which recommended by the committee of association. Mr. Tan will further his 4 years education at University Sains Malaysia in Bachelor Of Management.

ManagePay has always been an avid supporter of local sports. The Group will remain as the title sponsor of 3rd Annual Dato' Theng Book Cup and renowned badminton brand FLEET as the premier sponsor. Badminton championships at the Desa Petaling Sports Center, a tournament that attracted 14 teams from local news print such as 1 Titan, China Press, The Star, Sin Chew Daily, Kwang Hwa Jit Poh, Astro, Nanyang Siang Pau, 988, MCA and The Group with MRCA. Deputy Minister of Finance Mr. Chua Tee Yong officiated at the opening ceremony of the championship.

The Group joint team with Malaysia Retail Chain Association (MRCA) to participated and won a 1st Runner-Up on 3rd Annual Dato Theng Book Cup.

The Environment

The Group is fully commited to ensure that its processess are managed, maintained and refined in line with its business needs to meet all legal and regulatory commitments on the environment. All these efforts are to ensure that the environment is protected for future generations and sustainability of local communities are safeguarded.

Staff are encouraged to fully maximize the benefits of Information Communications Technology such as e-mail, instant messaging, etc for communication and only print hard copies of documents when necessary. Besides, staffs are encouraged to print on both sides of the papers to minimize paper usage while unwanted papers and recyclable items are collected and sent to be recycled.

Conclusion

The Group views ESG as a contribution to society, environment and human resource which will enable our organisation to generate value and in turn share with the providers of the values.

Financial Statements

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The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) for the financial year	1,291,476	(481,116)
Other comprehensive income	–	–
Total comprehensive income/(loss) for the financial year	1,291,476	(481,116)
Profit/(loss) for the year attributable to:		
Owners of the Company	1,294,570	(481,116)
Non-controlling interests	(3,094)	–
	1,291,476	(481,116)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	1,294,570	(481,116)
Non-controlling interests	(3,094)	–
	1,291,476	(481,116)

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st December 2014.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

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

ISSUE OF SHARES AND DEBENTURES

On 13th March 2014, the Company increased its issued and paid up share capital from RM36,606,238/- to RM40,266,858/- by way of Private Placement ("Placement Shares") of 36,606,200 new ordinary shares of RM0.10/- each at an issue price of RM0.156 per share for capital expenditure and other operating expenses relating to the development of a new payment system ("e-Money Project").

The Placement Shares rank pari passu in all respects with the existing issued and fully paid up ordinary shares of RM0.10/- each in the Company except that they shall not entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment and issuance of the Placement Shares.

During the financial year, the Company had not issued any debentures.

2012/2015 WARRANTS ("Warrants")

On 7th August 2012, the Company increased its issued and paid up share capital by way of renounceable rights issue of 183,031,190 new ordinary shares of RM0.10 each together with 183,031,190 free new detachable warrants at an issue price of RM0.12 per rights shares. The warrants issued are constituted under a Deed Poll executed and constituted by the Company.

The salient terms of the warrants are as follows:-

(a) Each warrant entitles the registered holder, at any time during the exercise period to subscribe for one new ordinary share at an exercise price of RM0.20, subject to adjustments in accordance with the provision of the Deed Poll.

(b) The exercise price for the warrants is fixed at RM0.20 per new ordinary share of the Company, subject to further adjustments (where applicable) in accordance with the provision of the Deed Poll.

(c) Warrants may be exercised at any time within 3 years commencing from and including the date of issue of the warrants and ending at 5pm on the expiry date.The expiry date is a day falling immediately before the 3rd anniversary of the date of issuance of the warrants and if such date is not a market day, then on the preceding market day.

(d) The new ordinary shares to be issued pursuant to the exercise of the warrants upon allotment and issue, rank pari passu in all respect with the existing ordinary shares of the Company except that the new ordinary shares shall not entitled to any dividends, rights, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment and issuance of the rights shares.

DIRECTORS

The directors of the Company in office since the date of the last report are:-

Chew Chee Seng	
Cheong Chee Yun	
Dato' Dr. Mohd Aminuddin Bin Mohd Rouse	
Dato' Mohamad Kamarudin Bin Hassan	- Appointed on 18 April 2014
Chin Shea Fong	- Appointed on 15 August 2014
Soon Kian Heng	- Retired on 18 June 2014

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares and warrants in the Company during the financial year ended 31st December 2014 are as follows:-

	Number of Ordinary Shares of RM0.10/- each			
	At 1.1.2014 / Date of Appointment	**Acquired**	**Disposed**	**At 31.12.2014**
The Company				
Direct Interests				
Dato' Dr. Mohd Aminuddin Bin Mohd Rouse	300,000	–	–	300,000
Dato' Mohamad Kamarudin Bin Hassan	–	100,000	100,000	–
Chew Chee Seng	111,004,838	9,999,000	–	121,003,838
Chin Shea Fong	35,080,516	–	–	35,080,516
Indirect Interests				
Chew Chee Seng #	100,000	–	–	100,000

	Number of Warrants			
	At 1.1.2014 / Date of Appointment	**Acquired**	**Disposed**	**At 31.12.2014**
The Company				
Direct Interests				
Dato' Dr. Mohd Aminuddin Bin Mohd Rouse	100,000	–	–	100,000
Chew Chee Seng	37,502,419	–	37,502,400	19
Chin Shea Fong	58	–	–	58
Indirect Interests				
Chew Chee Seng #	50,000	–	–	50,000

\# *Deemed interested by virtue of his relationship with Chew Lean Mei, his sister.*

By virtue of their shareholdings in the Company, the above mentioned directors are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest.

Other than disclosed in the above, none of the other directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENT

The significant event during and subsequent to the financial year of the Group and of the Company is disclosed in Note 32 and Note 33 to the financial statements.

AUDITORS

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

On behalf of the Board,

DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE
Director

CHEW CHEE SENG
Director

Kuala Lumpur

Date: 24th April 2015

STATEMENT OF **FINANCIAL POSITION**
AS AT 31ST DECEMBER 2014

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	4	16,247,518	9,351,174	232,028	257,720
Investment in subsidiaries	5	–	–	13,511,783	13,511,783
Software development	6	6,979,993	5,405,237	–	–
Total non-current assets		23,227,511	14,756,411	13,743,811	13,769,503
Current assets					
Inventories	7	4,361,390	4,179,480	–	–
Trade receivables	8	10,318,693	7,924,837	–	–
Other receivables, deposits and prepayments	9	1,503,849	3,338,374	403,300	101,380
Amount due from subsidiaries	10	–	–	22,218,721	11,671,107
Tax recoverable		6,364	16,881	6,338	–
Deposits placed with licensed banks		13,780,440	13,560,787	12,780,440	13,560,787
Cash and bank balances		2,385,725	2,678,443	453,855	1,330,920
Total current assets		32,356,461	31,698,802	35,862,654	26,664,194
TOTAL ASSETS		55,583,972	46,455,213	49,606,465	40,433,697
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	40,266,858	36,606,238	40,266,858	36,606,238
Share premium	12	6,506,227	4,484,833	6,506,227	4,484,833
Warrant reserves	13	10,066,715	10,066,715	10,066,715	10,066,715
Other reserves	14	(10,066,715)	(10,066,715)	(10,066,715)	(10,066,715)
Retained profits/ Accumulated losses		4,620,471	3,325,901	(2,142,911)	(1,661,795)
Shareholders' funds		51,393,556	44,416,972	44,630,174	39,429,276
Non-controlling interest		(2,094)	1,000	–	–
Total equity		51,391,462	44,417,972	44,630,174	39,429,276

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

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
LIABILITIES					
Non-current liabilities					
Hire purchase payables	15	97,869	131,583	97,869	131,583
Deferred tax liabilities	16	1,003,600	935,006	5,897	2,500
Total non-current liabilities		1,101,469	1,066,589	103,766	134,083
Current liabilities					
Trade payables	17	127,522	136,013	–	–
Other payables, deposits and accruals	18	1,752,290	717,727	219,651	222,679
Amount due to subsidiaries	10	–	–	4,619,160	530,865
Hire purchase payables	15	33,714	32,084	33,714	32,084
Tax payable		1,177,515	84,828	–	84,710
Total current liabilities		3,091,041	970,652	4,872,525	870,338
Total liabilities		4,192,510	2,037,241	4,976,291	1,004,421
TOTAL EQUITY AND LIABILITIES		55,583,972	46,455,213	49,606,465	40,433,697

