



# ASEAN



PanPages Berhad (537337-M)

**ANNUAL REPORT**  
**2015**

# #ASEAN

A hashtag (#) represents the simplicity of internet technology and ease of sharing content.

ASEAN is a community of Southeast Asians proudly living, working and showcasing its culture and economic activities.

#ASEAN identifies ASEAN as a land of opportunities that can be reached in an instant through the power of internet.

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# CORPORATE INFORMATION

## DIRECTORS

DATO' AHMAD RAZLAN BIN AHMAD RAZALI  
*Chairman & Independent Non-Executive Director*

TAN TIAN SIN  
*Group Managing Director*

FONG WAI LEONG  
*Group Chief Executive Officer*

LAU KOK FUI  
*Non-Independent Non-Executive Director*

WONG MUN WAI  
*Independent Non-Executive Director*

WONG YEE MING  
*Non-Independent Non-Executive Director*

## AUDIT COMMITTEE

Wong Mun Wai (Chairman)  
Wong Yee Ming  
Dato' Ahmad Razlan Bin Ahmad Razali

## SECRETARIES

Seow Fei San (MAICSA 7009732)  
Mok Mee Kee (MAICSA 7009743)

## REGISTERED OFFICE

802, 8th Floor  
Block C, Kelana Square  
17, Jalan SS 7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 603-7803 1126  
Fax : 603-7806 1387

## PRINCIPAL PLACE OF BUSINESS

1, Jalan PJS 11/8  
Bandar Sunway  
46150 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 603-5636 9999  
Fax : 603-5636 0280  
Website : <http://about.panpages.com>

## AUDITORS

SJ Grant Thornton  
(Member of Grant Thornton International Ltd.)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia  
Tel : 603-2692 4022  
Fax : 603-2732 5119  
Website : [www.grantthornton.com.my](http://www.grantthornton.com.my)

## PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
Ambank (M) Berhad  
Bank Mega Tbk, PT  
Banco De Oro Universal Bank  
CIMB Bank Berhad  
Malayan Banking Berhad  
OCBC Al-Amin Bank Berhad  
OCBC Bank (M) Berhad  
Public Bank Berhad  
RHB Bank Berhad  
United Overseas Bank (M) Berhad

## SOLICITORS

Khaw & Partners

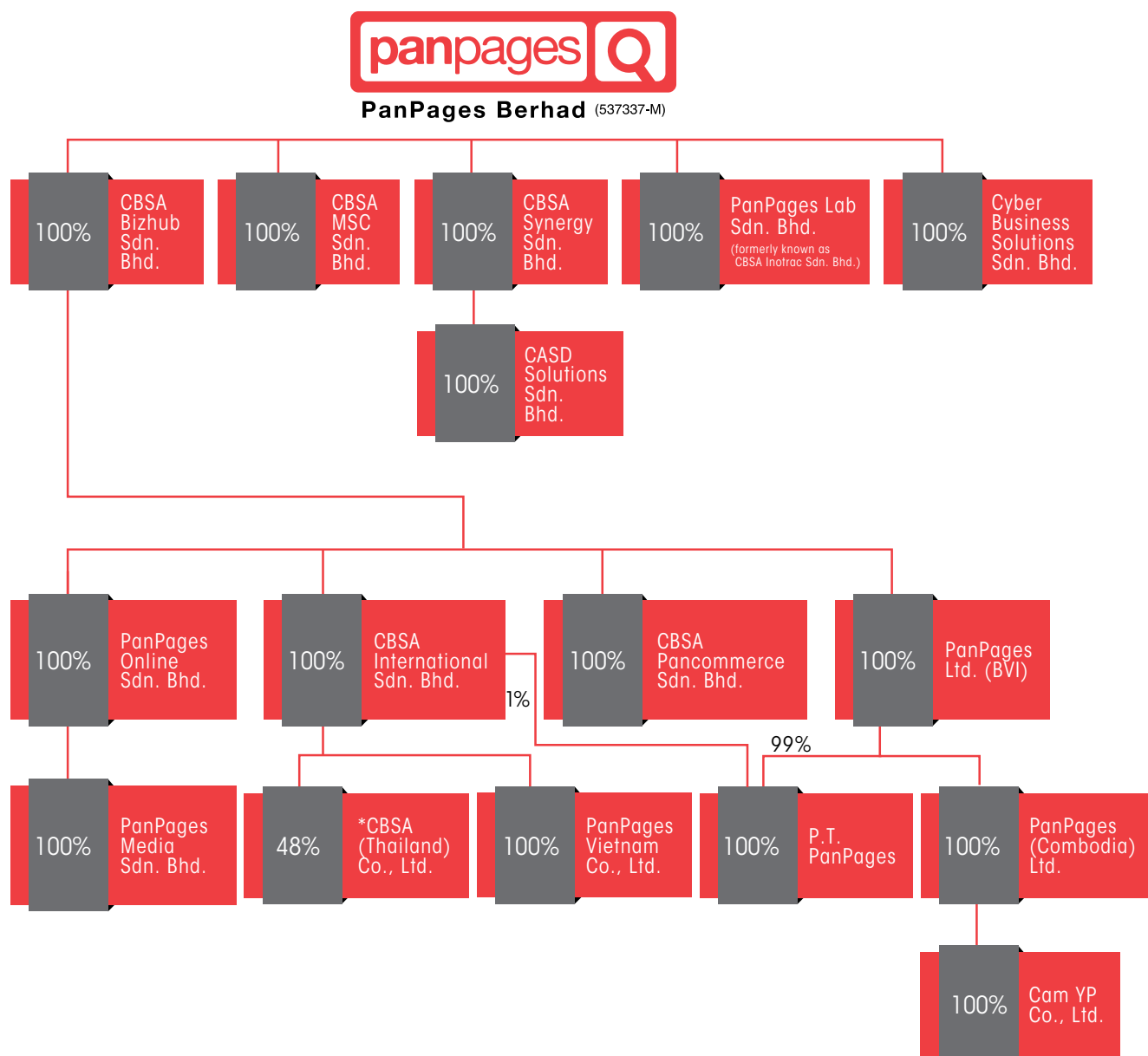
## REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Block D13, Pusat Dagang Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 603-7841 8000  
Fax : 603-7841 8151  
Website : [www.symphony.com.my](http://www.symphony.com.my)

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

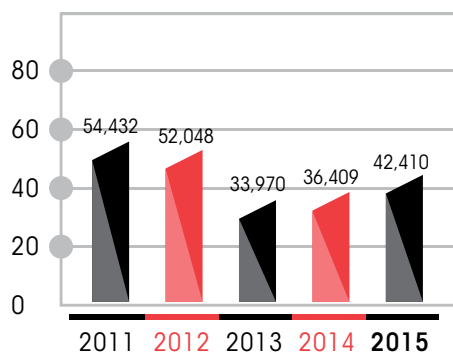
# CORPORATE STRUCTURE



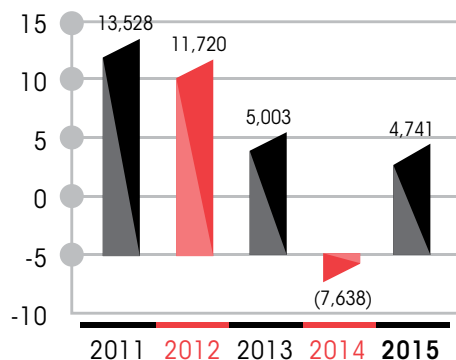
\* Deemed de-facto control

# FINANCIAL HIGHLIGHTS

5-YEAR REVENUE REVIEW (RM'000)



5-YEAR PROFIT/(LOSS) BEFORE TAX REVIEW (RM'000)



## 5-YEAR FINANCIAL HIGHLIGHTS

		2011	2012	2013	2014	2015
<b>Results Of Operation</b>						
Revenue	RM'000	54,432	52,048	33,970	36,409	<b>42,410</b>
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	RM'000	15,012	12,727	7,097	(3,949)	<b>10,008</b>
Profit/ (Loss) Before Taxation	RM'000	13,528	11,720	5,003	(7,638)	<b>4,741</b>
Profit/ (Loss) After Taxation	RM'000	13,210	11,685	4,923	(8,158)	<b>4,381</b>
Net Profit/ (Loss) Attributable To Equity Holders	RM'000	13,039	11,925	4,336	(8,642)	<b>4,284</b>
<b>Financial Position</b>						
Total Assets	RM'000	97,903	88,777	102,388	99,678	<b>78,201</b>
Total Borrowings	RM'000	927	3,885	9,910	15,004	<b>2,257</b>
Shareholders' Equity	RM'000	68,135	74,551	73,826	65,286	<b>62,997</b>
<b>Financial Indicators</b>						
Return On Equity	%	19	16	6	(13)	<b>7</b>
Return On Total Assets	%	13	13	4	(9)	<b>5</b>
Gearing Ratio	times	-	0.1	0.1	0.2	-
Interest Cover	times	201.7	165.7	103.5	(46.5)	<b>15.2</b>
Basic Earnings Per Share	sen	5.5	5.0	1.8	(3.6)	<b>1.8</b>
Net Assets Per Share	sen	28.6	31.3	30.7	26.4	<b>25.4</b>
Tax Exempt Dividend Per Share	sen	-	2.5	2.0	-	-
Price Earnings (PE) Ratio	times	6.2	8.4	18.9	NA	<b>17.2</b>
Dividend Yield	%	-	6.0	5.9	-	-
Share Price As At The Financial Year End	sen	34.0	42.0	34.0	30.0	<b>30.5</b>

# CHAIRMAN'S STATEMENT



**Dato' Ahmad Razlan  
bin Ahmad Razali**

PanPages Berhad ("PanPages") has been strategically expanding its business base in Southeast Asia ("ASEAN") to achieve our vision of becoming ASEAN No.1 Business Platform. We are dedicated in developing platforms and solutions for Small and Medium Enterprises ("SMEs") to generate leads for their businesses. Our business rest on three pillars in fulfilling this vision comprising people, database and technology.

The financial year ended 31 December 2015 ("FYE 2015") was a challenging year where we were operating in very challenging economic environments within Malaysia and globally. We were caught in a situation between expanding and streamlining our scale and type of business to face current and future challenges yet positioning ourselves to capture opportunities. Despite this, we managed to successfully turnaround our performance from a loss position in 2014 to achieve a profit before taxation of RM4.74 million in 2015.

The Group continues to strengthen its position to become ASEAN No.1 Business Platform by developing and owning the largest database of businesses of 9 million in ASEAN, a sales and service network in Malaysia, Cambodia, Indonesia, Thailand and Vietnam, and a platform of multi-channel distribution

reach comprising partners like Google, Alibaba, Facebook and YouTube.

Our search and advertising business is developing into two main sub-businesses of Marketing as a Service ("MaaS") and Data as a Service ("DaaS") which is to generate leads for our customers. The Group shall carefully invest further resources in developing these businesses into bigger and stronger business segments, internally and through partnerships.

Our MaaS starts with PanPages.com where the SMEs create and distribute their content on PanPages.com, SuperPages Malaysia, Yellow Pages Cambodia, their own websites, Google, Alibaba, Facebook, Bing and Yahoo! to have great and multiple online and offline presences. SMEs also run online advertising campaigns to drive traffic to their online presences. We shall continue to develop attractive and suitable MaaS products to bring high quality leads to our customers across ASEAN.

We are also developing our DaaS business through further development of our database which is the largest in ASEAN. We shall develop a platform where our customers can use our database for their leads generation activities. We shall continue to license our database to Google, Bing and other clients.



# CHAIRMAN'S STATEMENT (cont'd)

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Audited Consolidated Financial Statement of PanPages and its subsidiary companies ("Group") for FYE 2015.

## PERFORMANCE REVIEW

During FYE 2015, the Group has continued our regional expansion plan in the ASEAN. On 15 June 2015, the Group has acquired the remaining 49% of equity interest in CAM YP Co. Ltd. (a subsidiary in Cambodia), we have implemented strategic plans to upsell to our Yellow Pages customers base and acquire new customers by introducing online MaaS products to enable us to strengthen our position as the market leader in Cambodia.

For FYE 2015, the Group registered revenue of RM42.41 million with a growth of RM6 million or a 16.5% of revenue from previous financial year. The Group recorded a profit before tax of RM4.74 million for FYE 2015 compared to a loss before tax of RM7.64 million in preceding financial year.

The improved of financial results are mainly due to the higher productivity achieved by content development licensing which will form the core of our DaaS business, higher contribution from ASEAN market and positive results derived from cost control measurements in all divisions.

## PROSPECTS

The Group has excelled in a challenging FYE 2015 and we expect to face a similar demanding environment in the year ahead. We will continue to undertake various measures to streamline the operations and stay defensive and prudence in our business strategies for the year of 2016. Nevertheless, we will continue to strengthen our search and advertising products in ASEAN and ultimately to build SME business communities on our platform which in the long term will able to create and enhance our business and shareholders' value.

We shall develop our business into two business divisions of MaaS and DaaS. Our continuous drive to develop effective and accessible marketing and database products will take ASEAN SMEs into the next level to compete globally in the internet era.

ASEAN will remain the region with opportunities as a result of growing economies and foreign direct investments. The main component of ASEAN economies will be driven by the SMEs. The momentum of intra trade within the ASEAN is expected to escalate in years to come and the SMEs are expected to benefit from the multiplier effects of growth in trade and advancement of internet technology especially in mobility.

The Group has strategically expanded its footprints throughout emerging markets in Indonesia, Vietnam, Thailand and Cambodia in the past few years and built up thousands of customers' base in ASEAN. We will continue to serve the SME segment. With the increase of users' adoption rate of mobility technology together with the advancement of internet technology, the landscape for SME to conduct business is changing into a fast and borderless commerce.

We shall continue to build the SME community based on internet platforms that will provide sustained growth in our business.

## DIVIDEND

During the financial year of 2015, there was no dividend declared/paid.

## ACKNOWLEDGEMENTS

We would like to express our warmest appreciation to all our shareholders, business partners, suppliers, customers and regulatory authorities for their continuing support and confidence in our Group. I would also like to take this opportunity to acknowledge the contributions of my fellow directors and employees for their unwavering dedication and professionalism throughout 2015, without it, it would not be possible to continue to deliver growth in our shareholders' value.

**Dato' Ahmad Razlan bin Ahmad Razali**  
Chairman



# MANAGEMENT DISCUSSION & ANALYSIS

## INTRODUCTION

PanPages Berhad ("PanPages" or "the Company") is a Bursa Malaysia Securities Berhad ("Bursa Securities") listed company specialises in the areas of Search and Advertising ("S&A") and involve in Information Technology ("IT").

Our S&A business segment comprise online business platforms, print directories and content licensing. We are also reseller to third party online advertisement products, notably Google, Alibaba and Facebook.

Our IT business segment provides RFID Solutions, e-Security solutions, e-Procurement solutions, cloud computing solutions and infrastructure solutions.

## BUSINESS AND OPERATIONS

### OVERVIEW

Presently, PanPages' business and operations consists of two core segments, namely S&A and IT.

Our S&A business segment specialises in business platforms, print directories and content development. Our IT operations provide software solutions, cloud computing and infrastructure solutions.

Over the years, we develop our business in Malaysia as a hub and Southeast Asia.

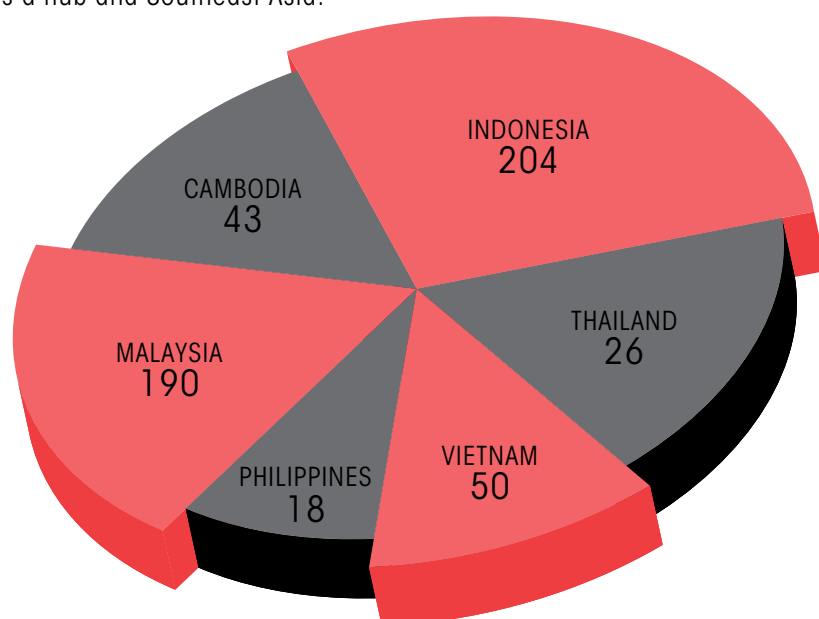
No special regulatory framework influences our business in the region save for those that apply to inter-regional trade as well as those that govern trade transactions in each respective country.

## SEARCH AND ADVERTISING

Our activities under S&A are numerous and conducted on both local and regional fronts. PanPages specialises in Marketing as a Service ("MaaS") comprising operating business platforms, print directories and internet marketing solutions and Data as a Service ("DaaS") comprising database development and licensing.

### (i) Online Business Platform

Our online business platform is a specialised search engine that allows users to search a structured database of local businesses using geographic parameters. PanPages.com is supported by advertisements from businesses who wish to be prominently featured when users search for specific products and services in particular locations. Our business platform is available in two versions – web and mobile. PanPages.com acts as the nucleus for businesses to broadcast their content via content marketing activities.



PanPages Staff Strength  
in Southeast Asia as at  
31 December 2015

# MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

## SEARCH AND ADVERTISING (CONT'D)

### (i) Online Business Platform (cont'd)

PanPages' online business platform is branded as PanPages.com and serves SMEs throughout Southeast Asia. PanPages.com provides an easy-to-use and scalable directory catering to SME of all sizes.

### (ii) Print Business Directories

Our print directories, Super Pages in Malaysia and Yellow Pages in Cambodia, are comprehensive classified directories that service both commercial and industrial businesses. They also contain a directory of government departments and federal agencies, public services, hospitals and emergency numbers.

### (iii) Online Advertising and Marketing

We provide online advertising and marketing solutions catering to different SMEs by combining different products such as our proprietary products i.e. PanPages, Super Pages Malaysia, Yellow Pages Cambodia and partners' products i.e. Google AdWords, Google Maps Business View, Alibaba, Facebook and YouTube.

We are a Premier SME Partner of Google AdWords in providing Google AdWords services to our clients as a targeted advertising channel. This service optimises our clients' advertising dollars to ensure they reach the appropriate online audience.

We are also a strategic partner of Alibaba.com, a global leader in Business-to-Business (B2B) portal that helps millions of buyers and suppliers around the world conduct business online. This portal provides opportunities for Malaysian SMEs to increase exposures through content marketing as it opens markets for their goods and services and offers access to overseas sales.

We also resell Facebook and YouTube advertisement solutions.

### (iv) Content Development

PanPages' collection of business listings is extensive and comprehensive. Our strong database is the reason Google has appointed us as their strategic partner to provide business listings for Google Maps for countries including Malaysia, Singapore, Indonesia, Thailand, Philippines and Vietnam.

We have 9 million business listings in Southeast Asia making us the owner of largest business database in Southeast Asia. We are developing DaaS business with this asset.

## INFORMATION TECHNOLOGY

Our IT business segment provides a range of products and services that help our clients improve their business operations, security and cost efficiency. Our products comprise RFID solutions, e-Security solutions, e-Procurement solutions, cloud computing solution and infrastructure solution. Our IT services range from application development, customization to implementation, system integration, system and network management, and maintenance.

We have been streamlining this business and has sold to the management through a management buyout in March 2016.

# MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

## OBJECTIVE AND STRATEGIES

PanPages aspires to be the leading regional player in Marketing as a Service ("MaaS") and Data as a Service ("DaaS") segments and has actively establishing its presence in emerging ASEAN markets.

Our S&A business segment has been growing over the past few years and we have expanded to Indonesia, Thailand, Vietnam and Cambodia with a vision to establish PanPages.com as a leading business platform in ASEAN. We are actively engaging in acquisition of new customers and market shares in ASEAN. PanPages.com will be the nucleus of our MaaS business.

We will continue to improve and expand our database of business listings in ASEAN, as well as continue to secure new clients for our database. We strive to maintain our position as largest and most accurate database provider in ASEAN. Our current notable clients are Google and Microsoft.

With our large database and internet traffic, we are open to opportunities in the big data business which harvest large amount of data and deduce them to market intelligence which will be part of our DaaS business.

## REVIEW OF FINANCIAL RESULTS

### REVENUE

The Group's revenue was concluded at RM42.41 million with a growth of 16.5% from FY2014 which stated at RM36.41 million. The increase of revenue is mainly contributed by increase of sales from S&A division.

### PROFITABILITY

#### Group

The Group has achieved a profit before tax (PBT) of RM4.74 million in FYE 2015 compares to a loss before tax of RM 7.64 million in FYE 2014.

The total expenses for FYE 2015 decreased by 31% from FYE 2014 mainly due to positive result derived from cost control measures in all divisions together with the lower of allowance for doubtful debts and impairments.

The Group's effective tax rate was 7.6% for FYE 2015 compare with higher tax expenses in FYE 2014. The higher of tax expenses in FYE 2014 was mainly due to some impairments not allowable for tax deductions.

#### Search and Advertising division

S&A division recorded a profit of RM 4.6 million in FYE 2015 compared to a loss of RM1.6 million in FYE 2014. The increase of profitability in FYE 2015 was mainly due to higher profit contribution recognised from CAM YP Co, Ltd as a result of the Group acquisition of the remaining 49% equity interest on 15 June 2015 and higher billings from content licensing in respect of higher productivity achieved together with positive result derived from efforts taken to streamline direct sales staff cost and overheads.

#### Information Technology division

IT division recorded a profit before taxation of RM0.21 million in FYE 2015 compared to a loss before taxation of RM3.71 million in FYE 2014, mainly due to cost efficiency measurements taken together with a gain on disposal derived from a three storey office building of RM0.5 million.

# MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

## CASH FLOW

For the FYE 2015, the Group net cash flow status has improved from net cash flow of RM0.52 million to RM0.67 million. This is mainly due to the realisation of disposal gain derived from a three storey office building of RM0.5 million.

## FINANCIAL POSITION

The Group's net assets has decreased from RM63.7million in FYE 2014 to RM61.4 million in current financial year which mainly due to the changes in ownership interest in subsidiary as a result of acquisition of the remaining 49% of equity interest of Cam YP Co, Ltd on 15 June 2015 amounting to RM 7.76 million.

## REVIEW OF OPERATING ACTIVITIES

Our S&A business has continued to expand within ASEAN and to strengthen the Group footing to grow the online business platform business which have vast business opportunities.

During the FYE 2015, we have streamlined our products offerings and business operation via cost efficiency measurements taken in all division to improve efficiency to enable the Group to curb against intensive price fluctuation of global commodities, weakening of Malaysian Ringgit together with the weak consumers consumption sentiment after the implementation of Goods and Services Tax (GST), which has lower economic activities within Malaysia.

We believe our efforts in laying a strong foundation in our expansion in ASEAN since the year of 2013 will provide great opportunities for us to grow in the future. The Group will continue to harvest market opportunities especially from immature markets with high economy developments in Vietnam, Cambodia, Thailand and Indonesia.

The Group will enrich our ASEAN business listings database. We license our database to Google and Microsoft and we will develop new markets for our database in the future according to our DaaS development plan.

The Group's gearing maintains minimal. There are no borrowings other than hire purchase and a revolving credit facility of RM1.5 million.

## FUTURE EXPECTATIONS

PanPages recognises that business sentiments and domestic consumption in Malaysia will remain weak together with the global market remains volatiles. Hence, the Group will adopt defensive approach in Malaysia market. However, we expect the regional economies activities to rise and plan to capture bigger market share in Vietnam, Cambodia, Thailand and Indonesia.

# STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

PanPages and its subsidiaries ("Group") regards Corporate Social Responsibility ("CSR") as an integral part of business continuity and thus despite a challenging year, the Group continues to ensure its CSR is being fulfilled to the best of abilities.

## CSR ACTIVITIES DURING THE YEAR

### CREATING A GREAT PLACE TO WORK

The Group believes that employees' proactive participations are vital to the success of the Group. The value of its people has always been recognised by the Group. Hence, we are committed to develop our employees to their fullest potentials.

We offer a competitive remuneration package with a wide range of benefits to attract and retain the best talent. In addition to the standard benefits such as annual leave and medical coverage, we also offer career development opportunities for both technical and non-technical staffs. This includes employee recognition and mentoring programmes.

Senior managers and those involved in certain projects can also participate in a profit-sharing programme called "Intrapreneurial" as part of their remuneration package. Trips are also organised annually to motivate employees and encourage team building efforts.

The Group strives to motivate and retain the best employees by providing activities such as in-house training programmes, external training programmes as well as team building excursions to upgrade their knowledge and skills within their job scope. At the same time, the Group believes that good relationships can be fostered through sports and other activities.

We also continually look for ways to engage with our employees to foster a strong sense of purpose and belonging. The Group employs an open door policy and every employee is empowered to provide suggestions or feedbacks on any subject matter, regardless of position or length of employment.

Our fully functional cafeteria provides good ambient for our employees to interact with each other and relax their minds. Free healthy food is being provided to all employees on certain days.

Through PanPages' Sports Club, employees are provided with a platform to make a positive difference in the lives of their families and local communities. The organisation contributed approximately RM55,000 to help the Sports Club run their activities in 2015. These include employee outings, competitive sporting activities and charity visits.

PanPages is an equal opportunity employer and treats all employees fairly, regardless of race, religion, disability, gender, age and marital status.

### CARING FOR OUR ENVIRONMENT

PanPages place emphasis on addressing its direct operational impacts on the environment. We raise awareness and encourage all employees to adopt recycling habits in the office. Recycle bins are also placed in our cafeteria to encourage this habit.

The Group is currently in the midst of developing a strategy to become a paperless organisation within the next few years.

# STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY (cont'd)

## IMPACTING OUR LOCAL COMMUNITIES

The PanPages Group recognises that its businesses have direct and indirect impacts on the communities in which we operate.

With the goal of making a positive impact in the lives of the communities in which we operate in, our people at PanPages are actively engaged in activities to address appropriately the needs of our local communities.

The Group firmly believes in impacting and investing back in the local communities, especially among the poor and marginalised. The Group focused on underprivileged children and contributed through donation to provide them with basic necessities such as food and clothes.



On 7th November 2015, about 20 management and employees of PanPages participated as volunteers in the Kechara Soup Kitchen's food distribution to the homeless people in Klang Valley area. There are more such activities lining up in the future.

All PanPages employees are encouraged to participate in a variety of local charity events, which are often organised and driven by the Sports Club. Activities ranging from donation drives to visiting charity homes.

We see this as an important aspect of our work and will continue to provide the platform, support and encouragement to impact the local communities as an organisation.

# PROFILE OF THE BOARD OF DIRECTORS

## DATO ' AHMAD RAZLAN BIN AHMAD RAZALI

*Chairman / Independent Non-Executive Director*

Dato' Ahmad Razlan bin Ahmad Razali, a Malaysian aged 43, was appointed to the Board on 4 October 2012. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee, of which he is also a Chairman.

Dato' Ahmad Razlan is currently the Chief Executive Officer of Sepang International Circuit and Chief Executive Officer of the Malaysia Association of Motorsports. He was formerly involved in the construction, property development and information technology industry. He also has extensive experience in event promotions and motorsports management, as well as in publishing. He started Msportbike

magazine in 2008 so that motor sport enthusiasts could keep abreast with local motorsport activities.

He began his profession with PricewaterhouseCoopers after completing a degree in accounting at Edith Cowan University in Perth, Australia.

Dato' Ahmad Razlan has no family relationship with any director or major shareholder of PanPages nor any conflict of interest in any business arrangement involving the Group. He has no convictions for any offences committed within the past 10 years. He has attended all five (5) Board meetings held during the financial year.

## TAN TIAN SIN

*Group Managing Director*

Tan Tian Sin, a Malaysian aged 55, was appointed to the Board on 22 October 2009. He is also a member of the Remuneration Committee.

Tan Tian Sin is the founder of PanPages Online Sdn Bhd and PanPages Media Sdn Bhd. He is presently responsible for setting new business directions and expanding new businesses for PanPages and its subsidiary companies. ("Group")

He was formerly a sales engineer for Enctech Engineering Sdn Bhd and Mecom Malaysia Sdn Bhd, as well as a sales manager at Rosemount (M) Sdn Bhd before joining the directory publishing industry.

He holds a Diploma in Electronic Engineering from Tunku Abdul Rahman College and a professional qualification in Electronic Electrical from the Engineering Council, United Kingdom.

Mr. Tan has no family relationship with any director or major shareholder of PanPages nor any conflict of interest in any business arrangement involving the Group. He has no convictions for any offences within the past 10 years. He has attended all five (5) Board meetings held during the financial year.



# PROFILE OF THE BOARD OF DIRECTORS (cont'd)

## FONG WAI LEONG

*Group Chief Executive Officer*

Fong Wai Leong, a Malaysian aged 46, was appointed to the Board on 30 January 2009. He is responsible for strategic planning and overall operation of the Group.

He has over 20 years of experience in the corporate management, investment, technology and financial sector, working in various capacities in different countries, including Southeast Asia, China, South Africa and South America.

He was formerly the General Manager of Alliance Investment Bank (formerly known as Kuala Lumpur City Securities) heading its corporate finance division. He has also worked in CIMB's corporate finance division and in KPMG as an auditor.

He is currently sits on the board of ASTI Holdings Limited.

Mr. Fong has neither family relationship with any director and/or major shareholder of PanPages nor any conflict of interest in any business arrangement involving the Group. He has no convictions for any offences within the past 10 years. He has attended all five (5) Board meetings held during the financial year.

## LAU KOK FUI

*Non-Independent Non-Executive Director*

Lau Kok Fui, a Malaysian aged 54, was appointed to the Board on 7 March 2014.

He is currently the Regional Director of General Electric Company based in Taiwan. He has vast experience in business development and was recognised for many successful operational and business achievements.

He began his aviation career as an Aircraft Maintenance Engineer with Malaysia Airlines in 1981. He later joined Ansett Australia in 1989 at Melbourne and rose through various positions and completed his MBA thesis in third party aircraft maintenance. He joined General Electric Company in 1998 as the Managing Director of GE on Wing Support (Malaysia) Sdn Bhd, where he founded and ran a successful award winning organisation and rose to the position of Regional Leader overseeing GE on Wing Support operations and business development in the Asia Pacific Region.

He holds a Master Degree in Business Administration from Henley Management College (UK). He also holds aircraft maintenance engineer licenses with Malaysia Department of Civil Aviation and Australian Civil Aviation Authority.

Mr. Lau has neither family relationship with any director and/or major shareholder of PanPages nor any conflict of interest in any business arrangement involving the Group. He has no convictions for any offences within the past 10 years. He has attended all five (5) Board meetings held during the financial year from his appointment.

### *Note:*

*The directors' holding in securities of the Company are disclosed in the Analysis of Shareholdings of this Annual Report.*

# PROFILE OF THE BOARD OF DIRECTORS

(cont'd)

## WONG MUN WAI

*Independent Non-Executive Director*

Wong Mun Wai, a Malaysian aged 59, is a member of Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Institute of Chartered Secretaries and Administrators (Malaysia and United Kingdom). Mr Wong was appointed to the Board on 28 May 2012. He is also a member of the Nominating Committee and Chairman of Remuneration Committee and Audit Committee.

He is currently the head of Consultancy firm with affiliation with Nexia International and also sits on the board of Comintel Corporation Berhad as an Independent Director. He was formerly an Independent Director for a listed information technology group of companies, and sat as a chairman of their Audit Committee.

He has over 30 years experience in the commerce and accounting profession with affiliation to Horwath and Horwath International, Moore Rowland, as well

as working experience in public listed companies in various sectors such as paper manufacturing and trading, health care, financial services and real estate. He held various positions including senior finance manager cum company secretary, chief operating officer, and executive director.

He carried out various due diligent and management review assignments, merger and acquisition exercises involving various industries and businesses, such as financial institutions, household appliances, biotech, fitness centres, pub and restaurant, furniture, timber and paper related industries.

Mr. Wong has neither family relationship with any director and/or major shareholder of PanPages nor any conflict of interest in any business arrangement involving the Group. He has no convictions for any offences within the past 10 years. He has attended all five (5) Board meetings held during the financial year.

## WONG YEE MING

*Non-Independent Non-Executive Director*

Wong Yee Ming, a Malaysian aged 35, was appointed to the Board on 4 July 2012. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee.

He is currently the Finance Director of Malinta Corporation Sdn Bhd where he first began his career as a project administrator. He was formerly attached to CIMB Investment Bank Berhad in their group treasury unit as vice-president credit and operational risk analytics. He has vast experience in project management, cash flow management, treasury and financial risk management.

He holds a Bachelor of Arts in Marketing with Business Economics & Financial Management from Middlesex University, United Kingdom. He is also certified as a Customer Relationship Management Practitioner and Direct Marketing Practitioner from the Institute of Direct Marketing, United Kingdom.

Mr. Wong has neither family relationship with any director and/or major shareholder of PanPages nor any conflict of interest in any business arrangement involving the Group. He has no convictions for any offences within the past 10 years. He has attended all five (5) Board meetings held during the financial year.

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of PanPages Berhad ("PanPages") recognises the importance of the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("Code") and is fully committed to maintaining high standards of corporate governance throughout PanPages and its subsidiaries ("Group") to safeguard the interests of the shareholders and stakeholders.

The Board especially recognises that good corporate governance encompasses four key areas namely transparency, accountability, integrity and corporate performance.

The Board is pleased to provide the following statement, which outlines the main corporate governance that has been in place throughout the financial year.

## A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### (i) Functions and Responsibilities of the Board and Management

The Board is entrusted for the oversight and overall management of the business affairs of the Company. The Board of Directors is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies and management are in place, for assessing the performance of the Company and its management team.

The Board Charter, which was adopted by the Board on 15 May 2013 and reviewed on 18 April 2016, sets out the roles, duties and responsibilities of the Board and various legislations and regulations affecting their conduct and the principles and practices of good corporate governance that are to be applied in all their dealings in respect, and on behalf of, the Company. The Board Charter is available for reference at the Company's website [about.panpages.com](http://about.panpages.com).

The principal responsibilities of the Board outlined in the Company's Board Charter include the following:

- reviewing, approving and monitoring the overall strategies and direction of the Group;
- overseeing and evaluating the conduct and performance of the Group's businesses, including its control and accountability systems;
- identifying and managing principal risks affecting the Group;
- reviewing the adequacy and integrity of the Group's internal control systems, including systems for compliance with applicable laws, regulations, rules and guidelines;
- approving major capital expenditure, capital management and acquisitions/divestitures;
- ensuring that the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- ensuring high standards of ethics and corporate behaviour in the conduct of business;
- approving policies related to investors relations programme and shareholder communication and overseeing stakeholders communications; and
- commitment in governing management and providing oversight of the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern the management conduct, ensure sustainability of the Company, the monitoring of performance and succession planning.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### (i) Functions and Responsibilities of the Board and Management (cont'd)

The Board is also ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and its effectiveness are available in the Statement on Internal Control and Risk Management of this Annual Report.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions as recommended by the Code including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, the Group Managing Director and Group Chief Executive Officer and the Management. There is a clear division of responsibilities between the Chairman, the Group Managing Director and the Group Chief Executive Officer.

Key matters reserved for the Board's approval include business plan, annual budget, dividend policy, business continuity plan, new issues of securities, business restructuring and disposal and acquisition of assets/investments.

The Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board Committees would report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Also, the Board is informed of the key issues and recommendation/decision made by each Board Committees through the tabling of minutes of the Board Committees meetings at Board Meetings.

As regards the duties delegated to the Group Managing Director and Group Chief Executive Officer and the Management, their responsibilities are set out in the Board Charter which is available for reference at the Company's website at [about.panpages.com](http://about.panpages.com).

The Chairman provides leadership at Board level, chairing the meetings of the Company and the Board, represents the Board to shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group. The position of the Chairman is held by an Independent Director. The Chairman also ensures that management proposals are deliberated by Directors, executive and non-executive alike, and examined taking into account the interests of shareholders and other stakeholders.

The Group Managing Director and Chief Executive Officer provide executive leadership and are accountable to the Board for the business direction and operational decisions of the Group and ensuring the policies and corporate strategies set by the Board are effectively implemented. The non-executive Directors of calibre and experience provide the necessary balance of power and authority to the Board. The independent non-executive Directors provide unbiased and independent views to safeguard the interest of minority shareholders.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### (ii) Succession Planning

At the Board Meeting held on 25 May 2015, the Board discussed about succession planning and agreed on the need to work out some thoughts to engage in planning for the succession of their board members and senior management. The Group is developing a succession plan.

### (iii) Code of Conduct and Ethics

The Board commits itself and its Directors to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. The Company's Code of Conduct and Ethics for Directors are spelled out in the Board Charter which is available for reference at the Company's website at [about.panpages.com](http://about.panpages.com).

### (iv) Corporate Social Responsibility and Sustainability

The Board places great importance on corporate social responsibility ("CSR") and business sustainability and embraces CSR as an integral part of the Group's business philosophy and corporate culture. The strategies to promote sustainability and its implementation can be found in the Company's website at [about.panpages.com](http://about.panpages.com)

The CSR activities of the Group during the financial year are set out on page 11 to 12 of this Annual Report.

### (v) Whistleblowing Policy and Procedure

The Board encourages employees within the Group to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistleblowing Policy and Procedure adopted by the Company provides and facilitates a mechanism for any individual to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

The Whistleblowing Policy and Procedure is available at the Company's website at [about.panpages.com](http://about.panpages.com).

### (vi) Corporate Disclosure Policy & Procedure

The Board places importance in ensuring disclosures made to shareholders and investors are accurate, clear, timely and comprehensive as they are critical towards building and maintaining corporate credibility and investor confidence. As such, the Board has adopted a Corporate Disclosure Policy & Procedures setting out the policies and procedures for disclosure of material information of the Group. The said Policy applies to all Directors, management, officers and employees of the Group.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### (vii) Access to Information and Advice

The Board has unrestricted access to timely and accurate information in furtherance of its duties.

All Directors have full access to the advice and services of the Company Secretaries and the Management within their respective jurisdictions to ensure effective functioning of the Board and may seek independent professional advice when necessary in discharging its various duties, at the Company's expense. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the Management.

### (viii) Qualified and Competent Company Secretaries

The Company Secretaries of the Group are experienced, competent and knowledgeable, play an important role in advising the Board on issues related to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up to date on and apprised of any regulations and guidelines.

The Company Secretaries are responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. Company Secretaries also ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded. In addition, the Company Secretaries also ensure that any change in the Group's statutory information should be duly completed in the relevant prescribed forms and lodged with the Registrar of Companies within the required period of time.