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

STATEMENTS OF **COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	19	10,584,122	8,821,866	–	–
Cost of sales		(2,350,924)	(2,962,333)	–	–
Gross profit		8,233,198	5,859,533	–	–
Other income		1,004,349	674,469	1,623,637	1,412,357
Operating and administrative expenses		(6,635,992)	(4,927,286)	(2,073,338)	(1,364,868)
Finance costs	20	(20,611)	(2,668)	(6,857)	(2,668)
Profit/(loss) before taxation	21	2,580,944	1,604,048	(456,558)	44,821
Taxation	23	(1,289,468)	(662,552)	(24,558)	(96,373)
Profit/(loss) for the financialyear		1,291,476	941,496	(481,116)	(51,552)
Other comprehensive income		–	–	–	–
Total comprehensive income/(loss) for the financial year		1,291,476	941,496	(481,116)	(51,552)
Profit/(loss) for the financial year attributable to:-					
Owners of the Company		1,294,570	941,496	(481,116)	(51,552)
Non-controlling interests		(3,094)	–	–	–
		1,291,476	941,496	(481,116)	(51,552)
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		1,294,570	941,496	(481,116)	(51,552)
Non-controlling interests		(3,094)	–	–	–
		1,291,476	941,496	(481,116)	(51,552)
Earnings per ordinary share attributable to owners of the Company (sen)					
- Basic earnings per share	24(a)	0.33	0.26		
- Diluted earnings per share	24(b)	0.24	0.26		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014

	Attributable to owners of the Company						
	Share Capital RM	Share Premium RM	Warrant Reserves RM	Other Reserves RM	Retained Profits RM	Non-controlling interest RM	Total RM
Group							
At 1st January 2013	36,606,238	4,484,833	10,066,715	(10,066,715)	2,384,405	–	43,475,476
Subsription of shares by non-controlling interest	–	–	–	–	–	1,000	1,000
Total comprehensive income for the financial year	–	–	–	–	941,496	–	941,496
At 31st December 2013	36,606,238	4,484,833	10,066,715	(10,066,715)	3,325,901	1,000	44,417,972
Issue of ordinary shares	3,660,620	2,021,394	–	–	–	–	5,682,014
Total comprehensive income for the financial year	–	–	–	–	1,294,570	(3,094)	1,291,476
At 31st December 2014	40,266,858	6,506,227	10,066,715	(10,066,715)	4,620,471	(2,094)	51,391,462

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

	Attributable to owners of the Company					
	Share Capital RM	**Share Premium RM**	**Warrant Reserves RM**	**Other Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
Company						
At 1st January 2013	36,606,238	4,484,833	10,066,715	(10,066,715)	(1,610,243)	39,480,828
Total comprehensive loss for the financial year	–	–	–	–	(51,552)	(51,552)
At 31st December 2013	36,606,238	4,484,833	10,066,715	(10,066,715)	(1,661,795)	39,429,276
Issue of ordinary shares	3,660,620	2,021,394	–	–	–	5,682,014
Total comprehensive loss for the financial year	–	–	–	–	(481,116)	(481,116)
At 31st December 2014	40,266,858	6,506,227	10,066,715	(10,066,715)	(2,142,911)	44,630,174

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	2,580,944	1,604,048	(456,558)	44,821
Adjustments for:-				
Allowance for impairment of trade receivables	–	41,246	–	–
Allowance for impairment of inventories	–	188,726	–	–
Amortisation for software development	360,458	152,780	–	–
Deposits written off	91,205	–	87,380	–
Depreciation of property, plant and equipment	2,881,537	1,873,456	27,749	18,409
Gain on disposal of property, plant and equipment	(14,887)	(2,496)	–	–
Interest expenses	20,611	2,668	6,857	2,668
Interest income	(484,003)	(553,517)	(474,147)	(552,258)
Property, plant and equipment written off	784	–	–	–
Unrealised gain on foreign exchange	(1,453)	(13,768)	–	–
Operating Profit/(Loss) before Working Capital Changes	5,435,196	3,293,143	(808,719)	(486,360)
Changes In Working Capital:-				
Inventories	(181,910)	390,276	–	–
Receivables	(649,083)	(5,193,773)	(389,300)	–
Payables	1,026,072	(47,578)	(3,028)	73,334
	5,630,275	(1,557,932)	(1,201,047)	(413,026)
Interest received	484,003	553,517	474,147	552,258
Income tax paid	(134,385)	(36,591)	(112,209)	(9,163)
Tax refunded	16,715	20,647	–	8,568
Net Operating Cash Flows	5,996,608	(1,020,359)	(839,109)	138,637
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition in software development	(1,935,214)	(2,094,440)	(2,057)	–
Acquisition of subsidiaries	–	–	–	(6)
Proceeds from disposal of property, plant and equipment	61,420	4,000	–	–
Purchase of property, plant and equipment	(9,825,198)	(3,501,330)	–	(102,129)
Net Investing Cash Flows	(11,698,992)	(5,591,770)	(2,057)	(102,135)

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

	Group		Company	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(20,611)	(2,668)	(6,857)	(2,668)
Net repayment to subsidiaries	–	–	(6,459,319)	(3,383,442)
Net cash inflow from acquisition of subsidiaries	–	1,000	–	–
Proceeds from issuance of ordinary shares	5,682,014	–	5,682,014	–
Repayment of hire purchase	(32,084)	(10,333)	(32,084)	(10,333)
Net Financing Cash Flows	5,629,319	(12,001)	(816,246)	(3,396,443)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(73,065)	(6,624,130)	(1,657,412)	(3,359,941)
Effect of changes in exchange rate	–	13,768	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	16,239,230	22,849,592	14,891,707	18,251,648
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	16,166,165	16,239,230	13,234,295	14,891,707
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Deposits placed with licensed banks	13,780,440	13,560,787	12,780,440	13,560,787
Cash and bank balances	2,385,725	2,678,443	453,855	1,330,920
	16,166,165	16,239,230	13,234,295	14,891,707

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

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

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

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Wisma MPSB, Lot 113, Jalan USJ 21/10, 47630 Subang Jaya, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24th April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.3.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int

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

<u>Amendments/Improvements to MFRSs</u>

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

<u>New IC Int</u>

IC Int 21	Levies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int (Cont'd)

The adoption of the above amendments/improvements to MFRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int (Cont'd)

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

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

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

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

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

Impairment

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

Hedge accounting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself.

Amendments to MFRS 7 Financial Instruments: Disclosures

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

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

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

Amendments to MFRS 101 Presentation of Financial Statements

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

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/ amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 127 Separate Financial Statements

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

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

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

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

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

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

2.3 Significant Accounting Policies

(a) Basis of Consolidation

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(i) Subsidiaries

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

- 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, controls 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial year, 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.

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 transactions costs.

(ii) Business combination

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

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

- the fair value of the consideration transferred; plus

- the recognised amount of any non-controlling interests in the acquiree; plus

- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(iii) Acquisition of non-controlling interests

The Group 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(iv) Loss of control

Upon loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and other components of equity related to the former subsidiary from 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 equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(vi) Joint arrangements

Joint arrangements are arrangement of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

(vii) Non-controlling interest

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, 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 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 interest have a deficit balances.

(viii) Transactions eliminated on consolidation

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

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

(b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(b) Property, Plant and Equipment and Depreciation (Cont'd)

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

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:-

Land and building	2%
Furniture and fittings	10% - 20%
Computer hardware and software	10% - 20%
Electrical fittings and renovation	20%
Motor vehicles	20%
Payment hardware and software	10%
Terminals	20%

The residual values and useful lives of assets and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values, useful lives and depreciation method are included in profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the financial statement until the assets are no longer in use.

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

(c) Intangible Assets

(i) Software development

Software development is stated at cost less amortisation and impairment loss, if any.

Software development expenditure relates to development work carried out in developing software packages. Costs that are clearly associated with an identifiable and unique product which will be controlled by the Group and has a probable benefit exceeding the cost beyond one year are recognised as software development expenditure. Costs include salaries, reference materials, training and incidental costs specifically attributable to each project.