## B. STRENGTHEN COMPOSITION

### (i) Audit Committee

The role of the Audit Committee is to support the Board in overseeing the processes for production of the financial data, review the financial reports and the internal control of the Company. The composition and Terms of Reference of the Audit Committee together with its reports are presented in Audit Committee Report in this Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## B. STRENGTHEN COMPOSITION (cont'd)

### (ii) Nominating Committee

#### (a) Composition of Nominating Committee

The Nominating Committee comprises three (3) Non-Executive Directors, majority of whom are Independent Directors. The members are:

Chairman	:	Mr. Wong Mun Wai Independent Non-Executive Director
Member	:	Dato' Ahmad Razlan bin Ahmad Razali Independent Non-Executive Director
		Mr. Wong Yee Ming Non-Independent Non-Executive Director

#### (b) Functions of the Nominating Committee

The functions of Nominating Committee are:

- (a) recommend to the Board the nomination of a person or persons to be a Board member(s) by shareholder(s) or Director(s);
- (b) recommend to the Board, Directors to fill the seats on Board Committees;
- (c) assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual Director and thereafter, recommend its findings to the Board; and
- (d) review the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and thereafter, recommend its findings to the Board.

#### (c) Activities of the Nominating Committee

The summary of the activities of the Nominating Committee during the financial year are as follows:-

- (a) Annual review the mix of skill and experience and other qualities of the Board.
- (b) Assess the effectiveness of the Board as a whole, the Board committees and the Directors.
- (c) Discuss the Directors' retirement by rotation.

#### (d) Appointment to the Board and Gender Diversity Policy

The Board does not set specific criteria for assessment and selection of director candidate. However, consideration would be taken on the need to meet the regulatory requirements such as Companies Act, 1965 and the Bursa Securities Malaysia Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and other criteria discussed in the following paragraphs.



# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## B. STRENGTHEN COMPOSITION (cont'd)

### (ii) Nominating Committee (cont'd)

#### (d) Appointment to the Board and Gender Diversity Policy (cont'd)

The Nominating Committee is empowered to identify and recommend new appointments to the Board. The potential candidates may be proposed by existing directors, senior management staff, shareholders or third party referral. Under normal circumstances, the Nominating Committee would review new board candidates proposed by the Group Managing Director and Group Chief Executive Director to fill vacancy arises from resignation, retirement or any other reasons and make the recommendation to the Board thereon for decision. Based on the recommendation of the Nominating Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

Upon receipt of the proposal, the Nominating Committee is responsible to conduct assessment and evaluation on the proposed candidate. The assessment/evaluation process may include, at the Nominating Committee's discretion, reviewing the candidate's resume, curriculum vitae, biographical information, candidate's qualifications and conducting background searches as well as formal or informal interview at the Nominating Committee's discretion.

In discharging its duty, the Nominating Committee will assess the suitability of individual to be appointed to the Board by taking into consideration the individual's skills, knowledge, expertise, experience, strength of qualities, competency and understanding of the business environment.

For appointment of Independent Directors, the Nominating Committee would also assess whether the candidate meets the requirements for independence based on criteria prescribed in the Listing Requirements.

At present, the Company does not have a formal gender diversity policy but acknowledges the recommendation of the Code on gender diversity. The Board is of the opinion that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age with priority of the Group's need to maximise the effectiveness of the Board, taking into account the balance of skills, experience, knowledge and independence, and based on the Group's needs and circumstances.

Nevertheless, the Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract/retain women participation in the Board. The Group is committed to provide fair and equal opportunities and nurturing diversity with the Group. Also, the Group had zero tolerance of workplace harassment, age, religious, ethnicity, race or gender discrimination.

#### (e) Review of Directors Proposed for Re-election

In accordance with the Articles of Association of the Company, all newly appointed Directors are subject to retirement by rotation and are entitled for re-election at the first annual general meeting after their appointment.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## B. STRENGTHEN COMPOSITION (cont'd)

### (ii) Nominating Committee (cont'd)

#### (e) Review of Directors Proposed for Re-election (cont'd)

Pursuant to Article 93 of the Company's Articles of Association, at each annual general meeting one-third (1/3) of the Directors for the time being or if their number is not a multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1) shall retire from office by rotation and an election of Directors shall take place provided always that each Director shall retire at least once in every (3) years but shall be eligible for re-election.

At general meeting of the Company, the election of each Director is to be voted separately unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it as provided in Section 126(1) of the Companies Act, 1965.

Further, pursuant to Section 129(6) of the Companies Act, 1965, Directors who over the age of 70 may, by a resolution (passed by a majority of not less than three-fourth (3/4) of such members of the Company) of which no shorter notice than the required to be given to the members of the Company of an annual general meeting has been duly given, be appointed or re-appointed as a Director of the Company to hold office until the conclusion of the next annual general meeting.

In recommending the Directors for re-election to the Board, the Nominating Committee would also refer to the individual Directors' annual assessment result to ensure that feedback given and scoring achieved by the relevant directors who are retiring by rotation are satisfactory.

#### (f) Annual Assessment on the Performance of Individual Directors and Effectiveness of the Board and Board Committees

The Nominating Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees.

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.

During the annual assessment exercise, the Directors are given a performance evaluation sheet for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Company Secretary for compilation of rating and scores which summary would then be presented to the Nominating Committee for further review and assessment.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## B. STRENGTHEN COMPOSITION (cont'd)

### (ii) Nominating Committee (cont'd)

#### (f) Annual Assessment on the Performance of Individual Directors and Effectiveness of the Board and Board Committees (cont'd)

For good corporate governance, the Nominating Committee would not review its own effectiveness and the performances of the Nominating Committee members. Instead, such review would be carried out by the Board as a whole with the members of the Nominating Committee abstained from deliberation.

In view that the Nominating Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Remuneration Committee and the Audit Committee are also carried out by the Board.

The Director who is subject to re-election and/or re-appointment at next Annual General Meeting are assessed by the Nominating Committee (with the relevant Nominating Committee member abstaining on his own re-election) before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

Outcome of the assessment and recommendation would be reported to the Board for information and decision on areas for improvement.

#### (g) Assessment of Independent Directors

On an annual basis, the Nominating Committee would also review the independence of the Independent Directors. More details are set out in section C(ii) of this statement.

### (iii) Remuneration Committee

#### (a) Composition of Remuneration Committee

The Remuneration Committee comprises mainly of non-executive directors. The members of the Remuneration Committee are:

Chairman : Dato' Ahmad Razlan bin Ahmad Razali  
Independent Non-Executive Director

Members : Mr. Wong Mun Wai  
Independent Non-Executive Director

Tan Tian Sin  
Group Managing Director

Mr. Wong Yee Ming  
Non-Independent Non-Executive Director

#### (b) Functions of the Remuneration Committee

The main function of the Remuneration Committee is to recommend to the Board, the remuneration packages of Executive Directors and/or other persons of the Group as the Remuneration Committee is designated to consider as and when necessary.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## B. STRENGTHEN COMPOSITION (cont'd)

### (iii) Remuneration Committee (cont'd)

#### (c) Remuneration Policies and Procedures

##### Remuneration of Executive Directors

The remuneration of the Executive Directors shall be reviewed and determined by the Remuneration Committee, who make recommendation to the Board for approval. On the recommendation of the Remuneration Committee, the Board reviews and approves the remuneration of the Executive Directors with the respective Executive Director abstained from discussions and decisions on their own remuneration. Under normal circumstances, the respective Director(s) would be excused from the relevant meetings before the deliberation on their remuneration take place.

##### Annual Bonus of Executive Directors

The Executive Directors shall be entitled to participate in the Company's annual cash bonus. The amount of bonus shall be reviewed and determined by the Remuneration Committee, who make recommendation to the Board for approval.

##### Other benefits of Executive Directors

Executive Directors shall also be entitled to other benefits provided to employee of the Company and other additional benefits, if so, recommended by the Remuneration Committee to the Board for approval.

##### Remuneration for Non-Executive Directors

The remuneration of non-executive directors, which made up of Directors' fee, meeting allowance and other benefits, if any, proposed by the Remuneration Committee is determined by the Board.

##### Others Remuneration

The Directors may be remunerated by a fixed sum (for non-executive director) or by a percentage of profits (for executive directors) or otherwise as may be determined by the Board for the performance of extra services or to make any special exertions in going or residing away from his usual place of business or residence for any purpose of the Company or giving special attention to the business of the Company. Such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the directors. Such remuneration would be proposed by the Remuneration Committee to the Board for decision.

#### (d) Directors' Fee and meeting allowances

All Non-Executive Directors are paid fixed director fees as a member of the Board. The Chairman of the Board and the Chairman of the Audit Committee also receive a fixed fee for their chairmanship in the Board and the Audit Committee.

Directors' fees payable to Non-Executive Directors are subject to the approval of the Company's shareholders at annual general meetings.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## B. STRENGTHEN COMPOSITION (cont'd)

### (iii) Remuneration Committee (cont'd)

#### (d) Directors' Fee and meeting allowances (cont'd)

At the 13th Annual General Meeting held on 26 June 2014, the Company had obtained the shareholders' approval to empower the Board to pay directors' fee of not more than RM120,000 per annum to the non-executive directors for their services as directors of the Company. Hence, payment of Directors' fee which falls within the said annual quantum does not need shareholders' approval.

The aggregate remuneration paid or payable to the Directors in the Company for the financial year ended 31 December 2015 is as follows:

	<b>Fees RM</b>	<b>Salaries and Other Emolument RM</b>	<b>Benefit-in- kind RM</b>	<b>Total RM</b>
Executive Directors	-	809,509	59,831	869,340
Non-Executive Directors	96,000	-	-	96,000

The numbers of Directors of the Company whose total remuneration fall within the respective band are as follows:

<b>Remuneration band (RM)</b>	<b>Executive Directors</b>	<b>Non- executive Directors</b>
RM50,000 and below	-	3
RM350,001 – RM400,000	1	-
RM400,001 – RM450,000	1	-

At present, it is not the Company's policy of paying meeting allowances to each of the Board and Board Committee meetings.

## C. REINFORCE INDEPENDENCE

### (i) Board Composition

As of the date of this statement, the Board consists of six (6) members, comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Director. This is in compliance with Paragraph 15.02 of the Listing Requirements which requires at least two (2) or one third of the Board, whichever is the higher, are Independent Directors.

The present size and composition of the Board is appropriate for the complexity and scale of operations of PanPages Group. As presently constituted, the Board is well balanced and has the stability, continuity and commitment as well as the capacity to discharge its responsibility effectively.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## C. REINFORCE INDEPENDENCE (cont'd)

### (i) Board Composition (cont'd)

To ensure there is a strong element of independence in the Board, the positions of the Chairman and Group Managing Director and/or Group Chief Executive Officer are held by different individuals. The Chairman of the Company is an independent director and the roles of the Chairman and the Executive Directors are also separated.

### (ii) Assessment of Independent Directors

On an annual basis, the Nominating Committee would review the independence of the Independent Directors. Criteria for assessment of independence are very much based on the requirements and definition of "independent director" as set out in the Listing Requirements.

Each Independent Directors is required to confirm their independence by giving the Board a written confirmation of their independence.

In addition, consideration would also be given to assess whether the independent directors are able to act independently of management and free from any business or other relationship.

### (iii) Tenure of Independent Directors

None of the Independent Directors have served the Company exceeding a cumulative terms of nine (9) years.

At present, the Company does not have a formal policy to limit the tenure of independent directors to 9 years. However, the Board is mindful of the recommendations in the Code to ensure effectiveness of independent directors.

## D. FOSTER COMMITMENT

### (i) Time Commitment

The underlying factors of directors' commitment to the Company are devotion of time and continuous improvement of knowledge and skill sets.

Except for Mr. Wong Mun Wai who holds directorship in another listed company, none of the other Board members hold directorship in other listed company.

All the Directors have full attendance at Board and Board Committee meetings held during the financial year ended 31 December 2015. Details of the attendance are set out in the relevant sections of this Statement.

To facilitate the Directors' planning, Board and Board Committee meetings are usually fixed three (3) months in ahead.

### (ii) Board Meetings and Attendance

The Board meets at least once every quarter and additional meetings are convened as and when necessary. All proceedings, deliberations and conclusions of the Board meetings are duly minuted and signed by the Chairman of the meetings.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## D. FOSTER COMMITMENT (cont'd)

### (ii) Board Meetings and Attendance (cont'd)

The Chairman ensures that each Director is provided with timely notices for each Board meeting and Board papers are issued prior to the Board meetings to enable the Directors to review and consider the agenda items to be discussed in the Board meeting and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

The Board has unrestricted access to timely and accurate information in furtherance of its duties.

During the financial year ended 31 December 2015, five (5) Board meetings were held. The record of attendance is as follows:

Directors	Number of Meetings Attended by Directors
Dato' Ahmad Razlan bin Ahmad Razali	5/5
Mr. Tan Tian Sin	5/5
Mr. Fong Wai Leong	5/5
Mr. Lau Kok Fui	5/5
Mr. Wong Mun Wai	5/5
Mr. Wong Yee Ming	5/5

All the Directors have complied with the minimum 50% attendance requirement as stipulated by the Listing Requirements.

### (iii) Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme, prescribed by Bursa Securities. Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with latest developments in the market place and new statutory and regulatory requirements. The training needs of each Director would be assessed and proposed by the individual Director. Each Director determines the areas of training that he may require for personal development as a Director or as a member of the Board Committees.

Details of trainings attended by the Directors during the financial year ended 31 December 2015 are as follows:

Name of Directors	Training Programmes
Dato' Ahmad Razlan bin Ahmad Razali	<ul style="list-style-type: none"> <li>• Leadership &amp; Coaching : Developing Exponential Power</li> <li>• Corporate Governance- Board Reward &amp; Recognition</li> </ul>
Mr. Tan Tian Sin	<ul style="list-style-type: none"> <li>• The Power of Change for Entrepreneurs</li> </ul>



# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## D. FOSTER COMMITMENT (cont'd)

### (iii) Directors' Training (cont'd)

Details of trainings attended by the Directors during the financial year ended 31 December 2015 are as follows (cont'd):

Name of Directors	Training Programmes
Mr. Fong Wai Leong	<ul style="list-style-type: none"> <li>• GST Tax Conference</li> <li>• ASEAN CEO Conference</li> <li>• Google Analytics Course</li> <li>• Local Search Conference</li> <li>• Google Global partners Conference</li> </ul>
Mr. Lau Kok Fui	<ul style="list-style-type: none"> <li>• EHS Awareness Overview Conference</li> <li>• Keep Our Product Safe Seminar</li> </ul>
Mr. Wong Mun Wai	<ul style="list-style-type: none"> <li>• CG Breakfast Series with Directors: The Board's Response in Light of Shareholder Engagement</li> <li>• Companies Bill 2015 – Organised As In House Seminar</li> <li>• GST Coding and Practical Accounting Seminar</li> <li>• Introduction to GST Seminar</li> </ul>
Mr. Wong Yee Ming	<ul style="list-style-type: none"> <li>• Companies Bill 2015 – organised as in house seminar</li> <li>• Introduction to GST Seminar</li> </ul>

The Board is also regularly updated by the Company Secretaries on the latest update and amendments to the Listing Requirements.

## E. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### (i) Financial Reporting

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial position and prospect to the Company's shareholders through the annual financial statements and quarterly announcements. The quarterly results and annual financial statements are reviewed by the Audit Committee and recommended to the Board for approval before its release to Bursa Securities.

### (ii) Relationship with Auditors

The Board has established formal and transparent relationships with both the external and internal auditors through the Audit Committee. The relationship between the Audit Committee and both the external and internal auditors are described in the terms of reference of the Audit Committee Report.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## E. UPHOLD INTEGRITY IN FINANCIAL REPORTING (cont'd)

### (iii) Assessment of Suitability and Independence of External Auditors

The Audit Committee assessed the suitability and independence of external auditors for re-appointment of the external auditors at the annual general meeting of the Company. In its assessment, the Audit Committee considered several factors, which included adequacy of resources of the firm, quality of service and competency of the staff assigned to the audit, the external auditors' independence and the costing. Being satisfied with SJ Grant Thornton's performance and audit independence, the Audit Committee recommended to the Board the appointment of SJ Grant Thornton as external auditors for the financial year ending 31 December 2016. The Board at its meeting held on 18 April 2016 approved the Audit Committee's recommendation and was satisfied with SJ Grant Thornton's suitability and audit independence thus agreed to put forward a resolution on the appointment of SJ Grant Thornton to the shareholders for approval at the forthcoming annual general meeting.

## F. RECOGNISE AND MANAGE RISKS

### Internal Control

The Board has the overall responsibility in maintaining a sound and effective system of internal controls for the Group which covers not only financial controls but also operational and compliance controls as well as risk management.

The Group outsourced its internal audit function to an external professional firm, as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective.

The internal audit function adopts a risk-based approach and prepares its audit plans based on significant risks identified. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control policies and procedures and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the audit reviews are presented and discussed during the Audit Committee meetings. Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame. The action plans are reviewed and followed up by the internal audit function on a periodical basis to ensure the recommendations are effectively implemented.

The Statement on Risk Management and Internal Control is furnished on page 31 of this Annual Report, and this provides an overview of the state of internal controls within the Group.

## G. RELATION WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.

## G. RELATION WITH SHAREHOLDERS AND INVESTORS (cont'd)

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

The Group maintains a website at [about.panpages.com](http://about.panpages.com) where shareholders or investors may access information on the Group under "Investors" link encompassing corporate information, latest financial results, latest annual reports, announcements to Bursa Securities, Board Charter and code of conduct of the Board.

Shareholders and other interested parties may contact the following personnel for any enquiry regarding the Group:

Mr. Fong Wai Leong (Group Chief Executive Officer)  
Telephone number : 03-5636 9999  
Fax number : 03-5635 0280  
Email address : [wlfong@panpages.com](mailto:wlfong@panpages.com)

The Annual General Meeting remains the principal forum for dialogue with shareholders where they are provided with an opportunity to raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments in the Group, the resolutions being proposed and/or on the business of the Group. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as Auditors of the Company are present to answer questions raised at the meeting.

## H. COMPLIANCE WITH THE CODE

This Statement is made in compliance with relevant provisions in the Listing Requirements.

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavor to improve and enhance the procedures from time to time.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board is pleased to present the Statement on Risk Management and Internal Control of the Group in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and in accordance with the Principles and Best Practices provisions relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance ("MCCG"). This Statement is guided by the Statement on Risk Management and Internal Control: Guideline for Directors of Listed Issuers.

## BOARD'S RESPONSIBILITIES

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

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

## RISK MANAGEMENT AND INTERNAL CONTROL

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

### Risk Management Framework

The Group has established a Risk Management Committee with a proper risk management framework that ensures an ongoing process for identifying, evaluating, managing and reporting risk that may affect the achievement of the Group's business objectives and strategies. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board.

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

The risk profile of the major business units of the Group are being monitored by its respective key Management staff. Key risks of the Group are discussed at Management and Board Meetings on a need basis.

Management will update the results of risk assessment including preparing detailed risk registers and document all discussions at Management and Board meetings on key risks and actions plans to address the key risks.

### Internal Control System

The key elements of the Group's internal control system include:

- Clear organization structure, reporting lines of responsibilities and appropriate level of delegation;
- Clearly defined roles and responsibilities, authority and accountability within the Group;

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### Internal Control System (cont'd)

The key elements of the Group's internal control system include (cont'd):

- Limit of Authority (LOA) matrix that clearly outlines Management limits and approval authority across various key processes. The LOA is duly approved by the Board;
- Recruitment of adequate experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that minimum controls are in place;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Annual budgeting process which requires all business units/divisions to prepare budget and business plan on annual basis;
- Establishment of the internal policies and procedures for key functional units within the Group and regularly update the policies and procedures to reflect changing risks and business needs or to resolve operational deficiencies;
- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Management meetings are held to review and discuss business performance, strategy, business development, key management issues;
- Regular review of actual sales performance against target set by the Management. This enables effective monitoring of significant variances and deviation from the target and business objectives;
- Engage and appoint solicitors, financial advisors and other competent professional as may be required in respect of any corporate exercise undertaken by the Group.
- Periodic review of the adequacy and effectiveness of the system of internal control by the internal audit function;
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by internal auditors, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

## REVIEW BY BOARD

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

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

- Management within the organisation responsible for the development and maintenance of the risk management and internal control framework;
- Assessments of major business units and functional controls by respective Management to complement the above input in providing a holistic view of the Group risk and control framework effectiveness; and
- The work by the internal audit function which submitted the Internal Audit Strategy document highlighting the key processes and potential key risks for the Group and Internal Audit reports to the Audit Committee together with recommendations for improvement.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

## REVIEW BY BOARD (cont'd)

During the year, a number of improvements to internal controls were identified and addressed. The Board and Management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

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

The Board also received assurance from the Group CEO of the Company that the Group's current risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Whilst the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system, the Board acknowledges that a sound system of internal control can reduce, but cannot eliminate, the possibility of poor judgment in decision making; human error; control processes being deliberately circumvented by employees; management overriding controls and occurrence of unforeseen circumstances.

The above statement is made in accordance with the resolution of the Board dated 18 April 2016.

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company are responsible for ensuring the financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for that period.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the year ended 31 December 2015, the Group and the Company had applied appropriate accounting policies on a consistent basis. The Directors also consider that all applicable approved accounting standards are adhered to in the preparation of the financial statement.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.



# OTHER COMPLIANCE INFORMATION

## Share Buy-backs

The Company did not carry out any share buybacks for the financial year under review.

## Options, Warrants or Convertibles Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

## Depository Receipt (DR)

During the financial year, the Company did not sponsor any DR Programme.

## Imposition of Sanctions and/or Penalty

There was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

## Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries by the external auditors or a company affiliated to the auditors' firm for the financial year ended 31 December 2015 was RM5,000.00.

## Variation in Results

There was no material deviation between the audited results of the Group for the financial year ended 31 December 2015 and the unaudited results announced on 25 February 2016.

## Profit Forecast / Profit Guarantee

The Company did not provide any profit forecast / guarantee in any public documents during the financial year.

## Material Contracts

During the financial year, there were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interests which were still subsisting at the end of the financial year.

## Recurrent Related Party Transactions

During the financial year, there were no recurrent related party transactions of revenue or trading nature entered into by the Group.

## Revaluation Policy

The Company has not adopted any policy of regular revaluations for its landed properties.

# AUDIT COMMITTEE REPORT

## COMPOSITION

As of the date of this Annual Report, the composition of the Audit Committee is as follows:

- Chairman : Mr. Wong Mun Wai  
(Independent Non-Executive Director)
- Members : Dato' Ahmad Razlan Bin Ahmad Razali  
(Independent Non-Executive Director)
- Mr. Wong Yee Ming  
(Non-Independent Non-Executive Director)

The composition of the Audit Committee is complied with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

## TERMS OF REFERENCE

Terms of Reference of the Committee are as follows:

### 1. Composition

- 1.1 The Committee must be composed of not fewer than 3 members;
- 1.2 All members must be non-executive directors, with a majority of them being independent directors; and
- 1.3 At least one member who is:-
  - (a) member of the Malaysian Institute of Accountants, or
  - (b) otherwise, he must have the relevant qualifications and experience as specified in the Listing Requirements of Bursa Securities.
- 1.4 No alternate director shall be appointed as a member of the Audit Committee.
- 1.5 In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

### 2. Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent director.

### 3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members.

The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

# AUDIT COMMITTEE REPORT (cont'd)

## TERMS OF REFERENCE (cont'd)

### 4. Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on majority of votes.

The external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it is necessary.

Other directors or employees may attend any particular Audit Committee Meeting only at the Audit Committee's invitation, specific to the relevant meeting.

### 5. Rights and Authority

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company and the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, excluding the attendance of the executive members of the audit committee, whenever deemed necessary;
- (g) promptly report to the Bursa Securities on matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Listing Requirements.

### 6. Duties and Functions

- (a) To review with the external auditors on the audit plan, audit report, the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group and the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions, competency and resources and setting of performance standards of the internal audit function.
- (c) To provide assurance to the Board of Directors on the effectiveness of the system of internal controls and risk management practices of the Group.
- (d) To 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.
- (e) To review the audit reports and management letter issued by the external auditors and the implementation of audit recommendations, the interim financial information and the assistance given by the officers of the Company to external auditors.

# AUDIT COMMITTEE REPORT (cont'd)

## TERMS OF REFERENCE (cont'd)

### 6. Duties and Functions (cont'd)

- (f) To meet with the external auditors and internal auditors without executive board members present whenever deemed necessary.
- (g) To review any related party transactions that may arise within the Company or the Group to be undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to the shareholders via the annual report, and to review conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (h) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors.
- (i) To assist the Board of Directors in preparing an audit committee report at the end of each financial year, to be clearly set out in the annual report of the Company.
- (j) To consider the appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.
- (k) To review the allocation of options pursuant to the employees share option scheme and make such statement to be included in the annual report of the Company in relation to share scheme for employees.
- (l) To review all areas of significant financial risk and to ensure that the arrangements are in place to contain these risks to acceptable levels.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee held five (5) meetings during the financial year ended 31 December 2015. The record of attendance by each member at the Audit Committee meetings held during the year is as follows:-

Name of Directors	Status of Directorship	Number of Meetings Attended
Mr. Wong Mun Wai (Chairman of Audit Committee)	Independent Non-Executive	5/5
Dato' Ahmad Razlan bin Ahmad Razali (Member of Audit Committee)	Independent Non-Executive Director	5/5
Mr. Wong Yee Ming (Member of Audit Committee)	Non-Independent Non-Executive Director	5/5

# AUDIT COMMITTEE REPORT

(cont'd)

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

The Audit Committee has carried out its duties in accordance with its terms of reference during the year. These include:

- Reviewed the quarterly financial results and annual report of the Group and the Company before recommending to the Board of Directors for consideration and approval;
- Reviewed with the external auditors on the audit plan and strategy of the Group for the financial year ended 31 December 2015;
- Reviewed the fees of the external auditors;
- Reviewed with the internal auditors on the internal audit plan and programmes, the internal audit reports on findings, audit recommendations and the management's responses;
- Reviewed the follow-up audit reports to ensure the audit recommendations and action plans have been implemented;
- Reviewed and assessed the adequacy of the scope, functions and resources of the internal audit procedures in order to report any weakness or inadequacy to the Board; and reviewed and verified the allocation of options granted pursuant to the Employees' Shares Option Scheme of the Company.

## STATEMENT OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS SCHEME") BY THE AUDIT COMMITTEE

The Company implemented a new ESOS Scheme during the financial year ended 31 December 2011. The ESOS Scheme has tenure of five (5) years which shall expire on 3 July 2016.

There were no additional options granted under the ESOS Scheme during the financial year ended 31 December 2015.

Total number of ESOS options exercised and retracted during the financial year ended 31 December 2015 are as follows:

	Granted on 4.7.2011	As at 1.1.2015	Exercised	Retracted	Re- designation/ promotion	As at 31.12.2015
<b>Directors</b>						
- Executive Directors	1,200,000	600,000	-	-	-	600,000
- Non-executive Directors	*300,000	-	-	-	-	-
	1,500,000	600,000	-	-	-	600,000
Senior Management	4,177,000	1,660,600	-	(984,600)	-	676,000
Employees	6,323,000	997,600	-	(7,400)	-	990,200
<b>Total</b>	<b>12,000,000</b>	<b>3,258,200</b>	<b>-</b>	<b>(992,000)</b>	<b>-</b>	<b>2,266,200</b>

Note:-

\* Options granted to a former director of the Company

# AUDIT COMMITTEE REPORT (cont'd)

## STATEMENT OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS SCHEME") BY THE AUDIT COMMITTEE (cont'd)

Pursuant to the ESOS By-Laws, the aggregate maximum allocation to Directors and Senior Management under the ESOS Scheme shall not be more than 50% of the options allocated.

Actual percentage granted to the Directors and Senior Management of the Group since the commencement of the ESOS Scheme is approximately 47.3%.

None of the present Non-Executive Directors were granted with the ESOS options since the date of the commencement of the ESOS Scheme.

## INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

The Group outsourced its internal audit function to an external professional firm, as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The cost incurred in relation to the internal audit function for the financial year ended 31 December 2015 is RM5000.00.

Detail of the activities of the internal audit function is set out in the Statement on Corporate Governance of this Annual Report. Further, the Statement on Risk Management and Internal Control set out in this Annual report provides an overview of the risk management and internal control systems within the Group.

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# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The Company operates as an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year.

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Net profit for the financial year	4,381,493	12,348,160
Attributable to:-		
Owners of the Company	4,283,889	12,348,160
Non-controlling interests	97,604	-
	4,381,493	12,348,160

## RESERVES AND PROVISIONS

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

## DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.



# DIRECTORS' REPORT (cont'd)

## DIRECTORS

The Directors in office since the date of the last report are as follows:-

Dato' Ahmad Razlan Bin Ahmad Razali  
 Tan Tian Sin  
 Fong Wai Leong  
 Lau Kok Fui  
 Wong Mun Wai  
 Wong Yee Ming

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) are as follows:-

	Number of ordinary shares of RM0.10 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<b>Direct interest</b>				
Tan Tian Sin	56,838,100	550,000	30,000	57,358,100
Fong Wai Leong	323,650	-	-	323,650
Wong Yee Ming	8,840,800	-	-	8,840,800
Lau Kok Fui	23,300,000	2,959,800	-	26,259,800
<b>Indirect interest</b>				
Lau Kok Fui (#)	9,000,00	3,430,500	-	12,430,500

(#) deemed interested by virtue of shares held by spouse

# DIRECTORS' REPORT (cont'd)

## DIRECTORS' INTERESTS (cont'd)

By virtue of his interest in the shares of the Company, Mr. Tan Tian Sin is also deemed to have interest in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

	Number of ESOS options over ordinary shares of RM0.10 each				
	At 1.1.2015	Granted	Exercised	Retracted	At 31.12.2015
Tan Tian Sin	100,000	-	-	-	100,000
Fong Wai Leong	500,000	-	-	-	500,000

Other than disclosed above, none of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the share options granted pursuant to the Employee Share Option Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than as disclosed in Notes 24, 27 and 28 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company of which the Director has a substantial financial interest.

## ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employee Share Option Scheme ("ESOS").

On 23 May 2011, Bursa Malaysia Securities Berhad approved the Company's new ESOS. The ESOS has a tenure of five (5) years from the date of the launch or implementation of the scheme which shall expire on 3 July 2016.

The salient features and other terms of the ESOS are disclosed in the Note 27 to the Financial Statements.

# DIRECTORS' REPORT (cont'd)

## OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

As at 31 December 2015, the options offered to take up unissued ordinary shares of RM0.10 each and the exercise price are as follows:

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.10 each			
		At 1.1.2015	Retracted *	Exercised	At 31.12.2015
4.7.2011	0.35	3,258,200	(992,000)	-	2,266,200

\* Due to resignations

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of option holders, other than Directors, who have been granted the options during the financial year and details of their holdings as required by Section 169(11) of the Companies Act, 1965. This information has been separately filed with the Companies Commission of Malaysia.

Details of options granted to Directors are disclosed in the section of Directors' Interests in this report.

## OTHER STATUTORY INFORMATION

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

- (a) 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 satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

# DIRECTORS' REPORT (cont'd)

## OTHER STATUTORY INFORMATION (cont'd)

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

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

## SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events during and after the financial year are disclosed in Note 34 to the Financial Statements.

# DIRECTORS' REPORT (cont'd)

## AUDITORS

The Auditors, Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

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

.....	)	
TAN TIAN SIN	)	
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	)	
	)	DIRECTORS
	)	
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	)	
	)	
	)	
.....	)	
FONG WAI LEONG	)	

Kuala Lumpur  
18 April 2016

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 51 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 136 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....  
TAN TIAN SIN  
Kuala Lumpur  
18 April 2016

.....  
FONG WAI LEONG

# STATUTORY DECLARATION

I, Fong Wai Leong, being the Director primarily responsible for the financial management of PanPages Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 51 to 135 and the supplementary information set out on page 136 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory this day of )  
18 April 2016 )

.....  
FONG WAI LEONG

Before me:  
S.ARULSAMY  
License No. W490

Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANPAGES BERHAD (Incorporated in Malaysia) Company No: 537337 M

## Report on the Financial Statements

We have audited the financial statements of PanPages Berhad, which comprise statements of financial position as at 31 December 2015, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 135.

## *Directors' Responsibility for the Financial Statements*

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

## *Auditors' Responsibility*

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

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

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

## *Opinion*

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANPAGES BERHAD (cont'd) (Incorporated in Malaysia) Company No: 537337 M

## Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its Malaysian subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the Financial Statements.
- c) We are satisfied that the accounts 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.
- d) The auditors' reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

## Other Reporting Responsibilities

The supplementary information set out on page 135 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

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

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI  
(NO.: 708/03/18(J/PH))  
CHARTERED ACCOUNTANT

Kuala Lumpur  
18 April 2016



# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2015

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	3,498,099	4,679,745	148,408	234,283
Intangible assets	5	25,565,594	25,501,775	-	-
Investment in subsidiary companies	6	-	-	5,788,232	5,788,232
Goodwill on consolidation	7	16,406,172	14,024,743	-	-
Other investments	8	55,000	55,000	-	-
Deferred tax assets	9	187,286	76,841	-	-
Total non-current assets		45,712,151	44,338,104	5,936,640	6,022,515
<b>Current assets</b>					
Inventories	10	-	34,389	-	-
Trade receivables	11	17,625,688	21,719,870	-	-
Other receivables	12	1,770,410	2,016,551	15,407	16,650
Amount due from subsidiary companies	6	-	-	33,522,121	33,983,736
Deferred expenditures	13	4,585,084	4,650,356	-	-
Tax recoverable		13,566	42,862	-	-
Other investments	8	179,789	76,887	13,496	13,088
Fixed deposits with licensed banks	14	270,862	558,648	-	-
Cash and bank balances		8,043,607	7,226,914	229,802	60,526
Total current assets		32,489,006	36,326,477	33,780,826	34,074,000
Non-current assets held for sale	15	-	19,013,547	-	-
<b>Total assets</b>		<b>78,201,157</b>	<b>99,678,128</b>	<b>39,717,466</b>	<b>40,096,515</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	24,135,069	24,135,069	24,135,069	24,135,069
Share premium	17	1,231,295	1,231,295	1,231,295	1,231,295
Share option reserve		205,247	298,893	205,247	298,893
Foreign currency translation reserve		852,677	(430,965)	-	-
Retained earnings		36,572,868	40,052,084	13,872,902	1,524,742
		62,997,156	65,286,376	39,444,513	27,189,999
Non-controlling interests		(1,582,006)	(1,601,385)	-	-
<b>Total equity</b>		<b>61,415,150</b>	<b>63,684,991</b>	<b>39,444,513</b>	<b>27,189,999</b>

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2015 (cont'd)

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
<b>EQUITY AND LIABILITIES (CONT'D)</b>					
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Finance lease liabilities	18	414,626	707,021	49,743	121,853
Bank borrowings	19	-	11,693,354	-	-
Deferred tax liabilities	9	-	54,237	-	-
Total non-current liabilities		414,626	12,454,612	49,743	121,853
<b>Current liabilities</b>					
Trade payables	20	673,663	936,604	-	-
Other payables	21	5,440,840	10,195,071	83,272	74,611
Deferred income	22	7,927,604	9,370,383	-	-
Amount due to subsidiary companies	6	-	-	67,821	12,641,011
Finance lease liabilities	18	341,878	322,605	72,110	69,034
Bank borrowings	19	1,500,000	2,280,657	-	-
Tax payable		487,396	433,205	7	7
Total current liabilities		16,371,381	23,538,525	223,210	12,784,663
<b>Total liabilities</b>		16,786,007	35,993,137	272,953	12,906,516
<b>Total equity and liabilities</b>		78,201,157	99,678,128	39,717,466	40,096,515

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	23	42,409,958	36,408,905	13,981,874	1,200,380
Cost of sales		(23,884,522)	(20,199,245)	-	-
Gross profit		18,525,436	16,209,660	13,981,874	1,200,380
Other income		4,130,966	1,303,181	-	2,382
Selling and distribution expenses		(1,167,747)	(1,232,745)	-	-
Administration expenses		(12,592,808)	(16,299,325)	(1,626,920)	(1,596,005)
Other expenses		(3,495,097)	(7,534,113)	-	-
Finance costs		(660,069)	(84,911)	(6,794)	(9,872)
<b>Profit/(Loss) before tax</b>	24	4,740,681	(7,638,253)	12,348,160	(403,115)
Tax expense	25	(359,188)	(519,928)	-	-
<b>Profit/(Loss) for the financial year</b>		4,381,493	(8,158,181)	12,348,160	(403,115)
<b>Other comprehensive income</b>					
Item that will be subsequently reclassified to profit or loss:					
Foreign currency translation differences		1,054,324	126,790	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		5,435,817	(8,031,391)	12,348,160	(403,115)
<b>Profit/(Loss) for the financial year attributable to:-</b>					
Owners of the Company		4,283,889	(8,642,382)	12,348,160	(403,115)
Non-controlling interests		97,604	484,201	-	-
		4,381,493	(8,158,181)	12,348,160	(403,115)
<b>Total comprehensive income/(loss) attributable to:-</b>					
Owners of the Company		5,512,043	(8,440,168)	12,348,160	(403,115)
Non-controlling interests		(76,226)	408,777	-	-
		5,435,817	(8,031,391)	12,348,160	(403,115)
<b>Earnings/(Losses) per share attributable to equity holders of the Company (sen)</b>					
- Basic	26	1.77	(3.58)		
- Diluted	26	*	*		

\* anti-dilutive in nature

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company					Total equity RM
	Share capital RM	Share premium RM	Share option reserve RM	Foreign currency translation reserve RM	Retained earnings RM	
<b>Group</b>						
<b>Balance at 1 January 2014</b>	24,135,069	1,231,295	397,993	(633,179)	48,694,466	73,984,189
Net (loss)/profit for the financial year	-	-	-	-	(8,642,382)	(8,158,181)
Other comprehensive income/(loss) for the financial year	-	-	-	202,214	-	126,790
Total comprehensive income/(loss) for the financial year	-	-	-	202,214	(8,642,382)	(8,031,391)
<b>Transactions with owners:</b>						
Reversal of share-based payment under ESOS	-	-	(99,100)	-	-	(99,100)
Dividend to non-controlling interests	-	-	-	-	-	(907,121)
Acquisition of subsidiary company	-	-	-	-	-	(1,261,586)
Total transactions with owners	-	-	(99,100)	-	-	(2,267,807)

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

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# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(cont'd)