Software development expenditure is capitalised when the expenditure meets the following criteria:-

- the product or process is clearly defined and costs are separately identified and measured reliably;
- the technical feasibility of the product is demonstrated;
- the product or process will be sold or used in-house;
- the assets will generate future economic benefits (e.g. a potential market exists for the product or its usefulness, in case of internal use, is demonstrated); and
- adequate technical, financial and other resources required for completion of the project are available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(c) Intangible Assets (Cont'd)

(i) Software development (Cont'd)

Software development expenditure recognised is amortised using a straight line basis over a period of 10 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

(ii) Goodwill

Goodwill arises on business combinations are measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates.

(d) Leases

(i) Finance Lease

Assets financed by finance leases arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's and the Company's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises the cost of materials and incidentals incurred in bringing the inventories to their present location and condition.

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

(f) Government Grants

Income grants

Income grants are recognised in the profit or loss where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants shall be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

(g) Financial Assets

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

When financial assets recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(g) Financial Assets (Cont'd)

(ii) Loans and Receivables

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-Sale Financial Assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(g) Financial Assets (Cont'd)

(iv) Available-for-Sale Financial Assets (Cont'd)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

(h) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction cost incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(h) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities (Cont'd)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Contingent Liabilities

A contingent liability is a possible obligation that arises from past event and whose existence will only be confirm by the occurrence of one or more uncertain future events not wholly within the control of the Group and the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(j) Equity Instruments

Ordinary Shares

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(k) Revenue Recognition

The Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below:-

(i) Rental Income

Rental income from terminal rental is recognised on a straight line basis over the specific tenure of the respective leases.

(ii) Software Development and Integration

Revenue from software development and integration are recognised based on project milestone.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(k) Revenue Recognition (Cont'd)

(iii) Services Rendered

Revenue from services rendered in respect of merchant acquisition services, payment services, software support, application and maintenance and Europay, Master Card and Visa ("EMV") card personalisation services is recognised in the profit or loss as and when services are rendered and accepted.

(iv) Sales of Goods

Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(v) Interest Income

Interest income is recognised on an accrual basis.

(l) Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments 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.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

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

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(l) Impairment of Assets (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

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

(ii) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

(m) Taxation

(i) Current Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

(ii) Deferred Tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(m) Taxation (Cont'd)

(ii) Deferred Tax (Cont'd)

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

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

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and current tax liabilities on a net basis.

(n) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

(ii) Post-Employment Benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(o) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand, bank balances, fixed deposits, demand deposit and short term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts, deposits pledged to financial institutions and bankers' acceptances.

(p) Segment Information

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 management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Significant Accounting Policies (Cont'd)

(q) Fair value measurements

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.

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.

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

(a) Critical judgements in applying the Company's accounting policies

There were no significant judgements made by the management in the process of applying the Group's accounting policies which have material effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in these factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

(ii) Impairment of software development

The Group determines whether software development, not yet available for use, is impaired, at least on an annual basis. Development costs have finite useful lives and are assessed for impairment whenever there is an indication of impairment.

This requires an estimation of the value-in-use of the assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

(iii) Impairment of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(iv) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

4. PROPERTY, PLANT AND EQUIPMENT

Group 2014	Land and Building RM	Furniture and Fittings RM	Computer Hardware and Software RM	Electrical Fittings and Renovation RM	Motor Vehicles RM	Payment Hardware and Software RM	Terminals RM	Total RM
Cost								
At 1st January 2014	–	661,746	4,985,114	363,959	675,802	3,249,968	10,340,409	20,276,998
Additions	2,500,000	160,667	1,215,012	459,919	–	2,181,776	3,307,824	9,825,198
Disposals/write-offs	–	(19,231)	(63,836)	(6,600)	–	–	–	(89,667)
At 31st December 2014	2,500,000	803,182	6,136,290	817,278	675,802	5,431,744	13,648,233	30,012,529
Accumulated Depreciation								
At 1st January 2014	–	398,137	2,380,933	281,849	297,419	2,300,127	5,267,359	10,925,824
Depreciation for the financial year	19,998	55,357	795,824	100,460	97,547	140,101	1,672,250	2,881,537
Disposals/write-offs	–	(5,499)	(33,829)	(3,022)	–	–	–	(42,350)
At 31st December 2014	19,998	447,995	3,142,928	379,287	394,966	2,440,228	6,939,609	13,765,011
Net Carrying Amounts								
At 31st December 2014	2,480,002	355,187	2,993,362	437,991	280,836	2,991,516	6,708,624	16,247,518

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2013	Furniture and Fittings RM	Computer Hardware and Software RM	Electrical Fittings and Renovation RM	Motor Vehicles RM	Payment Hardware and Software RM	Terminals RM	Total RM
Cost							
At 1st January 2013	601,916	4,709,926	347,409	390,823	3,249,968	7,304,506	16,604,548
Additions	59,830	275,188	16,550	284,979	-	3,038,783	3,675,330
Disposals/write-offs	-	-	-	-	-	(2,880)	(2,880)
At 31st December 2013	661,746	4,985,114	363,959	675,802	3,249,968	10,340,409	20,276,998
Accumulated Depreciation							
At 1st January 2013	353,739	1,865,882	235,414	210,698	1,975,130	4,412,881	9,053,744
Depreciation for the financial year	44,398	515,051	46,435	86,721	324,997	855,854	1,873,456
Disposals/write-offs	-	-	-	-	-	(1,376)	(1,376)
At 31st December 2013	398,137	2,380,933	281,849	297,419	2,300,127	5,267,359	10,925,824
Net Carrying Amounts							
At 31st December 2013	263,609	2,604,181	82,110	378,383	949,841	5,073,050	9,351,174

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company 2014	Computer Hardware and Software RM	Motor Vehicles RM	Total RM
Cost			
At 1st January 2014	–	276,129	276,129
Additions	2,057	–	2,057
Disposals/write-offs	–	–	–
At 31st December 2014	2,057	276,129	278,186
Accumulated Depreciation			
At 1st January 2014	–	18,409	18,409
Depreciation for the financial year	137	27,612	27,749
Disposals/write-offs	–	–	–
At 31st December 2014	137	46,021	46,158
Net Carrying Amounts			
At 31st December 2014	1,920	230,108	232,028
2013			
Cost			
At 1st January 2013	–	–	–
Additions	–	276,129	276,129
Disposals/write-offs	–	–	–
At 31st December 2013	–	276,129	276,129
Accumulated Depreciation			
At 1st January 2013	–	–	–
Depreciation for the financial year	–	18,409	18,409
Disposals/write-offs	–	–	–
At 31st December 2013	–	18,409	18,409
Net Carrying Amounts			
At 31st December 2013	–	257,720	257,720

As at 31st December 2014, the net carrying amount of assets acquired under hire purchase arrangement was RM230,108/- (2013: RM257,720/-).

5. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	13,727,315	13,727,315
Less: Allowance for impairment loss	(215,532)	(215,532)
	13,511,783	13,511,783

The details of the subsidiaries which are all incorporated in Malaysia are as follows:-

Name of the Company	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Principal Activities
Direct subsidiaries			
ManagePay Services Sdn. Bhd. ("MPS")	100	100	(i) Software development business, marketing of computer software solution, telecommunication and hardware equipment, providing consultancy services in respect of e-commerce, e-business creation, management of web-site and providing maintenance services; and (ii) Provision of merchant acquisition services, deploy connectivity infrastructure and terminal equipment for electronic payment between merchants and financial institutions, provide Electronic Data Capture Point of Sales ("EDCPOS") terminals rentals to merchants.
ManagePay Technologies Sdn. Bhd. ("MPT")	100	100	(i) Provision of consultancy services in respect of e-commerce, e-business creation, management of web-site, software development, marketing of computer software solution, telecommunication and hardware equipment and providing maintenance services; and (ii) Provision of merchant acquisition services, deploy connectivity infrastructure and terminal equipment for electronic payment between merchants and financial institutions, provide EDCPOS terminals rentals to merchants, hosting of customer loyalty programme for third party.
ManagePay Marketing Sdn. Bhd. ("MPM")	100	100	Provision of information technology services and consultation and outsource services, amongst others, the contracting of the card personalisation services and trading of electronic gadgets.

5. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of the Company	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Principal Activities
Direct subsidiaries			
ManagePay Cards Sdn. Bhd.	100	100	Deployment of connectivity infrastructure and terminal equipment (including card loyalty program) for electronic payment between merchants and financial institution. ("MPC")
ManagePay Innovation Sdn. Bhd. ("MPI")	100	100	Provision of consultancy services in respect of e-commerce, e-business creation and management of web-site.
ManagePay Resources Sdn. Bhd. ("MPR")	100	100	Provision of outsource (including third party acquiring and processing services) and incubation services.
Subsidiary of MPS			
ManagePay GTF Sdn. Bhd. ("MPGTF")	50	50	Has not commenced operations. It intended business activity is to become an Approved Refund Agent ("ARA") under the Tourist Refund Scheme ("TRS") who will process and refund goods and services tax claims made by outbound tourist.

6. SOFTWARE DEVELOPMENT

	Group 2014 RM	Group 2013 RM
Cost		
At 1st January	9,179,247	7,084,807
Add: Addition during the financial year	1,935,214	2,094,440
At 31st December	11,114,461	9,179,247
Less: Accumulated Amortisation		
At 1st January	3,774,010	3,621,230
Amortisation for the financial year	360,458	152,780
At 31st December	4,134,468	3,774,010
Carrying Amounts		
At 31st December	6,979,993	5,405,237

Software development expenditure relates to development work carried out in developing software packages involve in payment e-commerce, card systems, third party acquiring, etc. Costs that are clearly associated with an identifiable and unique product which will be controlled by the Group and has a probable benefit exceeding the cost beyond one year are recognised as software development expenditure. Costs include salaries, reference materials, training and incidental costs specifically attributable to each project.

7. INVENTORIES

	Group 2014 RM	2013 RM
At Cost		
Terminals and chip reader	4,361,390	4,178,348
At Net Realisable Value		
Gifts and consumables	–	1,132
	4,361,390	4,179,480
Recognised profit or loss:		
Inventories recognised as cost of sales	277,207	2,050,873
Write down to net realised value	–	188,726

8. TRADE RECEIVABLES

	Group 2014 RM	2013 RM
Trade receivables	10,430,541	8,076,331
Less: Allowance for impairment loss	(111,848)	(151,494)
	10,318,693	7,924,837

(i) The Group's normal trade credit terms are generally 90 days (2013: 90 days). Other credit terms are assessed and approved on a case-to-case basis.

(ii) Included in trade receivables of the Group is an amount of RM9,501,000/- (2013: RM6,978,760/-) which due from a major trade receivable.

(iii) Ageing analysis on trade receivables

The ageing analysis of the Group's trade receivables is as follows:-

	Group 2014 RM	2013 RM
Neither past due nor impaired	6,784,533	5,998,015
Past due but not impaired:-		
- 1 to 30 days	24,090	1,145,545
- 31 to 60 days	3,510,070	781,277
	3,534,160	1,926,822
Impaired	111,848	151,494
	10,430,541	8,076,331

8. TRADE RECEIVABLES (Cont'd)

(iii) Ageing analysis on trade receivables (Cont'd)

Receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group use ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group that are past due but not impaired are generally unsecured in nature. The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the impairment used to record the impairment are as follows:-

	Group	
	2014 **RM**	**2013** **RM**
Individually impaired		
Trade receivables - nominal amounts	111,848	151,494
Less: Allowance for impairment	(111,848)	(151,494)
	–	–

Movement in impairment:-

	Group	
	2014 **RM**	**2013** **RM**
At 1st January	151,494	210,248
Add: Addition during the financial year	–	41,246
Less: Reversal of impairment no longer required	–	(100,000)
Less: Written off	(39,646)	–
At 31st December	111,848	151,494

Receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	983,085	64,206	–	–
Deposits	504,373	3,274,168	402,200	101,380
Prepayments	16,391	–	1,100	–
	1,503,849	3,338,374	403,300	101,380

(i) Included in deposits of the Group is an amount of RM Nil (2013: RM2,450,000/-) which represents deposits paid to two suppliers for purchase of terminals and chip reader.

(ii) Included in deposits of the Group is also an amount of RM Nil (2013: RM575,000/-) which represents deposits paid to vendor for purchase of a building together with furniture and fittings amounting to RM2.5 million.

10. AMOUNT DUE FROM/(TO) SUBSIDIARIES

The amount due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

11. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of Shares unit	RM	Number of Shares unit	RM
Ordinary shares of RM0.10/- each				
Authorised:-				
At 1st January/ 31st December	250,000,000	25,000,000	250,000,000	25,000,000
Issued and fully paid:-				
At 1st January	366,062,380	36,606,238	366,062,380	36,606,238
Issuance of shares via private placement	36,606,200	3,660,620	–	–
At 31st December	402,668,580	40,266,858	366,062,380	36,606,238

On 13th March 2014, the Company increased its issued and paid up share capital from RM36,606,238/- to RM40,266,858/- by way of Private Placement ("Placement Shares") of 36,606,200 new ordinary shares of RM0.10/- each at an issue price of RM0.156 per share for capital expenditure and other operating expenses relating to the development of a new payment system ("e-Money Project").

The Placement Shares rank pari passu in all respects with the existing issued and fully paid up ordinary shares of RM0.10/- each in the Company except that they shall not entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment and issuance of the Placement Shares.

12. SHARE PREMIUM

	Group and Company	
	2014	2013
	RM	RM
At 1st January	4,484,833	4,484,833
Premium arising from:-		
Issuance of shares via private placement	2,021,394	–
At 31st December	6,506,227	4,484,833

13. WARRANT RESERVES

On 7th August 2012, the Company increased its issues and paid up share capital from RM18,303,119/- to RM36,606,238/- by way of renounceable rights issue of 183,031,190 new ordinary share of RM0.10/- shares each together with 183,031,190 free new detachable warrants at an issue price of RM0.12/- per rights shares on the basis of one right share together with one free warrant for every one existing ordinary share of RM0.10/- each.

The Company had recognised the value of the warrants by debiting the other reserves account and crediting the same amount in full to the warrant reserves.

The value of warrant is based on the relative fair value of the ordinary shares by reference to the following assumptions comprising:-

Fair value of warrant at a day prior to the listing date (9th August 2012)	:	RM0.055/-
Share price on the day prior to the listing date (9th August 2012)	:	RM0.135/-
Exercise price	:	RM0.20/-
Expiry date	:	6th August 2015 (3 years)
Volatility	:	74.82%
Dividend	:	No dividend
Risk free interest rate	:	3.434% per annum

14. OTHER RESERVES

Other reserves shall be set off against the warrant reserves upon the full exercise of the warrants.

15. HIRE PURCHASE PAYABLES

	Group and Company 2014 RM	2013 RM
Future minimum hire purchase payments		
- not later than one year	38,941	38,941
- later than one year and not later than five years	103,843	142,784
	142,784	181,725
Future finance charges	(11,201)	(18,058)
Present value of hire purchase liabilities	131,583	163,667
Represented by:-		
Current liabilities		
- not later than one year	33,714	32,084
Non-current liabilities		
- later than one year and not later than five years	97,869	131,583
	131,583	163,667

16. DEFERRED TAX LIABILITIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1st January	935,006	369,439	2,500	–
Recognised in profit or loss (Note 23)	68,594	565,567	3,397	2,500
At 31st December	1,003,600	935,006	5,897	2,500

17. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The normal trade credit term granted to the Group ranges from 60 days to 90 days (2013: 60 days to 90 days).

18. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	1,456,646	508,944	164,651	167,679
Deposits	164,290	70,630	–	–
Accruals	131,354	138,153	55,000	55,000
	1,752,290	717,727	219,651	222,679

Included in other payables of the Group is an amount payable for merchants proceeds amounting to RM800,740/- (2013: RM89,330/-).