	Attributable to owners of the Company					Total equity RM
	Share capital RM	Share premium RM	Share option reserve RM	Foreign currency translation reserve RM	Retained earnings RM	
<b>Company</b>						
<b>Balance at 1 January 2014</b>	24,135,069	1,231,295	397,993	-	1,927,857	27,692,214
Total comprehensive loss for the financial year	-	-	-	-	(403,115)	(403,115)
<b>Transaction with owners:</b>						
Reversal of share-based payment under ESOS	-	-	(99,100)	-	-	(99,100)
Total transaction with owners	-	-	(99,100)	-	-	(99,100)
<b>Balance at 31 December 2014</b>	24,135,069	1,231,295	298,893	-	1,524,742	27,189,999
Total comprehensive income for the financial year	-	-	-	-	12,348,160	12,348,160
<b>Transaction with owners:</b>						
Reversal of share-based payment under ESOS	-	-	(93,646)	-	-	(93,646)
Total transaction with owners	-	-	(93,646)	-	-	(93,646)
<b>Balance at 31 December 2015</b>	24,135,069	1,231,295	205,247	-	13,872,902	39,444,513

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
<b>OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		4,740,681	(7,638,253)	12,348,160	(403,115)
<b>Adjustments for:-</b>					
Amortisation of intangible assets		3,119,365	2,262,951	-	-
Bad debts written off		-	125,874	-	-
Deferred expenditures written off		-	1,523,606	-	-
Depreciation		1,488,018	1,341,745	91,656	90,860
Dividend income from Malaysian subsidiary		-	-	(12,805,466)	-
Impairment loss on trade receivables		3,137,569	3,402,338	-	-
Impairment loss on intangible assets		-	743,182	-	-
Impairment loss on goodwill		-	1,514,405	-	-
Interest expenses		660,069	84,911	6,794	9,872
Property, plant and equipment written off		3,149	-	-	-
Interest income		(41,928)	(48,088)	(408)	(380)
Gain on disposal of property, plant and equipment		(74,999)	(62,818)	-	-
Gain on disposal of non-current assets held for sale		(498,141)	-	-	-
Gain on disposal of quoted investment in money market funds		-	(6,767)	-	-
Fair value gain adjustment in value of money market funds		(916)	(2,435)	-	(2,382)
Reversal of impairment loss on receivables		(424,762)	(893,379)	-	-
Reversal of share-based payment under ESOS		(93,646)	(99,100)	(93,646)	(99,100)
Unrealised gain on foreign exchange		(440,038)	(65,136)	-	-
Operating profit/(loss) before working capital changes		11,574,421	2,183,036	(452,910)	(404,245)
<b>Changes in working capital:-</b>					
Inventories		34,389	352,534	-	-
Receivables		2,728,001	(1,772,596)	1,243	4,944
Payables		(7,174,031)	953,283	8,661	9,243
Deferred expenditures		65,272	81,887	-	-
Deferred income		(1,442,779)	622,006	-	-
Cash generated from/(used in) operations		5,785,273	2,420,150	(443,006)	(390,058)
Interest paid		(660,069)	(84,911)	(6,794)	(9,872)
Dividend received		-	-	12,805,466	-
Tax refund		26,380	372,083	-	-
Tax paid		(629,015)	(352,209)	-	-
Net cash from/(used in) operating activities		4,522,569	2,355,113	12,355,666	(399,930)

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>INVESTING ACTIVITIES</b>					
Acquisition of subsidiary companies, net of cash acquired	6	-	99,164	-	-
Interest received		41,928	48,088	408	380
Payment for intangible assets		(3,149,231)	(2,929,802)	-	-
Purchase of property, plant and equipment	A	(261,139)	(4,554,331)	(5,781)	(1,888)
Net proceeds from disposal of non-current assets held for sale		19,511,688	-	-	-
Proceeds from disposal of property, plant and equipment		75,000	91,790	-	-
Net cash from/(used in) investing activities		16,218,246	(7,245,091)	(5,373)	(1,508)
<b>FINANCING ACTIVITIES</b>					
Acquisition of non-controlling interests of a subsidiary company		(7,797,995)	-	-	-
Proceeds from issuance of shares by a subsidiary company		185,983	-	-	-
Upliftment of fixed deposits with licensed banks		287,786	878,682	-	-
Fixed deposits with a licensed bank unpledged		54,648	-	-	-
Drawdown of borrowings		1,000,000	4,974,011	-	-
Repayment of borrowings		(13,474,011)	-	-	-
Dividend paid to non-controlling interests		-	(421,013)	-	-
Net repayment of finance lease liabilities		(331,122)	(20,806)	(69,034)	(65,956)
(Repayment to)/Advance from subsidiary companies		-	-	(12,111,575)	194,212
Net cash (used in)/from financing activities		(20,074,711)	5,410,874	(12,180,609)	128,256
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		666,104	520,896	169,684	(273,182)
Effect of foreign currency translation differences on cash and cash equivalents		307,223	(69,123)	-	-
Effect of changes in money market funds		916	9,202	-	2,382
Brought forward		7,303,801	6,842,826	73,614	344,414
Carried forward	B	8,278,044	7,303,801	243,298	73,614



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### NOTES TO THE STATEMENTS OF CASH FLOWS

#### A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment with aggregates costs of RM319,139 (2014: RM4,694,331) of which RM58,000 (2014: RM140,000) were acquired by means of finance lease arrangements. Cash payments of RM261,139 (2014: RM4,554,331) were made to purchase the property, plant and equipment.

#### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:-

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Other investments (Note 8)	179,789	76,887	13,496	13,088
Fixed deposits with licensed banks (Note 14)	54,648	-	-	-
Cash and bank balances	8,043,607	7,226,914	229,802	60,526
	<b>8,278,044</b>	<b>7,303,801</b>	<b>243,298</b>	<b>73,614</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015

### 1. GENERAL INFORMATION

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

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at 1, Jalan PJS 11/8, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan.

The Company operates as an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 April 2016.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

#### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.2 Basis of measurement (cont'd)

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

#### 2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

#### 2.4 Adoption of Amendments to MFRSs and IC Interpretations ("IC Int")

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments to MFRS and IC Int which are mandatory for the financial periods beginning on or after 1 January 2015.

Initial application of the to amendments to the standards and IC Int did not have material impact to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

##### *MFRS and Amendments to MFRSs effective 1 January 2016*

MFRS 10, 12 and 128*	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception
MFRS 11*#	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
MFRS 14*#	Regulatory Deferral Accounts
MFRS 101	Presentation of financial statements: Disclosure initiative
MFRS 116*#	Property, Plant and Equipment : Agriculture: Bearer Plants
MFRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation
MFRS 127	Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements
MFRS 138*	Intangible Assets: Clarification of Acceptable Methods of Amortisation
MFRS 141*#	Agriculture: Bearer Plants

Annual improvements to MFRSs 2012-2014 Cycle, issued in November 2014

##### *MFRS and Amendments to MFRS effective 1 January 2018:*

MFRS 9	Financial Instruments (International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 7	Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures

##### *Amendments to MFRS (deferred effective date to be announced by the MASB):*

MFRS 10 and 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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\* Not applicable to the Company's operations

# Not applicable to the Group's operations

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.5 Standards issued but not yet effective (cont'd)

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company (cont'd):-

##### *MFRS 9 Financial Instruments*

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy.

The Group is currently examining the financial impact of adopting MFRS 9.

##### *MFRS 15 Revenue from Contracts with Customers*

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently examining the financial impact of MFRS 15 and plans to adopt the new standards on the required effective date.

#### 2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.6 Significant accounting estimates and judgements (cont'd)

##### 2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

##### *Useful lives of depreciable assets*

Management estimates the useful lives of the property, plant and equipment to be within 3 to 20 years and reviews the useful lives of depreciable assets at the end of each of the reporting year. At 31 December 2015, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the end of the reporting year is disclosed in Note 4 to the Financial Statements.

A 5% difference in the expected useful lives of the property, plant and equipment from the management's estimates would result in approximately 5% (2014: 2%) variance in the Group's profit/(loss) for the financial year.

##### *Amortisation of intangible assets*

Intangible assets are amortised for a period of 3 to 10 years based on management estimated useful life. Changes in the expected level of usage and technological developments could impact economical useful life of the assets, therefore future amortisation charges could be revised.

A 5% difference in the expected useful lives of intangible assets from the management's estimates would result in approximately 26% (2014: 12%) variance in the Group's profit/(loss) for the financial year.

##### *Impairment of non-financial assets*

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.6 Significant accounting estimates and judgements (cont'd)

##### 2.6.1 Estimation uncertainty (cont'd)

###### *Impairment of loans and receivables*

The Group assesses at the end of each reporting year 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 debtors 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 of assets with similar credit risk characteristics.

The carrying amounts of the Group's loans and receivables at the end of the reporting year are as summarised in Notes 11, 12, and 32 to the Financial Statements.

###### *Deferred tax assets*

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

###### *Employee share options*

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and model used for estimating fair value for share-based payment transactions and the carrying amounts are disclosed in Note 27 to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.6 Significant accounting estimates and judgements (cont'd)

##### 2.6.2 Significant management judgement

The following is significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

##### *Internally generated intangible assets*

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as assets when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets are based on the same data.

The Group's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

#### 3.1 Consolidation

##### 3.1.1 Subsidiary companies

Subsidiary companies are entities, including structured entities, controlled by the Company. 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. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, 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.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.1 Consolidation (cont'd)

##### 3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting year.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

##### 3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. 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. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.1 Consolidation (cont'd)

##### 3.1.3 Business combinations and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

##### 3.1.4 Loss of control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.1 Consolidation (cont'd)

##### 3.1.5 Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

#### 3.2 Foreign currency translation

The Group's consolidated financial statements are presented in RM, which is also the Group's functional currency.

##### 3.2.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Foreign currency translation (cont'd)

##### 3.2.2 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting year. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

#### 3.3 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.3 Property, plant and equipment

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Tools and office equipment	20%
Furniture and fittings	8% - 20%
Motor vehicles	20%
Computers	5% - 33.33%
Renovations	20%

Capital work-in-progress consists of buildings under construction. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction until the property, plant and equipment are ready for their intended use. Assets under construction are not depreciated until they are completed and ready for their intended use.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

#### 3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

##### 3.4.1 Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.4 Leases (cont'd)

##### 3.4.1 Finance lease (cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

##### 3.4.2 Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases.

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

#### 3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs and content database expenditure, are not capitalised and expenditure is reflected in the profit or loss in the year in which it incurred.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by charging the amortisation period or method, as appropriate, and is treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.5 Intangible assets (cont'd)

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the profit or loss when the asset is derecognised.

##### 3.5.1 Trademarks, customer lists and relationships

These intangible assets were acquired in a business combination. The useful lives of these intangible assets are estimated to be indefinite because based on the current market share of the trademarks, management believes there is no foreseeable limit to the period over which trademarks and the customer lists and relationships are expected to generate net cash inflows for the Group.

##### 3.5.2 Web-portal

Web-portal was acquired separately and is estimated to be indefinite because based on the current market share of the web-portal, management believes there is no foreseeable limit to the period over which the web-portal is expected to generate net cash inflows for the Group.

##### 3.5.3 Research and development cost

Research costs are expensed as incurred.

Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project (ranging from 3 to 10 years) on a straight line basis and assessed for impairment whenever there is an indication that the development cost may be impaired.

Development cost initially recognised as an expense is not recognised as an asset in subsequent periods.

The amortisation period and the amortisation method for the development cost with a finite useful life are reviewed at least at each financial year end.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.5 Intangible assets (cont'd)

##### 3.5.4 Content databases

Content database expenditures are recognised initially at cost when the cost incurred are directly attributable to the development of the new content databases that will be available for use or sale. Following initial recognition, content database expenditures are carried at cost less accumulated amortisation and any accumulated impairment losses. Costs to update or remove the content databases are not capitalised and expensed to profit or loss as incurred. The content databases have a finite useful life and are amortised on a straight line basis over 3 years, being the expected useful life and assessed for impairment whenever there is an indication that the content databases may be impaired.

The amortisation period and the amortisation method for the content databases with a finite useful life are reviewed at least at each financial year end.

#### 3.6 Financial instruments

##### 3.6.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

##### 3.6.2 Financial assets - categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- (a) financial assets at fair value through profit or loss;
- (b) held-to-maturity investments;
- (c) loans and receivables; and
- (d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting year. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Financial instruments (cont'd)

##### 3.6.2 Financial assets - categorisation and subsequent measurement

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

At the reporting date, the Group and the Company have not designated any held to maturity investments. The Group and the Company carry only financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets on their statements of financial position.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments (including separated embedded derivatives) which are acquired principally for the purpose of selling in the near term fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Subsequent to initial recognition, assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists. 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 expenses 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Financial instruments (cont'd)

##### 3.6.2 Financial assets - categorisation and subsequent measurement (cont'd)

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, amount due from subsidiary companies, trade and other receivables fall into this category of financial instruments.

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

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost 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 end of the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Financial instruments (cont'd)

##### 3.6.3 Financial liabilities - categorisation and subsequent measurement

After the initial recognition, financial liabilities are classified as:

- (a) financial liabilities at fair value through profit or loss;
- (b) other liabilities measured at amortised cost using the effective interest method; and
- (c) financial guarantee contracts.

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

At the reporting date, the Group and the Company carry only other liabilities measured at amortised cost using the effective interest method on its statement of financial position.

##### *Other liabilities measured at amortised cost*

The Group's and the Company's other liabilities include bank borrowings, finance lease liabilities, amount due to subsidiary companies, trade and other payables.

Other liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

##### 3.6.4 Offsetting of financial instruments

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

#### 3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all expenses incurred in bringing the inventories to their present location and condition which consists of purchase price and freight charges plus cost 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 necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, short term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current asset.

#### 3.9 Non-current assets held for sale

Non-current assets held for sale comprising assets that are expected to be recovered primarily through sale rather than through continuing use.

Classification of the assets as held for sale occurs only when the assets are available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.10 Impairment of assets

##### 3.10.1 Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.10 Impairment of assets (cont'd)

##### 3.10.1 Non-financial assets (cont'd)

Goodwill is tested for impairment annually as at the end of each reporting year, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting year, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

##### 3.10.2 Financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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

##### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.10 Impairment of assets (cont'd)

##### 3.10.2 Financial assets (cont'd)

###### *Financial assets carried at amortised cost (cont'd)*

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

###### *Available-for-sale financial assets*

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investment is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss) is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.10 Impairment of assets (cont'd)

##### 3.10.2 Financial assets (cont'd)

###### *Available-for-sale financial assets (cont'd)*

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, 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 the profit or loss, the impairment loss is reversed through profit or loss.

###### *Unquoted instruments carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss 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. Such impairment losses are not reversed in subsequent periods.

#### 3.11 Equity, reserves and distributions to owners

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

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the foreign currency translation reserve.

Retained earnings include all current and prior years' retained profits.

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained earnings and recognised as a liability in the year in which they are declared.

All transactions with owners of the Company are recorded separately within equity.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.12 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 3.13 Deferred expenditures

Deferred expenditures comprise costs incurred from the commencement of the production of the business printed directory journals and internet directory. The deferred expenditures are recognised as current assets when the costs directly attributable to the related publication or period over term of the contract can be measured reliably. The deferred expenditures are classified as non-current assets when the related publication or period over term of the contract are not expected to be completed within twelve months from the reporting date. The deferred expenditures are charged to the cost of sales when the related revenue is recognised upon the publication of the printed business directory journals and internet directory. In the event that the publication is not expected to be materialised, the expenditures incurred are written off immediately to profit or loss.

#### 3.14 Prepayments for maintenance contracts

Maintenance contracts fees billed but not yet recognised as revenue are considered as unearned maintenance contracts fees and are taken up as prepayments for maintenance contracts. These prepayments are recorded as liabilities and recognised in other payables.

#### 3.15 Directories income and deferred income

The directories income consists of sales of advertising space in printed directories and on internet directories.

##### (a) *Sales of advertising space in printed directories*

The Group uses the percentage of directory journal circularised method to determine the appropriate amount of revenue and costs to be recognised by reference to the proportion that directory journal circularised to date bear to the estimated total directory journal.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.15 Directories income and deferred income (cont'd)

##### (b) *Sales of advertising space on internet directories*

The Group recognises revenue when services are rendered.

Invoices billed but not yet recognised as revenue are considered as unearned income and are taken up as deferred income. Deferred income is recognised in statement of financial position as current liability, except for the sales of advertising space which are not expected to deliver within twelve months are classified as non-current liability.

#### 3.16 Employee benefits

##### 3.16.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group and the Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### 3.16.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employees services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes.

#### 3.17 Share-based payment transactions

##### 3.17.1 Equity-settled share-based payment transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or income reflected in profit or loss represents the movement in cumulative expense recognised as at the beginning and the end of that period and is recognised in employee benefits expense.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.17 Share-based payment transactions (cont'd)

##### 3.17.1 Equity-settled share-based payment transactions (cont'd)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### 3.18 Revenue recognition

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

##### 3.18.1 Sales of advertising space

Revenue from the sales of advertising space on the internet directory and in the printed directories is recognised as detailed in Note 3.15 to the Financial Statements.

Revenue from the sales of third parties online advertising services is recognised upon the contract signed and when services are rendered.

##### 3.18.2 Sales of content database

Revenue from sales of content database is recognised upon delivery of content databases.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.18 Revenue recognition (cont'd)

##### 3.18.3 Solution delivery and implementation services

Revenue for all fixed fee contracts are recognised in stages based on the achievement of the projects milestones and customers' acceptance.

##### 3.18.4 Maintenance

Revenue from software and hardware maintenance is recognised on a straight line basis over the term of the contract.

##### 3.18.5 Dividend income

Dividend income is recognised when the Company's right to receive such payment is established.

##### 3.18.6 Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

##### 3.18.7 Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

##### 3.18.8 Management fees

Management fees are recognised when services are rendered.

##### 3.18.9 Sales of goods

Revenue from sale of goods is recognised when the risks and rewards of ownership of the goods have been transferred.