19. REVENUE

	Group 2014 RM	Group 2013 RM
Payment Services	10,245,001	8,727,997
Non-payment Services	339,121	93,869
	10,584,122	8,821,866

20. FINANCE COSTS

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Interest expenses:-				
- bank overdrafts	13,754	20	–	20
- hire purchase liabilities	6,857	2,648	6,857	2,648
	20,611	2,668	6,857	2,668

21. PROFIT/ (LOSS) BEFORE TAXATION

Profit/ (loss) before taxation has been arrived at:-

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
After charging:-				
Allowance for impairment of trade receivables	–	41,246	–	–
Allowance for impairment of inventories	–	188,726	–	–
Amortisation of software development	360,458	152,780	–	–
Auditor's remuneration:				
- Statutory				
- current year	118,000	81,250	55,000	50,000
- prior year	–	(2,075)	–	–
- Non Statutory	8,000	5,000	8,000	5,000
Depreciaton of property, plant and eqiupment	2,881,537	1,873,456	27,749	18,409
Deposits written off	91,205	–	87,380	–
Directors of the Company				
- fees	68,400	79,200	44,400	55,200
- salaries, bonuses and allowances	472,048	424,949	207,648	205,307
Past directors of the Company				
- consultation fees	–	26,000	–	26,000
Property, plant and equipment written off	784	–	–	–
Staff costs:-				
- salaries, bonuses and allowances	2,274,891	1,399,841	987,646	512,489
- defined contribution plans	231,617	160,120	91,897	56,510
- social security contribution	20,819	17,709	5,169	3,851
- wages	9,662	31,401	–	–
- other staff related expenses	52,337	142,725	4,037	1,430
- Incentive	93,629	–	–	–
Realised loss on foreign exchange	–	12,304	–	–
Rental expenses:-				
- premises	132,400	138,060	48,000	48,000
- others	18,060	945	–	–

21. PROFIT/ (LOSS) BEFORE TAXATION (Cont'd)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
And crediting:-				
Gain on disposal of property, plant and equipment	14,887	2,496	–	–
Gain on foreign exchange:				
- realised	14,690	2,291	14,690	–
- unrealised	1,453	13,768	–	–
Interest income	484,003	553,517	474,147	552,258
Recovery of bad debts	–	100,000	–	–

22. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
Executive Directors:-				
- fees	24,000	24,000	–	–
- salaries, bonuses and allowances	332,304	309,209	127,376	109,343
- defined contribution plans	34,200	32,940	13,672	13,164
	390,504	366,149	141,048	122,507
Non-Executive Directors:-				
- fees	44,400	55,200	44,400	55,200
- allowances	105,544	82,800	66,600	82,800
	149,944	138,000	111,000	138,000
Total directors' remuneration	540,448	504,149	252,048	260,507

23. TAXATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax				
- current year	(1,169,008)	(94,110)	(20,324)	(93,873)
- under provision in prior year	(51,866)	(2,875)	(837)	–
	(1,220,874)	(96,985)	(21,161)	(93,873)
Deferred taxation (Note 16)				
- current year	(67,296)	(525,141)	(1,730)	(2,500)
- under provision in prior year	(1,298)	(40,426)	(1,667)	–
	(68,594)	(565,567)	(3,397)	(2,500)
	(1,289,468)	(662,552)	(24,558)	(96,373)

23. TAXATION (Cont'd)

The income tax is calculated at the statutory tax rate of 25% of the estimated taxable profit for the fiscal year.

ManagePay Technologies Sdn. Bhd., a wholly-owned subsidiary, was granted pioneer status by Multimedia Super Corridor Status ("MSC Status") under the provisions of the Promotion of Investments Act, 1986 in Malaysia for a period of 10 years or an investment tax allowance for up to five years and no duties on the importation of multimedia equipment. By virtue of this pioneer status, certain statutory income of the subsidiary's pioneer activities during the pioneer period is exempted from income tax.

The reconciliation of income tax expense applicable to profit/(loss)before taxation at the statutory tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Profit/(loss) before taxation	2,580,944	1,604,048	(456,558)	44,821
Taxation at applicable tax rate of 25%	(645,236)	(401,012)	114,140	(11,205)
Tax effects arising from:-				
- non-deductible expenses	(494,464)	(267,083)	(136,194)	(88,610)
- non-taxable income	–	4,015	–	3,442
- exempted income	–	95,778	–	–
- reversal of deferred tax assets not recognised in the financial statements	(96,604)	(50,949)	–	–
- over/(under) provision in prior years	(53,164)	(43,301)	(2,504)	–
	(1,289,468)	(662,552)	(24,558)	(96,373)

Deferred tax assets have not been recognised for the following items:-

	Group	
	2014 RM	**2013 RM**
Deductible temporary differences	123,190	(169,476)
Unutilised tax losses	1,087,505	993,756
	1,210,695	824,280
Potential deferred tax assets not recognised at 25%	302,674	206,070

24. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issued during the financial year.

	Group	
	2014 **RM**	**2013** **RM**
Profit for the financial year attributable to owners of the Company	1,294,570	941,496
Weighted average number of shares	395,547,922	366,062,380
Basic earnings per ordinary share (sen)	0.33	0.26

(b) Diluted earnings per ordinary share

Diluted earnings per share amounts are calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2014 **RM**	**2013** **RM**
Profit for the financial year attributable to owners of the Company	1,294,570	941,496
Weighted average number of shares	395,547,922	366,062,380
Effect of dilution for: Convertible warrants	151,627,118	–
	547,175,040	366,062,380
Diluted earnings per ordinary share (sen)	0.24	0.26

25. SIGNIFICANT RELATED PARTY DISCLOSURE

(a) Identification of related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Group and the Company or that have an interest in the Group and the Company that give it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

The Company has a related party relationship with:-

(i) its subsidiaries as disclosed in Note 5 to the financial statements; and

(ii) the directors who are the key management personnel.

(iii) close members of the family of a directors.

25. SIGNIFICANT RELATED PARTY DISCLOSURE (Cont'd)

(b) Significant related party transactions

During the financial year under review, the significant related party transactions were as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Management fee charged to subsidiaries	–	–	(352,000)	(513,000)
Technical fee charged to subsidiaries	–	–	(300,000)	(333,000)
Office rental charged by a director	120,000	120,000	48,000	48,000
Office rental charged by persons related to a director	57,600	57,600	–	–
Acquisition of ordinary shares of subsidiaries from a director and person related to the director	–	–	–	6

(c) Key management personnel compensation

Key management personnel compensation, which includes director's remuneration as disclosed in Note 22, are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short term employees benefits	2,369,596	1,623,795	844,963	643,184
Post-employment benefits	239,832	167,867	68,042	59,459
	2,609,428	1,791,662	913,005	702,643

Key management personnel comprise persons including the directors and members of senior management team of the Company, having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

26. BANK GUARANTEE

	Company	
	2014 RM	2013 RM
Unsecured		
Bank guarantee for a subsidiary in respect of:-		
- performance of contract	100,000	100,000

27. CAPITAL COMMITMENT

	Group	
	2014 RM	2013 RM
Approved and contracted for:-		
- purchase of building	–	2,500,000

28. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of directors/respective Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their payment services and non-payment services provided.

The Group's operating segments are classified according to the nature of activities as follows:-

Payment services	:	Involved in terminal services, third party acquiring, payment services, business outsourcing services and loyalty management services.
Non-payment services	:	Involved in the software security, Information Communications and Technology (ICT) services and trading of gadgets.

Measurement of Reportable Segments

Segmental information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment profit or loss is profit earned or loss incurred by each segment without allocation of income tax expense, which is managed on a group basis.

All the Group's assets and liabilities are allocated to reportable segments other than current and deferred tax assets and liabilities.

Group 2014	**Payment Services RM**	**Non-payment Services RM**	**Total Services RM**
REVENUE	10,245,001	339,121	10,584,122
RESULTS			
Segment operating results	7,958,335	274,863	8,233,198
Other unallocated income			1,004,349
Unallocated corporate expenses			(6,635,992)
Finance costs			(20,611)
Profit before taxation			2,580,944
Taxation			(1,289,468)
Profit after taxation			1,291,476
Non-controlling interest			3,094
Profit attributable to owners of the Company			1,294,570

28. OPERATING SEGMENTS (Cont'd)

Group 2014	Payment Services RM	Non-payment Services RM	Total Services RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Segment assets #	37,502,294	447,271	37,949,565
Tax assets			6,364
Unallocated corporate assets			17,628,043
Total assets			55,583,972
Segment liabilities ^	127,522	–	127,522
Tax liabilities			2,181,115
Unallocated corporate liabilities			1,883,873
Total liabilities			4,192,510
OTHER INFORMATION			
Capital expenditure	9,817,585	10,807	9,828,392
Depreciation and amortisation	3,061,996	179,999	3,241,995
Deposit written off	91,205	–	91,205
Property, plant and equipment written off	47,317	–	47,317

Group 2013			
REVENUE	8,727,997	93,869	8,821,866
RESULTS			
Segment operating results	5,953,304	(93,771)	5,859,533
Other unallocated income			674,469
Unallocated corporate expenses			(4,927,286)
Finance costs			(2,668)
Profit before taxation			1,604,048
Taxation			(662,552)
Profit after taxation			941,496
Non-controlling interest			–
Profit attributable to owners of the Company			941,496

28. OPERATING SEGMENTS (Cont'd)

Group 2013	Payment Services RM	Non-payment Services RM	Total Services RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Segment assets #	26,010,108	592,900	26,603,008
Tax assets			16,881
Unallocated corporate assets			19,835,324
Total assets			46,455,213
Segment liabilities ^	136,013	–	136,013
Tax liabilities			1,019,834
Unallocated corporate liabilities			881,394
Total liabilities			2,037,241
OTHER INFORMATION			
Capital expenditure	3,668,730	6,600	3,675,330
Depreciation and amortisation	1,869,414	156,822	2,026,236
Non cash expenses other than depreciation and amortisation	41,246	–	41,246

\# Segment assets comprise total current and non-current assets, less tax recoverable.

^ Segment liabilities comprise total current and non-current liabilities, less tax payable and deferred tax liabilities.

Geographical Information

The Group operates principally in Malaysia and has not ventured into any operations outside Malaysia during the financial year.

29. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	2014 RM	2013 RM
Group		
Financial Assets:		
Loan and receivables		
Trade receivables	10,318,693	7,924,837
Other receivables and deposits	1,487,458	3,338,374
Fixed deposits placed with licensed banks	13,780,440	13,560,787
Cash and bank balances	2,385,725	2,678,443
Total financial assets	27,972,316	27,502,441

29. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments (Cont'd)

	2014 RM	2013 RM
Financial Liabilities:		
At amortised cost		
Trade payables	127,522	136,013
Other payables and deposits	1,620,936	579,574
Hire purchase payables	131,583	163,667
Total financial liabilities	1,880,041	879,254
Company		
Financial Assets:		
Loan and receivables		
Deposits	402,200	101,380
Amount due from subsidiaries	22,218,721	11,671,107
Fixed deposits placed with licensed banks	12,780,440	13,560,787
Cash and bank balances	453,855	1,330,920
Total financial assets	35,453,016	26,562,814
Financial Liabilities:		
At amortised cost		
Other payables	219,651	222,679
Amount owing to subsidiaries	4,619,160	530,865
Hire purchase payables	131,583	163,667
Total financial liabilities	4,970,394	917,211

(b) Fair Value

(i) Recognised Financial Instruments

The fair values of financial assets and financial liabilities of the Group and the Company approximately their carrying values on the statements of financial position of the Group and of the Company.

(ii) Unrecognised Financial Instruments

The Group's financial instruments carried at fair value by level of fair value hierarchy in which the different levels have been defined as follows:

Level 1 : Unadjusted quoted prices in active markets for identical financial instrument
Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 : Inputs for the financial instrument that are not based on observable market data

The Group does not have any financial assets or financial liabilities measured at Levels 2 and 3 hierarchy.

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

There were no other unrecognised financial instruments as at 31st December 2014 that are required to be disclosed.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The directors of the Company review and agree policies and procedures for the management of these risks.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company does not hold any collateral as security and other credit enhancements for the above financial assets.

The management has a credit policy in place to monitor and minimise the exposure of default. The Group and the Company trade only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to the credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding exposure to credit risk for trade and other receivables is disclosed in Note 8 and Note 9 to the financial statements.

Receivables that are neither past due nor impaired

Information regarding trade receivables and other receivables that are neither past due nor impaired is disclosed in Note 8 and Note 9 to the financial statements. Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with no history of default.

Receivables that are past due but not impaired

Information regarding trade receivables and other receivables that are past due but not impaired is disclosed in Note 8 to the financial statements.

Credit risk concentration profile

At the reporting date, there was no significant concentration of credit risk other than a major trade receivable with total outstanding amount to RM9,501,000/- (2013: RM6,978,760/-).

(ii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent Risk Management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (Cont'd)

(ii) Liquidity Risk (Cont'd)

		Contractual undiscounted cash flows			
2014 **Group** **Financial Liabilities**	**Carrying amount RM**	**On Demand or Within 1 Year RM**	**1 - 5 Years RM**	**More than 5 Years RM**	**Total RM**
Trade payables	127,522	127,522	–	–	127,522
Other payables, accruals and deposits	1,752,290	1,752,290	–	–	1,752,290
Hire purchase payables	131,583	38,941	103,843	–	142,784
	2,011,395	1,918,753	103,843	–	2,022,596

Company **Financial Liabilities**					
Other payables, accruals and deposits	219,651	219,651	–	–	219,651
Amount due to subsidiaries	4,619,160	4,619,160	–	–	4,619,160
Hire purchase payables	131,583	38,941	103,843	–	142,784
	4,970,394	4,877,752	103,843	–	4,981,595

2013 **Company** **Financial Liabilities**					
Trade payables	136,013	136,013	–	–	136,013
Other payables, accruals and deposits	717,727	717,727	–	–	717,727
Hire purchase payables	163,667	38,941	142,784	–	181,725
	1,017,407	892,681	142,784	–	1,035,465

Company **Financial Liabilities**					
Other payables, accruals and deposits	222,679	222,679	–	–	222,679
Amount due to subsidiaries	530,865	530,865	–	–	530,865
Hire purchase payables	163,667	38,941	142,784	–	181,725
	917,211	792,485	142,784	–	935,269

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The Group is not exposed to significant interest rate risk as the interest-bearing financial instruments other than fixed deposits with financial institutions carry fixed interest rate and are measured at amortised cost. As such, sensitivity analysis is not presented.

31. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

The Group and the Company manage their capital structure, and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The Group and the Company monitor the level of dividends to be paid to shareholders. The Group's and the Company's objective are to pay out regular dividends to the shareholders based on the level of the Group's profitability and cash flows.

The capital structure of the Group and of the Company consists of equity attributable to the owner of the Group and of the Company, comprising share capital, retained earnings and total liabilities.

The debt-to-equity ratio is as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total liabilities	4,192,510	2,037,241	4,976,291	1,004,421
Equity attributable to the owner of the Company	51,391,462	44,417,972	44,630,174	39,429,276
Debt-to-equity ratio	8%	5%	11%	3%

32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

(a) Private Placement

The Company had on 7th February 2014 proposed to undertake a Private Placement of up to ten percent (10%) of the issued and paid-up share capital of the Company at a fixed price of RM0.156 per Placement Share. 36,606,200 Placement Shares representing approximately 9.99% of the existing issued and paid-up share capital of the Company were subsequently issued to eTRS GTF Systems Sdn. Bhd., a Bumiputera controlled company at total gross proceeds of RM5,710,567/- and granted listing on 18th March 2014. After the Private Placement, the total issued and paid-up share capital of the Company was increased to 402,668,580 ordinary shares of RM0.10 each.

The Placement Shares rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the Placement Shares will not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment of the said Placement Shares. The net proceeds of the Private Placement is expected to be utilised for capital expenditure and other operating expenses relating to the development of a new payment system for e-Money ("e-Money Project") which in turn is expected to enhance the profitability of the Group in future years.

(b) Proposed establishment of an Employees' Share Option Scheme ("ESOS")

On 22nd April 2014, the Company made announcement that its Board of Directors proposed to undertake the establishment of an ESOS of up to fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time for the eligible directors and employees of the Company and its subsidiaries. The proposed ESOS will involve the granting of the rights to subscribe for new ordinary shares of RM0.10 each in the Company at a specified price. Any future proceeds to be received by the Company from the exercise of the proposed ESOS are intended to be utilised for the Group's working capital requirements.

The Company had obtained the necessary approval during the Extraordinary General Meeting held on 16th June 2014.

32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (Cont'd)

(c) Proposed acquisition of Sign Charge Sdn. Bhd.