#### 3.19 Borrowing costs

Borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

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

All other borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interests and other costs that the Group incurred in connection with the borrowing of funds.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.20 Tax expenses

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

##### 3.20.1 Current tax

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

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

##### 3.20.2 Deferred tax

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

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

##### 3.20.3 Goods and services tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.20 Tax expenses (cont'd)

##### 3.20.3 Goods and services tax (cont'd)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

#### 3.21 Operating segments

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

#### 3.22 Contingencies

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

#### 3.23 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group; or
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.23 Related parties (cont'd)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity;
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly-controlled by a person identified in (a) above;
  - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity; or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### PROPERTY, PLANT AND EQUIPMENT

Group	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovations RM	Capital work-in-progress RM	Total RM
<b>Cost</b>							
At 1 January 2014	666,181	347,367	1,875,152	1,918,576	2,062,910	15,805,304	22,675,490
Acquisition through business combination	125,305	-	-	2,391	-	-	127,696
Additions	115,020	35,468	495,679	674,433	165,488	3,208,243	4,694,331
Disposals	(17,108)	-	(215,319)	(4,904)	-	-	(237,331)
Foreign currency translation differences	15,679	4,306	-	13,675	2,485	-	36,145
Reclassified as non-current assets held for sale	-	-	-	-	-	(19,013,547)	(19,013,547)
At 31 December 2014	905,077	387,141	2,155,512	2,604,171	2,230,883	-	8,282,784
Additions	105,266	2,129	145,318	66,426	-	-	319,139
Disposals	-	-	(149,907)	(3,600)	-	-	(153,507)
Written off	(3,907)	-	-	(5,627)	-	-	(9,534)
Foreign currency translation differences	27,169	15,876	-	49,475	17,247	-	109,767
At 31 December 2015	1,033,605	405,146	2,150,923	2,710,845	2,248,130	-	8,548,649
<b>Accumulated depreciation</b>							
At 1 January 2014	250,103	97,842	848,601	836,658	387,356	-	2,420,560
Acquisition through business combination	38,324	-	-	847	-	-	39,171
Charge for the financial year	193,803	47,028	386,373	298,522	416,019	-	1,341,745
Disposals	(9,540)	-	(198,819)	-	-	-	(208,359)
Foreign currency translation differences	3,583	1,227	-	4,463	649	-	9,922
At 31 December 2014	476,273	146,097	1,036,155	1,140,490	804,024	-	3,603,039
Charge for the financial year	191,795	38,442	406,726	412,622	438,433	-	1,488,018
Disposals	-	-	(149,906)	(2,100)	-	-	(152,006)
Written off	(2,927)	-	-	(3,458)	-	-	(6,385)
Foreign currency translation differences	24,515	30,383	-	53,414	9,572	-	117,884
At 31 December 2015	689,656	214,922	1,292,975	1,600,968	1,252,029	-	5,050,550
<b>Net carrying amount</b>							
31 December 2015	343,949	190,224	857,948	1,109,877	996,101	-	3,498,099
31 December 2014	428,804	241,044	1,119,357	1,463,681	1,426,859	-	4,679,745



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### Company

	Motor vehicle RM	Computer RM	Total RM
<b>Cost</b>			
At 1 January 2014	449,070	2,539	451,609
Additions	-	1,888	1,888
At 31 December 2014	449,070	4,427	453,497
Additions	-	5,781	5,781
At 31 December 2015	449,070	10,208	459,278
<b>Accumulated depreciation</b>			
At 1 January 2014	127,237	1,117	128,354
Charge for the financial year	89,814	1,046	90,860
At 31 December 2014	217,051	2,163	219,214
Charge for the financial year	89,814	1,842	91,656
At 31 December 2015	306,865	4,005	310,870
<b>Net carrying amount</b>			
31 December 2015	142,205	6,203	148,408
31 December 2014	232,019	2,264	234,283

The details of assets under finance lease are:-

	Group		Company	
	2014 RM	2015 RM	2014 RM	2015 RM
<b>Motor vehicles</b>				
Net carrying amount	786,561	1,119,357	142,205	232,019

Leased assets are pledged as security for the related finance lease liabilities.

Capital work-in-progress of the Group consist of industrial building under construction started since August 2011. The construction has been completed in October 2014 and was pledged as security for a credit facility granted by a licensed bank to finance the construction. During the financial year, the industrial building had been disposed by the Group as detailed in Note 15 to the Financial Statements.

The amount of borrowing costs capitalised during the financial year is Nil (2014: RM533,231). The rate used to determine the amount of borrowing costs eligible for capitalisation is Nil (2014: 4.60%), which is the effective interest rate of the specific borrowing.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 5. INTANGIBLE ASSETS

#### Group

	Trademarks RM	Customer list and relationships RM	Web- portal RM	Content databases RM	Development costs RM	Total RM
<b>Cost</b>						
At 1 January 2014	9,322,657	11,539,503	500,000	3,890,711	2,311,610	27,564,481
Additions	-	-	-	2,929,802	-	2,929,802
At 31 December 2014	9,322,657	11,539,503	500,000	6,820,513	2,311,610	30,494,283
Additions	-	-	-	3,149,231	-	3,149,231
Foreign currency translation differences	-	-	-	-	33,953	33,953
At 31 December 2015	9,322,657	11,539,503	500,000	9,969,744	2,345,563	33,677,467
<b>Accumulated amortisation and impairment loss</b>						
At 1 January 2014	-	-	-	508,475	1,477,900	1,986,375
Amortisation for the financial year	-	-	-	2,115,570	147,381	2,262,951
Impairment loss	-	-	500,000	-	243,182	743,182
At 31 December 2014	-	-	500,000	2,624,045	1,868,463	4,992,508
Amortisation for the financial year	-	-	-	2,774,796	344,569	3,119,365
At 31 December 2015	-	-	500,000	5,398,841	2,213,032	8,111,873
<b>Net carrying amount</b>						
31 December 2015	9,322,657	11,539,503	-	4,570,903	132,531	25,565,594
31 December 2014	9,322,657	11,539,503	-	4,196,468	443,147	25,501,775

#### Trademarks

The trademarks relate to 'Superpages' directory journal and were acquired together with customer list and relationships in a business combination.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 5. INTANGIBLE ASSETS (cont'd)

#### Group (cont'd)

##### Computer equipments and related software programming

The development costs were incurred for developing new products and enhancement of the existing products. The development costs are amortised on straight-line basis over 3 to 10 years after they are capitalised.

##### Content databases

Content databases comprise corporation information that the Group has accumulated in its databases. These records have been digitised and indexed. The costs incurred related to the employees' remuneration to scan, key and index the content to content databases. Content databases are amortised on straight-line basis over 3 years after they are capitalised.

##### Impairment loss review of trademarks and customer relationships

For the purpose of impairment testing, trademarks and customer relationships have been allocated to cash generating units ("CGU") according to respective subsidiary company's operation. The recoverable amounts of the CGU have been determined based on value in use calculations using cash flows projections from financial budgets approved by management covering a five-year period. The details on the growth rate and discount rate for the search and advertising cash generating unit is disclosed in Note 7 to the Financial Statements.

### 6. INVESTMENT IN SUBSIDIARY COMPANIES

#### Company

	2014 RM	2015 RM
Unquoted shares:-		
At cost	5,788,232	5,788,232

The particulars of subsidiary companies are as follows:-

Name of company	Place of incorporation	Effective interest		Principal activities
		2015 %	2014 %	
Cyber Business Solutions Sdn. Bhd.	Malaysia	100	100	Provision of software solutions.
CBSA MSC Sdn. Bhd	Malaysia	100	100	Development and provision of software applications.
CBSA Synergy Sdn. Bhd.	Malaysia	100	100	Investment holding.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### Company (cont'd)

The particulars of subsidiary companies are as follows (cont'd):-

Name of company	Place of incorporation	Effective interest		Principal activities
		2015 %	2014 %	
CBSA Bizhub Sdn. Bhd.	Malaysia	100	100	Investment holding.
PanPages Lab Sdn. Bhd. (formerly known as CBSA Inotrac Sdn. Bhd.)	Malaysia	100	100	Computer programming, software development and acting as systems integrator.
<b>Subsidiary company of CBSA Synergy Sdn. Bhd.:-</b>				
CASD Solutions Sdn. Bhd.	Malaysia	100	100	Distribution of software products and provision of related maintenance services.
<b>Subsidiary companies of CBSA Bizhub Sdn. Bhd.:-</b>				
CBSA International Sdn. Bhd.	Malaysia	100	100	Investment holding.
PanPages Online Sdn. Bhd.	Malaysia	100	100	Research and development of local business platform, provision of content marketing and advertisement solutions and provision of online and mobile location based solutions.
CBSA Pancommerce Sdn. Bhd.	Malaysia	90	90	Developer and provider of e-commerce software, applications and websites and provision of internet and e-commerce related services.
PanPages Ltd.*	British Virgin Islands	100	100	Investment holding.
<b>Subsidiary company of PanPages Online Sdn. Bhd.:-</b>				
PanPages Media Sdn. Bhd.	Malaysia	100	100	Engaging in publishing business directory journals.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### Company (cont'd)

The particulars of subsidiary companies are as follows (cont'd):-

Name of company	Place of incorporation	Effective interest		Principal activities
		2015 %	2014 %	
Subsidiary companies of PanPages Ltd.:-				
PanPages (Cambodia) Ltd.*	Cambodia	100	100	Investment holding.
PT Panpages >	Indonesia	100^	100^	Development of web portal.
Subsidiary company of PanPages (Cambodia) Ltd.:-				
Cam YP Co. Ltd.#	Cambodia	100	51	Sale of advertising space, publication of telephone directories and the provision of electronic based information and related services.
Subsidiary companies of CBSA International Sdn. Bhd.:-				
PanPages Vietnam Co. Ltd.>	Vietnam	100	100	Provision of advertisement solutions.
CBSA (Thailand) Co. Ltd.< >	Thailand	48	48	Provision of online advertising services.

# Audited by member firm of Grant Thornton International Ltd.

\* Not required to be audited in the country of incorporation. The Directors have consolidated the results of these subsidiary companies based on its management financial statements which have been audited by SJ Grant Thornton for consolidation purpose.

^ Included herein is an 1% of equity interest held by CBSA International Sdn. Bhd.

< On 22 May 2014, the Group deemed to have de-facto control over such company.

> Not audited by SJ Grant Thornton

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### (i) Non-controlling interests in subsidiary companies

The Group's subsidiary companies that have material non-controlling interests are as follows:-

#### Group 2015

	<b>CBSA Pancommerce Sdn. Bhd.</b>	<b>Cam YP Co. Ltd.</b>	<b>CBSA (Thailand) Co. Ltd.</b>	<b>Total</b>
<b>Percentage of ownership interest and voting interest (%)</b>	<b>10%</b>	<b>-</b>	<b>52%</b>	
Carrying amount of non- controlling interests (RM)	(288,203)	-	(1,293,803)	(1,582,006)
(Loss)/Profit allocated to non- controlling interests (RM)	(1,700)	(181,885)	281,189	97,604

#### 2014

	<b>CBSA Pancommerce Sdn. Bhd.</b>	<b>Cam YP Co. Ltd.</b>	<b>CBSA (Thailand) Co. Ltd.</b>	<b>Total</b>
<b>Percentage of ownership interest and voting interest (%)</b>	<b>10%</b>	<b>49%</b>	<b>52%</b>	
Carrying amount of non- controlling interests (RM)	(286,503)	279,334	(1,594,216)	(1,601,385)
(Loss)/Profit allocated to non- controlling interests (RM)	(127,416)	858,801	(247,184)	484,201

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### (i) Non-controlling interests in subsidiary companies (cont'd)

##### Group (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests are as below:-

#### 2015

	<b>CBSA Pancommerce Sdn. Bhd. RM</b>	<b>CBSA (Thailand) Co. Ltd. RM</b>
<b>Financial position as at 31 December</b>		
Non-current assets	32,295	53,417
Current assets	23,435	479,578
Current liabilities	(2,952,328)	(3,021,548)
Net liabilities	(2,896,598)	(2,488,553)
<b>Summary of financial performance for the financial year ended 31 December</b>		
(Loss)/Profit for the financial year	(16,997)	540,748
Other comprehensive loss	-	(320,691)
Total comprehensive (loss)/income	(16,997)	220,057
Included in the total comprehensive income is:		
Revenue	1,010	1,325,047
<b>Summary of cash flows for the financial year ended 31 December</b>		
Net cash (outflows)/inflows from operating activities	(53,859)	38,567
Net cash outflows from investing activities	-	(18,945)
Net cash inflows/(outflows) from financing activities	43,129	(3,318)
Net cash (outflows)/inflows	(10,730)	16,304

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### (i) Non-controlling interests in subsidiary companies (cont'd)

##### Group (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests are as below (cont'd):-

#### 2014

	<b>Pancommerce Sdn. Bhd. RM</b>	<b>Cam YP Co. Ltd. RM</b>	<b>CBSA (Thailand) Co. Ltd. RM</b>
<b>Financial position as at 31 December</b>			
Non-current assets	49,794	111,914	57,207
Current assets	40,778	4,056,395	124,606
Current liabilities	(2,970,173)	(4,045,820)	(3,248,083)
Net (liabilities)/assets	(2,879,601)	122,489	(3,066,270)
<b>Summary of financial performance for the financial year ended 31 December</b>			
(Loss)/Profit for the financial year	(1,274,162)	1,752,655	(475,353)
Other comprehensive loss	-	20,453	(164,320)
Total comprehensive (loss)/income	(1,274,162)	1,773,108	(639,673)
Included in the total comprehensive income is:			
Revenue	64,191	3,582,644	198,289
<b>Summary of cash flows for the financial year ended 31 December</b>			
Net cash (outflows)/inflows from operating activities	(713,634)	1,100,299	108,390
Net cash (outflows)/inflows from investing activities	(4,019)	(6,354)	1,154
Net cash inflows/(outflows) from financing activities	679,211	(908,700)	-
Net cash (outflows)/inflows	(38,442)	185,245	109,544
<b>Other information</b>			
Dividend paid to non-controlling interests	-	907,121	-



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### (ii) Acquisition of subsidiary companies

##### Group

##### 2015

The additional investment in subsidiary companies and acquisition of non-controlling interests during the financial year are disclosed in Note 34 to the Financial Statements.

##### 2014

On 22 May 2014, CBSA International Sdn. Bhd., a wholly-owned subsidiary company of the Company deemed to have de-facto control over CBSA (Thailand) Co. Ltd.. The purchase consideration for the acquisition consists of:-

#### *Consideration transferred, assets recognised and liabilities assumed*

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:-

	<b>RM</b>
Fair value of consideration transferred:	
Cash consideration	-
Fair value of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	88,525
Trade and other receivables	105,286
Cash and cash equivalents	99,164
Trade and other payables	(333,011)
Long term loans from related parties	(2,348,612)
Employee benefit obligations	(37,478)
Total net identifiable liabilities	(2,426,126)

#### *Net cash inflow arising from acquisition of a subsidiary company*

	<b>RM</b>
Cash and cash equivalents acquired	99,164

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### (ii) Acquisition of subsidiary companies (cont'd)

##### Group (cont'd)

##### 2014 (cont'd)

##### *Goodwill arising from business combination*

Goodwill was recognised as a result of the acquisition as follows:-

	RM
Fair value of consideration transferred	-
Fair value of net identifiable liabilities	2,426,126
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(1,261,586)
Goodwill	1,164,540

#### (iii) Amounts due from/to subsidiary companies

##### Company

The amounts due from/to subsidiary companies are non-trade in nature, unsecured, bear no interest and repayable on demand.

### 7. GOODWILL ON CONSOLIDATION

#### Group

	2015 RM	2014 RM
At 1 January	14,024,743	14,374,608
Acquisition through business combinations	-	1,164,540
Impairment loss on goodwill	-	(1,514,405)
Foreign currency translation differences	2,381,429	-
At 31 December	16,406,172	14,024,743

The recoverable amount of the cash generating unit is determined based on value in use calculation using discounted cash flows projections based on financial budgets approved by the management covering a five-year period. The key assumptions used for value in use calculations are:-

	Growth rate		Discount rate	
	2015 %	2014 %	2015 %	2014 %
Computer equipment and software	-	5	-	8
Search and advertising	2	7	8	11

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 7. GOODWILL ON CONSOLIDATION (cont'd)

The following describes each key assumption on which management has based its discounted cash flows projections to undertake impairment testing of goodwill:-

(i) *Growth rate*

The weighted average growth rate used is consistent with the long-term average growth rate for the industry.

(ii) *Discount rate*

The basis used to determine the discount rate is based on the borrowing rate.

With regards to the assessments of value-in-use of these CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

### 8. OTHER INVESTMENTS

#### Group

	2015 RM	2014 RM
<b>Non-current</b>		
Available for sale financial asset:-		
- Unquoted investment	55,000	55,000
<b>Current</b>		
Financial assets at fair value through profit or loss:-		
- Quoted investment in money market funds	179,789	76,887
Representing items:-		
- At amortised cost	55,000	55,000
- At fair value	179,789	76,887
	234,789	131,887
Market value of quoted investment	179,789	76,887

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 8. OTHER INVESTMENTS (cont'd)

#### Company

	2015 RM	2014 RM
<b>Current</b>		
Financial assets at fair value through profit or loss:-		
- Quoted investment in money market funds	13,496	13,088
Representing item:-		
- At fair value	13,496	13,088
Market value of quoted investment	13,496	13,088

### 9. DEFERRED TAX ASSETS/ (LIABILITIES)

#### Group

#### Deferred tax assets

	2015 RM	2014 RM
At 1 January	76,841	82,000
Recognised in profit or loss (Note 25)	89,850	(5,482)
Foreign currency translation differences	20,595	323
At 31 December	187,286	76,841

The balance in the deferred tax assets is made up of tax impact on temporary differences arising from:-

	2015 RM	2014 RM
The tax effect of the excess of property, plant and equipment's carrying value over its tax base	-	(80,000)
Unabsorbed tax losses	-	104,000
Unutilised capital allowances	-	58,000
Others	187,286	(5,159)
	187,286	76,841

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 9. DEFERRED TAX ASSETS/ (LIABILITIES) (cont'd)

#### Group (cont'd)

#### Deferred tax liabilities

	2015 RM	2014 RM
At 1 January	(54,237)	-
Recognised in profit or loss (Note 25)	54,237	(54,078)
Foreign currency translation differences	-	(159)
At 31 December	-	(54,237)

The balance in the deferred tax liabilities is made up of tax impact on temporary differences arising from:-

	2015 RM	2014 RM
Others	-	(54,237)

### 10. INVENTORIES

#### Group

	2015 RM	2014 RM
Raw materials	-	27,406
Trading goods	-	6,983
At carrying amount	-	34,389
Recognised in profit or loss:-		
Inventories recognised as cost of sales	34,389	400,603

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 11. TRADE RECEIVABLES

#### Group

	2015 RM	2014 RM
Trade receivables	28,987,288	30,398,907
Less: Impairment loss		
At 1 January	(8,679,037)	(6,170,078)
Recognised	(3,137,569)	(3,402,338)
Reversed	424,762	893,379
Written off	30,244	-
At 31 December	(11,361,600)	(8,679,037)
	17,625,688	21,719,870

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2014: 30 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The impairment loss on trade receivables was reversed during the financial year as a result of credit notes issued and receipts.

### 12. OTHER RECEIVABLES

#### Group

	2015 RM	2014 RM
Prepayments to maintenance suppliers	85,471	589,884
Advances to staff	-	4,511
Deposits	489,258	564,353
Prepayments	848,016	489,944
Non-trade receivables	347,665	367,859
	1,770,410	2,016,551

#### Company

	2015 RM	2014 RM
Deposits	1,850	1,500
Prepayments	13,557	15,150
	15,407	16,650

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 13. DEFERRED EXPENDITURES

#### Group

	2015 RM	2014 RM
Deferred expenditure for:		
- printed directories	3,386,601	3,892,907
- internet directories	1,198,483	757,449
	4,585,084	4,650,356

### 14. FIXED DEPOSITS WITH LICENSED BANKS

#### Group

Certain fixed deposits with licensed banks of RM216,214 (2014: RM558,648) are pledged as security for bank guarantee facilities granted to certain subsidiary companies.

The effective interest rates for fixed deposits with licensed banks range from 1.65% to 2.75% (2014: 1.65% to 2.75%) per annum.

### 15. NON-CURRENT ASSETS HELD FOR SALE

#### Group

	2015 RM	2014 RM
Transferred from property, plant and equipment	-	19,013,547

On 22 December 2014, Cyber Business Solutions Sdn. Bhd. ("Cyber"), a wholly-owned subsidiary company entered into a sale and purchase agreement with a third party for the disposal of its three storey detached industrial building for a cash consideration of RM20,800,000. The transaction was completed in November 2015.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 16. SHARE CAPITAL

#### Group & Company

	Number of ordinary shares of RM0.10 each		Amount	
	2015	2014	2015 RM	2014 RM
Authorised:-				
At 1 January/ 31 December	500,000,000	500,000,000	50,000,000	50,000,000
Issued and fully paid:-				
At 1 January/ 31 December	241,350,685	241,350,685	24,135,069	24,135,069

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

### 17. SHARE PREMIUM

#### Group & Company

	2015 RM	2014 RM
Non-distributable:-		
At 1 January/ 31 December	1,231,295	1,231,295

### 18. FINANCE LEASE LIABILITIES

#### Group

	2015 RM	2014 RM
Minimum lease payments		
- within 1 year	371,676	359,905
- after 1 year but not later than 5 years	427,758	749,922
- more than 5 years	14,730	14,730
	814,164	1,124,557
Less: Future finance charges on finance lease	(57,660)	(94,931)
Present value of finance lease liabilities	756,504	1,029,626



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 18. FINANCE LEASE LIABILITIES (cont'd)

#### Group (cont'd)

	2015 RM	2014 RM
Present value of finance lease liabilities		
- within 1 year	341,878	322,605
- after 1 year but not later than 5 years	400,317	692,547
- more than 5 years	14,309	14,474
Total finance lease liabilities	756,504	1,029,626

#### Company

	2015 RM	2014 RM
Future minimum lease payments		
- within 1 year	75,828	75,828
- after 1 year but not later than 5 years	50,512	126,340
	126,340	202,168
Less: Future finance charges on finance lease	(4,487)	(11,281)
Present value of minimum lease payments	121,853	190,887
Present value of minimum lease payments		
- within 1 year	72,110	69,034
- after 1 year but not later than 5 years	49,743	121,853
	121,853	190,887

The Group's effective interest rates range from 2.35% to 3.83% (2014: 2.65% to 5.64%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 19. BANK BORROWINGS

#### Group

	2015 RM	2014 RM
<b>Current</b>		
Term loan	-	780,657
Revolving credit	1,500,000	1,500,000
	1,500,000	2,280,657
<b>Non-current</b>		
Term loan	-	11,693,354
	-	13,974,011

The term loan was secured by:-

- (a) Facility agreement together with interest, commission and all other charges thereon;
- (b) Deed of assignment over the rights, titles and interest under the Sales and Purchase Agreement with respect to the subject property;
- (c) A first party first fixed charge over the subject property upon issuance of individual/strata title;
- (d) A power of attorney by the beneficial owner of the subject property; and
- (e) Corporate guarantee by the Company.

The term loan was repayable by way of 144 equal monthly principal and interest installments of RM114,025 each. However, the above term loan has been fully settled during the financial year upon disposal of the subject property as mentioned in Note 15 to the Financial Statements.

The term loan facility bore interest of 2% per annum above bank's base lending rate.

Revolving credit is secured by fresh corporate guarantee by the Company.

Revolving credit obtained from local bank bears interest of 5.66% to 5.82% (2014: 5.64%) per annum.

### 20. TRADE PAYABLES

#### Group

Trade payables are non-interest bearing and are generally on 30 to 60 days (2014: 30 to 60 days) term.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 21. OTHER PAYABLES

#### Group

	2015 RM	2014 RM
Accrual of expenses	1,185,798	2,510,472
Dividend payable	1,072,700	1,467,653
Prepayments for maintenance contracts	352,894	814,825
Prepayments from project customers	61,406	774,794
Non-trade payables	2,768,042	3,238,177
Provision of cost	-	141,150
Deposit received	-	1,248,000
	5,440,840	10,195,071

#### Company

	2015 RM	2014 RM
Accrual of expenses	66,127	49,350
Non-trade payables	17,145	25,261
	83,272	74,611

### 22. DEFERRED INCOME

#### Group

	2015 RM	2014 RM
Deferred income for:		
- printed directories	5,489,299	7,132,358
- internet directories	2,438,305	2,238,025
	7,927,604	9,370,383

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 23. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Software solutions and license	1,312,125	129,221	-	-
Enhancement and maintenance	1,450,937	1,741,454	-	-
Sales of hardware products	1,680,228	63,991	-	-
Search and advertising	20,949,480	23,146,995	-	-
Content databases	17,016,780	11,326,864	-	-
Interest income	408	380	408	380
Dividend income	-	-	12,805,466	-
Management fee	-	-	1,176,000	1,200,000
	42,409,958	36,408,905	13,981,874	1,200,380

### 24. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/crediting, amongst other items, the following:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>After charging:-</b>				
Auditors' remuneration				
- company's auditors				
- statutory audit	102,500	100,500	28,000	28,000
- non statutory audit	5,000	5,000	5,000	5,000
- other external auditors				
- statutory audit	31,841	33,833	-	-
- non statutory audit	-	1,740	-	-
Amortisation of intangible assets	3,119,365	2,262,951	-	-
Bad debts written off	-	125,874	-	-
Depreciation	1,488,018	1,341,745	91,656	90,860
Directors' remuneration	1,418,359	1,439,940	809,509	780,140
Directors' fee	96,000	112,200	96,000	96,000
Impairment loss on trade receivables	3,137,569	3,402,338	-	-
Impairment loss on intangible assets	-	743,182	-	-
Impairment loss on goodwill	-	1,514,405	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 24. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax has been determined after charging/crediting, amongst other items, the following (cont'd):-

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
<b>After charging (cont'd):-</b>				
Interest expenses				
- bank overdraft	-	13,844	-	-
- finance lease	46,957	46,437	6,794	9,872
- revolving credit	137,178	24,630	-	-
- term loan	475,934	-	-	-
Property, plant and equipment written off	3,149	-	-	-
Realised loss on foreign exchange	23,495	25,393	-	-
Rental of				
- office	1,586,608	1,839,733	-	-
- IT infrastructure facilities	-	18,600	-	-
- accomodation	-	30,291	-	-
- motor vehicles	40,640	57,821	-	-
- storage	1,706	-	-	-
Deferred expenditures written off	-	1,523,606	-	-
<b>And crediting:-</b>				
Dividend income from Malaysian subsidiary	-	-	12,805,466	-
Gain on disposal of non-current assets held for sale	498,141	-	-	-
Gain on disposal of quoted investment in money market funds	-	6,767	-	-
Gain on disposal of property, plant and equipment	74,999	62,818	-	-
Fair value gain adjustment in value of money market funds	916	2,435	-	2,382
Reversal of impairment loss on receivables	424,762	893,379	-	-
Interest income	41,928	48,088	408	380
Reversal of share-based payment under ESOS	93,646	99,100	93,646	99,100
Unrealised gain on foreign exchange	440,038	65,136	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 24. PROFIT/(LOSS) BEFORE TAX (cont'd)

The details of Directors' remuneration of the Group and of the Company are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
<b>Executive Directors:-</b>				
<b>Existing Directors of the Company</b>				
Salaries and other emoluments	791,472	696,000	696,000	696,000
Defined contribution plan	112,920	83,520	112,920	83,520
SOCSSO	589	620	589	620
	904,981	780,140	809,509	780,140
<b>Existing Directors of the subsidiary companies</b>				
Salaries and other emoluments	429,587	588,000	-	-
Fee	-	16,200	-	-
Defined contribution plan	51,553	70,560	-	-
SOCSSO	775	1,240	-	-
	481,915	676,000	-	-
<b>Past Director of a subsidiary company</b>				
Salaries and other emoluments	28,000	-	-	-
Defined contribution plan	3,360	-	-	-
SOCSSO	103	-	-	-
	31,463	-	-	-
Total Executive Directors' remuneration	1,418,359	1,456,140	809,509	780,140
<b>Non - executive Directors:-</b>				
Fee	96,000	96,000	96,000	96,000
Total Directors' remuneration	1,514,359	1,552,140	905,509	876,140

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 25. TAX EXPENSE

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Current year				
- Current tax	(503,275)	(443,634)	-	-
- Deferred tax	144,087	22,440	-	-
Under provision in prior years				
- Current tax	-	(16,734)	-	-
- Deferred tax	-	(82,000)	-	-
	(359,188)	(519,928)	-	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profits for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The corporate tax rate will be reduced to 24% for the year of assessment 2016 as announced in Malaysia Budget 2014.

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Profit/(Loss) before tax	4,740,681	(7,638,253)	12,348,160	(403,115)
At Malaysian statutory tax rate of 25% (2014: 25%)	1,185,170	(1,909,563)	3,087,040	(100,779)
Adjustments:-				
- Effect of tax rates differences in foreign jurisdictions	(101,976)	(55,779)	-	-
- Expenses not deductible for tax purposes	1,076,475	2,556,855	114,429	100,779
- Income not subject to tax	(641,658)	(257,458)	(3,201,469)	-
- Tax saving from pioneer status	(1,446,103)	(1,327,611)	-	-
- Deferred tax assets not recognised	287,280	1,414,750	-	-
- Deferred tax assets previously under recognised, now reversed out	-	82,000	-	-
- Under provision in prior years	-	16,734	-	-
	359,188	519,928	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 25. TAX EXPENSE (cont'd)

Deferred tax assets have not been recognised in respect of the following items:-

#### Group

	2015 RM	2014 RM
Property, plant and equipment	(550,000)	(874,000)
Unabsorbed tax losses	11,780,000	11,072,000
Unutilised capital allowances	1,354,000	1,236,000
Others	6,000	6,000
	12,590,000	11,440,000

The potential deferred tax assets of the Group have not been recognised in respect of these items as it is not probable that sufficient taxable profits will be available in which the Group can utilise those benefits.

The unabsorbed tax losses and unutilised capital allowances of the Group can be carried forward to offset against future taxable profit of the respective subsidiary companies.

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

### 26. EARNINGS/(LOSSES) PER SHARE

#### Group

#### Basic earnings/(losses) per ordinary share

Basic earnings/(losses) per ordinary share are calculated by dividing net profit/(loss) for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2015 RM	2014 RM
Profit/(Loss) attributable to ordinary equity holders of the Company	4,283,889	(8,642,382)
	<b>Number of shares</b>	<b>Number of shares</b>
Ordinary shares issued as at 1 January/Weighted average number of ordinary shares issued as at 31 December	241,350,685	241,350,685
	<b>Sen</b>	<b>Sen</b>
Basic earnings/(losses) per ordinary share	1.77	(3.58)



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 26. EARNINGS/(LOSSES) PER SHARE (cont'd)

#### Group (cont'd)

#### Diluted earnings/(losses) per ordinary share

Diluted earnings/(losses) per ordinary share is not applicable for the current financial year as the unexercised share options were anti-dilutive in nature, this is due to the average market share price of the Company being below the exercise price of share options.

### 27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors' remuneration	1,418,359	1,439,940	809,509	780,140
Directors' fee	96,000	112,200	96,000	96,000
Salaries, allowances and bonuses	22,221,014	23,985,552	20,400	20,400
Defined contribution plans	1,590,746	1,672,293	1,388	2,698
Social security contributions	175,379	196,679	-	480
Reversal of share-based payment under ESOS	(93,646)	(99,100)	(93,646)	(99,100)
Other staff related expenses	359,456	571,498	133,034	170,248
	25,767,308	27,879,062	966,685	970,866
Add:				
Staff costs charged out from deferred expenditures	65,272	94,513	-	-
Less:				
Staff cost capitalised under				
- deferred expenditures	(4,585,084)	(4,650,356)	-	-
- intangible assets	(3,149,231)	(2,929,802)	-	-
	18,098,265	20,393,417	966,685	970,866

#### Employee share option scheme ("ESOS")

On 23 May 2011, Bursa Malaysia Securities Berhad approved the Company's new ESOS. The ESOS has a tenure of five (5) years from the date of the launch or implementation of the scheme which shall expire on 3 July 2016.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 27. EMPLOYEE BENEFITS EXPENSE (cont'd)

#### **Employee share option scheme ("ESOS")**

The main features of the ESOS are as follows:-

- (i) an eligible person for the ESOS is (i) an employee whose employment has been confirmed in writing; or (ii) an employee who have served the Group for a continuous period of at least 12 full months where he or she is employed by the Group on a contract basis; or (iii) a Director who is duly elected as a member of the Board of Directors of the companies within the Group.
- (ii) the aggregate number of shares to be offered shall not exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any point of time during the existence of the ESOS.
- (iii) not more than 50% of the ESOS shares shall be allocated, in aggregate to the Directors and senior management of the Group; not more than 10% of the ESOS share shall be allocated to any eligible person who either singly or collectively, through persons connected to him/her, holds 20% or more in the issued and paid-up capital (excluding treasury shares) of the Company.
- (iv) the option price for the new shares under the ESOS shall be the higher of (i) the weighted average market price of the shares for the 5 market days immediately preceding the date of offer, subject to a discount of not more than 10%; or (ii) the par value of the shares.
- (v) the ESOS shall be in force for a period of five (5) years from the effective date for the implementation of the ESOS and renewable for a further five years (subject to the approval of the Board).
- (vi) the option granted to an employee under the ESOS is exercisable only during his/her employment with the Group and within the exercisable period. The option granted is non assignable or transferable.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 27. EMPLOYEE BENEFITS EXPENSE (cont'd)

#### Employee share option scheme ("ESOS") (cont'd)

A summary of the movements in the number of ESOS and the weighted average exercise prices ("WAEP") is as follows:

	2015		2014	
	Number of share options	WAEP RM	Number of share options	WAEP RM
At 1 January	3,258,200	0.35	4,761,800	0.35
Retracted*	(992,000)	0.35	(1,503,600)	0.35
At 31 December	2,266,200	0.35	3,258,200	0.35

\* Due to resignations

During the financial year, Nil (2014: Nil) shares options were exercised.

The options outstanding at 31 December 2015 have an exercise price of RM0.35 (2014: RM0.35) and a weighted average contractual live of 0.5 years (2014: 1.5 years).

The fair value of scheme options granted was estimated using a Binomial Model, taking into account the terms and conditions upon which the options were granted. The fair values of share options measured at various grant dates and the assumptions are as follows:-

Fair values of share option (RM)	0.06 - 0.14
Weighted average share price (RM)	0.355
Weighted average exercise price (RM)	0.35
Expected volatility (%)	37.8%
Risk free rate (%)	3.57%
Expected average dividend yield (%)	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 28. RELATED PARTY DISCLOSURES

#### 28.1 Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Dividend income from Malaysian subsidiary company	-	-	12,805,466	-
Management fee charged to subsidiary companies	-	-	1,176,000	1,200,000
Rental charged paid to a company in which a Director has interest	786,000	751,500	-	-
Consultation fee paid to a Director	120,000	120,000	120,000	120,000

#### 28.2 Compensation of key management personnel

The key management personnel compensation is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Directors' remuneration	1,418,359	1,439,940	809,509	780,140
Directors' fee	96,000	112,200	96,000	96,000
Consultation fee paid to a Director	120,000	120,000	120,000	120,000
	1,634,359	1,672,140	1,025,509	996,140

Key management personnel are all the Directors of the Company and all the Directors of the subsidiaries, who have authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly.

#### 28.3 Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 6 to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 29. CONTINGENT LIABILITIES

	2015 RM	2014 RM
<b>Company</b>		
Corporate guarantee granted to subsidiary companies to secure bank facilities		
- term loan	-	12,474,011
- bank guarantee	-	503,082
- revolving credit	1,500,000	1,500,000
	<u>1,500,000</u>	<u>14,477,093</u>

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the financial institutions requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiary company. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiary companies. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

### 30. COMMITMENTS

#### (i) Capital commitment

	2015 RM	2014 RM
<b>Group</b>		
Authorised and contracted for:		
- Property, plant and equipment	295,420	-

#### (ii) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases as at the reporting date are as follows:-

	2015 RM	2014 RM
<b>Group</b>		
Within 1 year	925,686	848,101
More than 1 year but less than 2 years	410,722	1,218,438
	<u>1,336,408</u>	<u>2,066,539</u>

Operating lease commitments represent rental payable for the rent of office premises. These leases have an average tenure of between 1 to 2 years with renewal option.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 31. OPERATING SEGMENTS

#### Business segments

For the management purposes, the Group is organised into business units based on their products and services, which comprises the following:-

- i) Information technology : Development and provision of software solutions/applications
- ii) Search and advertising : Developer and provider of online presence and advertising solutions and operator of search platforms; publishing business directory journals, content development and database marketing
- iii) Others : Investment holding and other dormant companies

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on negotiated basis.

#### Group

#### 2015

	Note	Information technology RM	Search and advertising RM	Others RM	Eliminations RM	Total as per consolidated financial statements RM
<b>Revenue :</b>						
External revenue	(i)	4,442,280	37,967,270	408	-	42,409,958
Inter-segment revenue		-	-	13,981,466	(13,981,466)	-
		4,442,280	37,967,270	13,981,874	(13,981,466)	42,409,958
<b>Results :</b>						
Interest income		16,957	24,563	408	-	41,928
Finance costs		(476,021)	(177,254)	(6,794)	-	(660,069)
Depreciation and amortisation		(397,112)	(4,118,615)	(91,656)	-	(4,607,383)
Tax expense		-	(359,188)	-	-	(359,188)
Other non-cash income/ (expenses)	(ii)	574,056	(2,275,918)	93,646	-	(1,608,216)
Segment profit		209,494	4,635,550	12,341,915	(12,805,466)	4,381,493

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 31. OPERATING SEGMENTS (cont'd)

Business segments (cont'd)

Group (cont'd)

2015 (cont'd)

	Note	Information technology RM	Search and advertising RM	Others RM	Eliminations RM	Total as per consolidated financial statements RM
<b>Assets :</b>						
Additions to non-current assets other than financial instruments	(iii)	-	3,462,589	5,781	-	3,468,370
Segment assets		6,292,680	74,332,265	37,971,814	(40,395,602)	78,201,157
<b>Liabilities</b>						
Segment liabilities		1,176,770	51,502,811	446,095	(36,339,669)	16,786,007

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 31. OPERATING SEGMENTS (cont'd)

Business segments (cont'd)

Group (cont'd)

2014

	Note	Information technology RM	Search and advertising RM	Others RM	Eliminations RM	Total as per consolidated financial statements RM
<b>Revenue :</b>						
External revenue	(i)	1,870,475	34,538,050	380	-	36,408,905
Inter-segment revenue		-	-	1,200,000	(1,200,000)	-
		1,870,475	34,538,050	1,200,380	(1,200,000)	36,408,905
<b>Results :</b>						
Interest income		40,500	7,208	380	-	48,088
Finance costs		(14,939)	(60,101)	(9,871)	-	(84,911)
Depreciation and amortisation		(321,762)	(3,192,074)	(90,860)	-	(3,604,696)
Tax expense		-	(519,928)	-	-	(519,928)
Other non- cash income/ (expenses)	(ii)	(1,507,718)	(4,079,976)	101,482	(693,558)	(6,179,770)
Segment loss		(3,706,709)	(1,591,751)	(408,576)	(2,451,145)	(8,158,181)
<b>Assets :</b>						
Additions to non-current assets other than financial instruments	(iii)	3,784,800	3,837,445	1,888	-	7,624,133
Segment assets		35,147,661	80,597,161	40,255,352	(56,322,046)	99,678,128
<b>Liabilities :</b>						
Segment liabilities		17,427,758	53,303,592	13,073,412	(47,811,625)	35,993,137



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 31. OPERATING SEGMENTS (cont'd)

#### Business segments (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Other material non-cash (expenses)/income consist of the following items:-

	<b>2015 RM</b>	<b>2014 RM</b>
Impairment loss on trade receivables	(3,137,569)	(3,402,338)
Impairment loss on intangible assets	-	(743,182)
Impairment loss on goodwill	-	(1,514,405)
Bad debts written off	-	(125,874)
Deferred expenditures written off	-	(1,523,606)
Fair value gain adjustment in value of money market funds	916	2,435
Reversal on impairment loss on receivables	424,762	893,379
Gain on disposal of property, plant and equipment	74,999	62,818
Property, plant and equipment written off	(3,149)	-
Unrealised gain on foreign exchange	440,038	65,136
Gain on disposal of investments		
- Quoted investment in money market funds	-	6,767
Gain on disposal of non-current assets held for sale	498,141	-
Reversal of share-based payment under ESOS	93,646	99,100
	<b>(1,608,216)</b>	<b>(6,179,770)</b>

- (iii) Additions to non-current assets consist of:-

	<b>2015 RM</b>	<b>2014 RM</b>
Property, plant and equipment	319,139	4,694,331
Intangible assets	3,149,231	2,929,802
	<b>3,468,370</b>	<b>7,624,133</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 31. OPERATING SEGMENTS (cont'd)

#### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:-

#### Group

	Revenue		Non-current assets	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysia	16,403,693	19,975,100	44,827,906	43,333,878
Thailand	1,325,047	198,289	53,417	57,207
Vietnam	2,352,802	639,823	72,288	161,715
Ireland	15,458,684	10,257,459	-	-
Cambodia	3,917,826	3,582,644	284,424	111,914
Indonesia	122,474	148,539	286,830	596,549
United States of America	2,829,432	1,607,051	-	-
	42,409,958	36,408,905	45,524,865	44,261,263

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:-

	2015 RM	2014 RM
Property, plant and equipment	3,498,099	4,679,745
Intangible assets	25,565,594	25,501,775
Goodwill on consolidation	16,406,172	14,024,743
Other investments	55,000	55,000
	45,524,865	44,261,263

#### Information about major customer

Revenue from one major customer amounts to RM15,458,684 (2014: RM10,257,459), arising from sales by search and advertising segment.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS

#### 32.1 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing their risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

#### **Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade receivables. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:-

#### *i. Receivables*

As at the end of the reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, management has taken reasonable steps to ensure that receivables that are past due but not impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

##### i. Receivables (cont'd)

Trade receivables that are past due but not impaired are creditworthy debtors with good payment records with the Group. None of the Company's trade-receivables that are past due but not impaired have been renegotiated during the financial year.