On 16th May 2014, the Company announced that the Company had entered into a Sale and Purchase Agreement ("SPA") for the acquisition of 765,000 ordinary shares of RM1.00 each, representing 51% of the issued and paid-up share capital of SignCharge Sdn Bhd for a total cash consideration of RM1,000,000/- free from all liens, charges and encumbrances and together with all rights now or hereafter attaching thereto and upon the terms and conditions stated in the SPA. The acquisition is still in progress pending completion.

33. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

(a) Multimedia Development Corporation Sdn. Bhd. Product Development & Commercialisation Grant

On 15th January 2015, the Company announced that they received a Letter of Offer from Multimedia Development Corporation Sdn Bhd ("MDeC") to grant ManagePay Technologies Sdn. Bhd., a wholly-owned subsidiary of the Company, in relation to the MPAY Collection on Delivery (COD) Solutions and Services ("COD Project") for a maximum sum RM749,185/-.

The purpose of the grant is to develop and commercialise COD Project which is designed to support the growth of e-commerce in Malaysia. It allows the sale of goods by mail or online order where credit cards or debit cards payment is made via MPAY Mobile POS on delivery rather than in advance. If the goods are not paid for, they are returned to the retailer.

(b) Approval For Issuing Designated Payment Instrument From Bank Negara Malaysia

The Company had on 24th February 2015 announced receipt of Letter of Approval ("LOA") from Bank Negara Malaysia ("BNM") by ManagePay Services Sdn. Bhd. ("MPSB"), a wholly-owned subsidiary of ManagePay, in relation to the approval for issuing designated payment instrument.

In the said LOA, MPSB is to issue electronic money (e-money) via the proposed online wallet ("MPAY Balance") and prepaid card ("MPAY MasterCard"). The MPAY Balance and MPAY MasterCard comes with a respective wallet limit of RM10,000/- per account holder.

ManagePay shall commence the issuance of the MPAY Balance and MPAY MasterCard within one (1) year from the date of BNM's letter.

(c) Private Placement

On 25 March 2015, the Company proposed to undertake a Private Placement which will entail the issuance of new ordinary shares of RM0.10 each in ManagePay ("ManagePay Shares(s)" or "Share(s)"), of up to thirty percent (30%) of the issued and paid-up share capital of ManagePay ("Placement Shares") to third (3rd) party investor(s) to be identified later.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the issued and paid-up share capital of the Company, after taking into consideration the number of outstanding Warrants being exercised prior to the implementation of the Proposed Private Placement.

The Placement Shares shall, upon allotment and issue, rank pari passu in all respects with the existing ManagePay Shares except that the holder of the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Placement Shares and the Placement Shares will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

The necessary application will be made to Bursa Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities.

The net proceeds of the Private Placement is to be utilised for capital expenditure, capital fund requirement and working capital in the MPAY Issuer Project as per Note 33(b).

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

On 25th March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20th December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits or accumulated losses of the Group and the Company as at 31st December 2014 are as follows:-

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
The retained profits/(accumulated losses) of the Group and of the Company:-				
- Realised	14,901,755	13,253,917	(1,221,673)	(1,673,063)
- Unrealised	(1,003,600)	(921,238)	(921,238)	11,268
	13,898,155	12,332,679	(2,142,911)	(1,661,795)
Add: Consolidation adjustments	(9,277,684)	(9,006,778)	–	–
	4,620,471	3,325,901	(2,142,911)	(1,661,795)

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

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY **DIRECTORS**

We, **DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE** and **CHEW CHEE SENG**, being two of the Directors of **ManagePay Systems Berhad,** do hereby state that in the opinion of the Directors, the financial statements set out on pages 36 to 87 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out on page 88 to the financial statements have been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE
Director

CHEW CHEE SENG
Director

Kuala Lumpur

Date: 24th April 2015

STATUTORY **DECLARATION**

I, **NG WEE KANG**, being the officer primarily responsible for the financial management of **ManagePay Systems Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

NG WEE KANG

Subscribed and solemnly declared by the abovenamed at Subang Jaya in the State of Selangor Darul Ehsan on 24th April 2015.

Before me,

ZULKIFLY B. MAHMUD (No. B384)
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of ManagePay Systems Berhad, which comprise the statements of financial position as at 31st December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 87.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are 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 judgment, 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 controls relevant to the Company'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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

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

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 88 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were audited by another firm of chartered accountants whose report dated 28th April 2014, had expressed an unmodified opinion on those financial statements.

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 2916/03/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 24th April 2015

ANALYSIS OF **SHAREHOLDINGS**
AS AT 7 MAY 2015

Authorised Share Capital	:	RM250,000,000.00
Issued and Paid-Up Share Capital	:	RM40,271,858.00
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per share

Size of Shareholdings	**No. of Shareholders/ Depositors**	**% of Shareholders/ Depositors**	**No. of Shares held**	**% of Issued Capital**
Less than 100	6	0.16	84	0.00
100 to 1,000	179	4.89	118,942	0.03
1,001 to 10,000	1,132	30.89	7,983,700	1.98
10,001 to 100,000	1,947	53.12	79,411,000	19.72
100,001 to 20,135,928 (*)	400	10.91	195,201,016	48.47
20,135,929 (**) and above	1	0.03	120,003,838	29.80
TOTAL	3,665	100.00	402,718,580	100.00

*Remark: * - Less than 5% of issued shares*
*** - 5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER PURSUANT TO THE COMPANIES ACT, 1965 AS AT 7 MAY 2015

	No. of Shares			
	Direct		**Indirect**	
Name	**No. of Shares Held**	**% of Issued Capital**	**No. of Shares Held**	**% of Issued Capital**
Dato' Dr Mohd Aminuddin Bin Mohd Rouse	300,000	0.07	–	–
Chew Chee Seng	120,003,838	29.80	100,000 (1)	0.03
Cheong Chee Yun	–	–	–	–
Dato' Mohamad Kamarudin Bin Hassan	–	–	–	–
Chin Shea Fong	35,080,516	8.71	–	–

Note:

1. *Deemed interested in the shares held by sister, Chew Lean Mei pursuant to Section 6A of the Companies Act, 1965.*

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 7 MAY 2015

	Direct		**Indirect**	
Name	**No. of Shares Held**	**% of Issued Capital**	**No. of Shares Held**	**% of Issued Capital**
Chew Chee Seng	120,003,838	29.80	100,000 (1)	0.03
Chin Shea Fong	35,080,516	8.71	–	–

Note:

1. *Deemed interested in the shares held by sister, Chew Lean Mei pursuant to Section 6A of the Companies Act, 1965.*

THIRTY LARGEST **SHAREHOLDERS**
AS AT 7 MAY 2015

	Name of Shareholders	No. of Shares	% of Issued Capital
1.	CHEW CHEE SENG	120,003,838	29.80
2.	TAN ENG PING	20,000,000	4.97
3.	CHIN SHEA FONG	19,600,254	4.87
4.	CHIN SHEA FONG	10,480,262	2.60
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHIN SHEA FONG	5,000,000	1.24
6.	SIM KENG CHOR	4,000,000	0.99
7.	LING SWEE LEONG (LIN RUILONG)	3,244,200	0.80
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN CHEONG POON	3,100,000	0.77
9.	DAHLAN BIN MOHD RASAID	3,045,400	0.76
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA EN TET JOSEPH	2,600,000	0.64
11.	LIM THENG SIAN	2,200,000	0.55
12.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	2,100,000	0.52
13.	LIM KIAN HONG	2,000,000	0.50
14.	WONG YOKE FAH	2,000,000	0.50
15.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KEE PENG	1,500,000	0.37
16.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH TAI CHEONG @ CHIN TAI CHEONG	1,500,000	0.37
17.	TEH BENG KHIM	1,500,000	0.37
18.	NG YEW CHOY	1,316,700	0.33
19.	LIM TENG HOOI	1,300,000	0.32
20.	KOAY EAN CHIM	1,200,000	0.30
21.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG CHEE SENG	1,200,000	0.30
22.	CHEE KIM SOOI	1,150,000	0.28
23.	LIM CHIN KIONG	1,093,000	0.27
24.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SIEW CHEE	1,000,000	0.25
25.	CHIA KIA	1,000,000	0.25
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SONG SOON HEE	1,000,000	0.25
27.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KENG KOK	1,000,000	0.25
28.	LEE PAK FONG	1,000,000	0.25
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD FONG PENG MAN	990,500	0.24
30.	HENG HOLDINGS SDN. BERHAD	916,400	0.23
	TOTAL	218,040,554	54.14