As at 31 December 2015, trade receivables of RM12,352,302 (2014: RM16,873,493) were past due but not impaired. These relate to number of independent customers for whom there is no recent history of defaults.

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

##### Group

	Gross RM	Individually impaired RM	Net RM
<b>2015</b>			
Not past due	5,273,386	-	5,273,386
Past due 1 to 30 days	587,026	-	587,026
Past due 31 to 120 days	3,113,997	-	3,113,997
Past due more than 121 days	20,012,879	(11,361,600)	8,651,279
	28,987,288	(11,361,600)	17,625,688
<b>2014</b>			
Not past due	4,846,377	-	4,846,377
Past due 1 to 30 days	1,737,762	-	1,737,762
Past due 31 to 120 days	2,208,201	(10,788)	2,197,413
Past due more than 121 days	21,606,567	(8,668,249)	12,938,318
	30,398,907	(8,679,037)	21,719,870

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

##### i. Receivables (cont'd)

Trade receivables that are individually determined to be impaired at the end of 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.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas.

##### ii. Investments and other financial assets

At end of the reporting year, the Group and the Company have only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group and the Company.

In the view of sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

##### iii. Financial guarantees

The maximum exposure to credit risk by the Company amounted to RM1,500,000 (2014: RM14,477,093), represented by the outstanding banking facilities of the subsidiary companies at the end of the reporting year.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiary companies. The Company monitors on an on-going basis the results of the subsidiary companies and repayments made by the subsidiary companies. At the end of the reporting year, there was no indication that the subsidiary companies would default on repayment.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### **Credit risk (cont'd)**

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

##### **iv. Intercompany loan and advances**

The Company provides unsecured advances to subsidiary companies and monitors the results of the subsidiary companies regularly.

As at the end of the reporting year, there was no indication that the net carrying amount of amount due from subsidiary companies is not recoverable.

##### **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due, due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

#### Liquidity risk (cont'd)

As at the reporting date, the contractual undiscounted repayment obligations (including interest payments) of the Group's and the Company's non-derivative financial liabilities are summarised below:-

			←	Maturity	→
	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Between 1 and 5 years RM	More than 5 years RM
<b>Group</b>					
<b>2015</b>					
<b>Secured:</b>					
Bank borrowings	1,500,000	1,500,000	1,500,000	-	-
Finance lease liabilities	756,504	814,164	371,676	427,758	14,730
	2,256,504	2,314,164	1,871,676	427,758	14,730
<b>Unsecured:</b>					
Trade payables	673,663	673,663	673,663	-	-
Other payables	5,026,540	5,026,540	5,026,540	-	-
	5,700,203	5,700,203	5,700,203	-	-
Total	7,956,707	8,014,367	7,571,879	427,758	14,730
<b>2014</b>					
<b>Secured:</b>					
Bank borrowings	13,974,011	17,752,184	2,866,300	14,885,884	-
Finance lease liabilities	1,029,626	1,124,557	359,905	749,922	14,730
	15,003,637	18,876,741	3,226,205	15,635,806	14,730
<b>Unsecured:</b>					
Trade payables	936,604	936,604	936,604	-	-
Other payables	8,605,452	8,605,452	8,605,452	-	-
	9,542,056	9,542,056	9,542,056	-	-
<b>Total</b>	24,545,693	28,418,797	12,768,261	15,635,806	14,730

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### Liquidity risk (cont'd)

As at the reporting date, the contractual undiscounted repayment obligations (including interest payments) of the Group's and the Company's non-derivative financial liabilities are summarised below (cont'd):-

				Maturity	
	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Between 1 and 5 years RM	More than 5 years RM
<b>Company</b>					
<b>2015</b>					
<b>Secured:</b>					
Finance lease liabilities	121,853	126,340	75,828	50,512	-
<b>Unsecured:</b>					
Other payables	83,272	83,272	83,272	-	-
Amount due to subsidiary companies	67,821	67,821	67,821	-	-
	151,093	151,093	151,093	-	-
<b>Total</b>	<b>272,946</b>	<b>277,433</b>	<b>226,921</b>	<b>50,512</b>	<b>-</b>
<b>Company</b>					
<b>2014</b>					
<b>Secured:</b>					
Finance lease liabilities	190,887	202,168	75,828	126,340	-
<b>Unsecured:</b>					
Other payables	74,611	74,611	74,611	-	-
Amount due to subsidiary companies	12,641,011	12,641,011	12,641,011	-	-
	12,715,622	12,715,622	12,715,622	-	-
<b>Total</b>	<b>12,906,509</b>	<b>12,917,790</b>	<b>12,791,450</b>	<b>126,340</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currencies risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily United States Dollar ("USD").

#### Group

	<b>2015</b>	<b>2014</b>
	<b>Denominated in</b>	
	<b>USD</b>	<b>USD</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	6,110,859	3,534,731
Trade payables	-	(542,233)
Cash and bank balances	236,311	718,794
	<b>6,347,170</b>	<b>3,711,292</b>

The following table demonstrates the sensitivity of the Group's profit/(loss) for the financial year to a reasonably possible change in USD against the functional currency of the Group with all other variables held constant:-

	<b>2015</b>	<b>2014</b>
	<b>Increase/ (decrease)</b>	<b>(Increase)/ decrease</b>
	<b>Profit for the year</b>	<b>Loss for the year</b>
	<b>RM</b>	<b>RM</b>
USD/RM		
- Strengthened 8.22% (2014: 0.62%)	521,737	23,010
- Weakened 8.22% (2014: 0.62%)	(521,737)	(23,010)

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### Foreign currency risk (cont'd)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year is as follows:

##### Group

	2015 RM	2014 RM
<b>Fixed rate instruments</b>		
Fixed deposits with licensed banks	270,862	558,648
Finance lease liabilities	(756,504)	(1,029,626)
	(485,642)	(470,978)
<b>Floating rate instrument</b>		
Bank borrowings	(1,500,000)	(13,974,011)

##### Company

<b>Fixed rate instrument</b>		
Finance lease liabilities	(121,853)	(190,887)

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### Interest rate risk (cont'd)

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting date would not affect profit or loss.

##### *Cash flow sensitivity analysis for variable rate instruments*

The Group's and the Company's exposure to changes in cash flows due to interest rate risk is minimal as at the end of the reporting year.

#### 32.2 Fair value of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents and bank borrowings approximate their fair value due to the relatively short term nature of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or insignificant impact of discounting.

It was not practicable to estimate the fair value of the Group's investment in unquoted instrument due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group does not intend to dispose of these investments in the near future.

The fair value of financial assets at FVTPL are detailed as below.

##### Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### 32.2 Fair value of financial instruments (cont'd)

##### Fair value hierarchy (cont'd)

##### Group

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2015</b>				
<b>Financial assets at FVTPL</b>				
Quoted investments in money market funds	179,789	-	-	179,789
<b>2014</b>				
<b>Financial assets at FVTPL</b>				
Quoted investments in money market funds	76,887	-	-	76,887

##### Company

<b>2015</b>				
<b>Financial assets at FVTPL</b>				
Quoted investments in money market funds	13,496	-	-	13,496
<b>2014</b>				
<b>Financial assets at FVTPL</b>				
Quoted investments in money market funds	13,088	-	-	13,088

There were no transfers between level 1 and level 2 during the financial year.

### 33. CAPITAL MANAGEMENT

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

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 33. CAPITAL MANAGEMENT (CONT'D)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares), the Company has complied with this requirement.

There were no changes in the Group's approach to capital management during the financial year.

### 34. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- (i) On 22 December 2014, Cyber entered into a sale and purchase agreement with a third party for the disposal of a property for a cash consideration of RM20,800,000. The transaction was completed in November 2015.
- (ii) On 15 June 2015, PanPages (Cambodia) Ltd., a wholly-owned subsidiary company acquired 490 ordinary shares of approximately USD1,100 each in Cam YP Co. Ltd. ("Cam YP") for a total cash consideration of USD2,059,964 (approximately RM7,797,995). As such, the Group acquired an additional 49% equity interest in Cam YP, increasing its ownership from 51% to 100% and Cam YP became a wholly-owned subsidiary company of the Group.

The carrying amount of Cam YP's net liabilities in the Group's financial statements on the date of acquisition was RM346,832. The Group recognised a decrease in non-controlling interests of RM90,378, an increase in foreign currency translation reserve of RM55,488 and a decrease in retained earnings of RM7,763,105.

- (iii) On 20 December 2015, CBSA International Sdn. Bhd., a wholly-owned subsidiary company acquired 14,400 ordinary shares of Baht 100 each in CBSA (Thailand) Co. Ltd. for a total cash consideration of Baht 1,440,000 (approximately RM171,677). There was no change in the Group's equity interest resulting from this transaction.
- (iv) On 15 March 2016, the wholly-owned subsidiary companies, namely Cyber and CBSA MSC Sdn. Bhd. ("CBSA MSC") entered into the following agreements:
  - Cyber entered into a Sale and Purchase Agreement for the disposal of all the existing business undertakings of selling licenses of a software branded as "Paymate" for a cash consideration of RM20,000; and
  - CBSA MSC entered into a Sale and Assignment Agreement for the sale and assignment of Paymate for a cash consideration of RM80,000.

The transactions were completed in March 2016.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015 (cont'd)

### 35. DISCLOSURE OF REALISED AND UNREALISED PROFITS

Bursa Malaysia Securities Berhad has on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of retained earnings or accumulated losses into realised and unrealised on Group and Company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of retained earnings as at the reporting date which has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Total retained earnings of the Company and its subsidiary companies:				
- Realised	46,689,261	42,332,192	13,872,902	1,522,360
- Unrealised	628,240	90,175	-	2,382
	47,317,501	42,422,367	13,872,902	1,524,742
Consolidation adjustments	(10,744,633)	(2,370,283)	-	-
	36,572,868	40,052,084	13,872,902	1,524,742

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

# ANALYSIS OF SHAREHOLDINGS

## AS AT 28 March 2016

### Share Capital

Authorised Capital	:	RM50,000,000
Issued and Fully Paid-up Capital	:	RM24,135,068.50
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

### Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	105	0.45	4,511	0.00
100 - 1,000	62	0.27	31,036	0.00
1,001 - 10,000	586	2.51	3,563,667	0.32
10,001 - 100,000	724	3.10	25,394,155	2.30
100,001 - 12,067,533*	162	0.69	113,550,016	10.29
12,067,534 and above**	4	0.02	98,807,300	8.95
Total	1,643	7.03	241,350,685	100.00

Remarks:

\* less than 5% of issued shares

\*\* 5% and above of issued shares

### Substantial Shareholders' Shareholdings as per the Register of Substantial Shareholders' as at 28 March 2016

Name of shareholders	Direct Interest No. of Shares held	%	Indirect Interest No. of Shares held	%
Tan Tian Sin	57,358,100	23.76	-	-
Lau Kok Fui	26,259,800	11.39	-	-
Teh Chai Leng	14,028,800	5.81	-	-
Wong Kim Sun	8,000,000	3.31	8,000,000*	3.31*

\* Deemed interested by virtue of his interest in Malinta Corporation Sdn Bhd. pursuant to Section 6A of the Companies Act, 1965.

# ANALYSIS OF SHAREHOLDINGS

## AS AT 28 March 2016 (cont'd)

Directors' Shareholdings  
as per the Register of Directors' Shareholding as at 28 March 2016

Name of Directors	← Ordinary Shares →				← ESOS →	
	Direct Interest No. of Shares held	%	Indirect Interest No. of Shares held	%	No. of Options^ Held	%
Dato' Ahmad Razlan bin Ahmad Razali	-	-	-	-	-	-
Tan Tian Sin	57,358,100	23.76	-	-	100,000	0.04
Fong Wai Leong	323,650	0.13	-	-	500,000	0.21
Wong Mun Wai	-	-	-	-	-	-
Wong Yee Ming	8,840,800	3.66	-	-	-	-
Lau Kok Fui	26,259,800	11.39	14,028,800*	5.81*	-	-

\* Deemed interested by virtue of his spouse, Teh Chai Leng's interest

^ Employees' share options scheme



# ANALYSIS OF SHAREHOLDINGS

## AS AT 28 March 2016 (cont'd)

### 30 Largest Securities Account Holders

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No of Shares held	%
1	TA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Tan Tian Sin	39,698,400	16.45
2	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD Exempt AN For Maybank Kim Eng Securities Pte Ltd (A/C 648849)	27,420,400	11.36
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB Bank for Tan Tian Sin (MY0027)	17,659,700	7.32
4	TEH CHAI LENG	14,028,800	5.81
5	WONG YEE MING	8,840,800	3.66
6	CHAW MING SENG	8,708,600	3.61
7	MALINTA CORPORATION SDN BHD	8,000,000	3.31
8	WONG KIM SUN	8,000,000	3.31
9	LAU KOK FUJ	7,500,000	3.11
10	JF APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Ooi Siew Looi (STA 2)	6,354,800	2.63
11	CHIN CHIN SEONG	5,550,000	2.30
12	GAN LIEN KENG	4,256,200	1.76
13	M & A NOMINEE (TEMPATAN) SDN BHD Pledged Securities Account for Tee Jit Woei (M&A)	3,779,900	1.57
14	YUEN THUI YANG	3,075,000	1.27
15	CHONG TONG SIEW	2,050,000	0.85
16	LEE SIEW KEN	1,415,750	0.59
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Liaw Jing Ta (LIA0290C)	1,165,000	0.48

# ANALYSIS OF SHAREHOLDINGS

## AS AT 28 March 2016 (cont'd)

No.	Name of Shareholders	No of Shares held	%
18	M & A NOMINEE (TEMPATAN) SDN BHD Pledged Securities Account for Chew Fei Meng (M&A)	1,150,500	0.48
19	NG INN JWEE	1,149,750	0.48
20	NIRANPAL SINGH A/L AJMER SINGH	1,125,000	0.47
21	YONG YEE WAN	1,080,000	0.45
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	1,064,250	0.44
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD Exempt AN For CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,000,000	0.41
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Liaw Jing Xian (LIA0253C)	997,900	0.41
25	OOI CHENG BOK	950,000	0.39
26	SONG HOCK KOON	948,275	0.39
27	NG THEAN HOOI	752,000	0.31
28	LIM SENG HOCK	747,800	0.31
29	MAK LYE WOH	710,000	0.29
30	WANG SUI SANG	700,000	0.29
	<b>Total</b>	<b>179,878,825</b>	<b>74.53</b>

# NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at 1 Jalan PJS 11/8, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 26 May 2016 at 10.00 a.m. to transact the following businesses:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of Directors and Auditors thereon. (Please refer Note 7)
2. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-
  - (i) Mr. Wong Yee Ming (Article 93) Ordinary Resolution 1
  - (ii) Mr. Fong Wai Leong (Article 93) Ordinary Resolution 2
3. To appoint Messrs SJ Grant Thornton as Auditors of the Company and authorise the Directors to determine their remuneration. Ordinary Resolution 3
4. As Special Business to consider and if thought fit, to pass the following Resolutions, with or without modifications: -
 

**ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES**

"THAT subject always to the Companies Act, 1965 and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 4
5. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

**SEOW FEI SAN**  
**MOK MEE KEE**  
 Secretaries

Petaling Jaya  
 28 April 2016

# NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

(cont'd)

**Notes:**

1. Only depositors whose names appear in the Record of Depositors as at 18 May 2016 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two (2) proxies. There shall be no restriction as to the qualification of the proxy. 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.
3. When a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a Corporation, either under its common seal or under the hand of an officer or attorney duly authorized.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the Meeting or any adjournment thereof.
7. The Audited Financial Statements for the financial year ended 31 December 2015 are laid before the shareholders pursuant to the provisions of Section 169(1) and (3) of the Companies Act, 1965 for discussion purpose only. It does not require members' approval thus will not be put forward for voting by members.
8. Explanatory notes on Special Business:

**Ordinary Resolution 4 – Authority to Issue Shares**

The Proposed Ordinary Resolution 4, if passed, will give the Directors of the Company, from the date of the Fifteenth Annual General Meeting, authority to issue shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Fourteenth Annual General Meeting held on 22 June 2015 and which will lapse at the conclusion of the Fifteenth Annual General Meeting.

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



**PanPages Berhad** (537337-M)

# PROXY FORM

CDS Account No.

I/We ..... (BLOCK LETTERS)

NRIC No./Company No. .... of

being (a) Member(s) of PANPAGES BERHAD (537337-M) hereby appoint .....

(NRIC: ..... ) of .....

or failing him, ..... (NRIC: ..... ) 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 Fifteenth Annual General Meeting of the Company to be held at 1 Jalan PJS 11/8, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 26 May 2016 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below:-

ORDINARY RESOLUTION		FOR	AGAINST
1.	ORDINARY RESOLUTION 1		
2.	ORDINARY RESOLUTION 2		
3.	ORDINARY RESOLUTION 3		
4.	ORDINARY RESOLUTION 4		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this ..... day of ..... 2016.

No. of ordinary shares held

Signature/Common Seal

## Notes :-

1. Only depositors whose names appear in the Record of Depositors as at 18 May 2016 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two (2) proxies. There shall be no restriction as to the qualification of the proxy. 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.
3. When a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a Corporation, either under its common seal or under the hand of an officer or attorney duly authorized.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the Meeting or any adjournment thereof.
7. The Audited Financial Statements for the financial year ended 31 December 2015 are laid before the shareholders pursuant to the provisions of Section 169(1) and (3) of the Companies Act, 1965 for discussion purpose only. It does not require members' approval thus will not be put forward for voting by members.

Lastly, fold this flap for sealing

Fold here

Affix Stamp Here

**The Company Secretary**  
**PanPages Berhad** (537337-M)  
802, 8th Floor, Block C  
Kelana Square, 17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

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Selangor Darul Ehsan, Malaysia  
**Phone** +603 5636 9999  
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<http://about.panpages.com>