ANALYSIS OF **WARRANTHOLDINGS**
AS AT 7 MAY 2015

No. of warrants in issue	:	182,981,190
Expiry date of the warrants	:	6 August 2015
Exercise price of the warrants	:	RM0.20 per warrant
Voting Rights	:	NIL

Size of Warrantholdings	No. of Warrant holders	% of Warrant holders	No. of Warrants held	% of Issued Warrants
Less than 100	7	0.63	190	0.00
100 to 1,000	36	3.25	23,700	0.01
1,001 to 10,000	169	15.27	1,251,400	0.68
10,001 to 100,000	650	58.72	32,139,600	17.57
100,001 to 9,149,058 (*)	244	22.04	136,966,300	74.85
9,149,059 (**) and above	1	0.09	12,600,000	6.89
TOTAL	1,107	100.00	182,981,190	100.00

Remark: * - *Less than 5% of issued warrants*
** - *5% and above of issued warrants*

DIRECTORS' WARRANTHOLDINGS AS PER THE REGISTER PURSUANT TO THE COMPANIES ACT, 1965 AS AT 7 MAY 2015

	No. of Warrants			
	Direct		Indirect	
Name	No. of Warrants Held	% of Warrants	No. of Warrants Held	% of Warrants
Dato' Dr Mohd Aminuddin Bin Mohd Rouse	–	–	–	–
Chew Chee Seng	19	0.00	50,000 (1)	0.03
Cheong Chee Yun	–	–	–	–
Dato' Mohamad Kamarudin Bin Hassan	–	–	–	–
Chin Shea Fong	58	0.00	–	–

Note:

1. *Deemed interested in the warrants held by sister, Chew Lean Mei pursuant to Section 6A of the Companies Act, 1965.*

THIRTY LARGEST WARRANTHOLDERS
AS AT 7 MAY 2015

	Name of Warrantholders	No. of Warrants	% of Issued Warrants
1.	TEE KENG JIN	12,600,000	6.89
2.	WONG YOKE FAH	8,150,000	4.45
3.	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KAI WUN ROBIN	5,360,000	2.93
4.	LING SWEE LEONG (LIN RUILONG)	5,000,000	2.73
5.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH TAI CHEONG @ CHIN TAI CHEONG	5,000,000	2.73
6.	SIEW PEI SZAN	2,532,400	1.38
7.	CHEE KIM SOOI	2,500,000	1.37
8.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KENG KOK	2,500,000	1.37
9.	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD	2,331,900	1.27
10.	JOGINDER SINGH A/L GURBAK SINGH	2,118,000	1.16
11.	NG SOH KENG	2,010,000	1.10
12.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED	2,000,000	1.09
13.	GANES A/L PARANTHAMAN	2,000,000	1.09
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW HOE THIAM	2,000,000	1.09
15.	EWE TEK SENG	1,970,000	1.08
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA EN TET JOSEPH	1,800,000	0.98
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHENG SWE YEAT	1,690,000	0.92
18.	CHIAN KIANG YEAH	1,650,000	0.90
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANDREW SURIN A/L BALASINGAM	1,626,000	0.89
20.	CIMBSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SITI ARFAH BINTI SHAMSURI	1,500,000	0.82
21.	NG YEW CHOY	1,400,000	0.77
22.	TEO LEE LENG	1,360,000	0.74
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KIAN HONG	1,261,000	0.69
24.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JACOB LIM HOONG TEONG	1,200,000	0.66
25.	CHIA EN TET JOSEPH	1,200,000	0.66
26.	ANG CHENG HOE	1,195,000	0.65
27.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HIEW KIM TIAM	1,162,000	0.64
28.	WOO SAU WA	1,150,000	0.63
29.	TAN KOK AUN	1,124,600	0.61
30.	YAP TECK SIONG	1,121,800	0.61
	TOTAL	78,512,700	42.90

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of the Company will be convened and held at the Poolside Cove, Sunway Lagoon Club, No. 3, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 26 June 2015 at 9.30 a.m.

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon.	**(Note 8)**
2.	To approve the payment of Directors' fees for the financial year ending 31 December 2015.	**Ordinary Resolution 1**
3.	To re-elect Dato' Dr Mohd Aminuddin Bin Mohd Rouse who is retiring pursuant to Article 77 of the Articles of Association of the Company.	**Ordinary Resolution 2**
4.	To re-elect Mr Chew Chee Seng who is retiring pursuant to Article 77 of the Articles of Association of the Company.	**Ordinary Resolution 3**
5.	To re-elect Mr Chin Shea Fong who is retiring pursuant to Article 83 of the Articles of Association of the Company.	**Ordinary Resolution 4**
6.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**

As Special Business

To consider and, if thought fit, to pass the following Resolutions:

7. **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES** — **Ordinary Rsesolution 6**

   "That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

"That subject to the provisions of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 29 May 2015, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the Company and its subsidiaries, on arms length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

That such approval shall continue to be in force until:

i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

And that the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate." **Ordinary Resolution 7**

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
CHAN SU SAN (MAICSA 6000622)
Company Secretaries

Selangor Darul Ehsan

Date: 29 May 2015

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead at the same meeting. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member of the Company appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy shall be signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority, shall be deposited at the Company's Share Registrar's Office at Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 19 June 2015 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

8. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS

9. **Ordinary Resolution 6**
Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares

The Company had, during its Fourth Annual General Meeting ("AGM") held on 18 June 2014, obtained its shareholders' approval for the general mandate ("General Mandate"), for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act") which will lapse at the conclusion of the Fifth AGM. The Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 6 proposed under item 7 of the Agenda, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The authority will provide flexibility to the Company for any fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s) or undertaking(s), working capital and/or acquisitions.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares pursuant to this mandate, the Company will make an announcement in respect thereof.

10. **Ordinary Resolution 7**
Proposed Renewal of Shareholders' Mandate

The Ordinary Resolution 7 proposed under item 8 of the Agenda, if passed, will benefit the Company by facilitating the Company and its subsidiaries to enter into transactions with Related Parties specified in Section 2.3 of the Circular to Shareholders dated 29 May 2015 in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations.

Details of the Proposed Renewal of Shareholders' Mandate are set out in the Circular to Shareholders dated 29 May 2015 which is despatched together with the Annual Report of the Company for the financial year ended 31 December 2014.

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(Company No.: 887689-D)

CDS account no.

PROXY FORM

I/We ____

NRIC No./Company No. ____

of ____

being a member of the Company, hereby appoint ____

NRIC No./Passport No. ____

of ____

or failing whom, ____

NRIC No./Passport No. ____

of____

or failing him/her *the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Fifth Annual General Meeting of the Company to be held at Poolside Cove, Sunway Lagoon Club, No. 3, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 26 June 2015 at 9.30 a.m. and at each and every adjournment thereof.

**** Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.***

My/our proxy is to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 Approval of payment of Directors' Fees for the financial year ending 31 December 2015		
Ordinary Resolution 2 Re-election of Dato' Dr Mohd Aminuddin Bin Mohd Rouse as Director		
Ordinary Resolution 3 Re-election of Mr Chew Chee Seng as Director		
Ordinary Resolution 4 Re-election of Mr Chin Shea Fong as Director		
Ordinary Resolution 5 Re-appointment of Messrs Baker Tilly Monteiro Heng as auditors of the Company and to authorise the Directors to fix the Auditors' remuneration		
Ordinary Resolution 6 Authority under Section 132D of the Companies Act,1965 for the Directors to allot and issue shares		
Ordinary Resolution 7 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature		

In case of a vote by a show of hands, my proxy ____ (one name only) shall vote on my/our behalf.

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

____
Signature/Common Seal

Number of shares held:____________________

Date:____________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead at the same meeting. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member of the Company appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. *If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy shall be signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority, shall be deposited at the Company's Share Registrar's Office at Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
7. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 19 June 2015 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.*

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Postage
Stamp

REGISTRAR OF MANAGEPAY SYSTEMS BERHAD (Company No.: 887689-D)
Tricor Investor Services Sdn Bhd
Level 17
The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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MANAGEPAY SYSTEMS BERHAD
(Company No.: 887689-D)

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