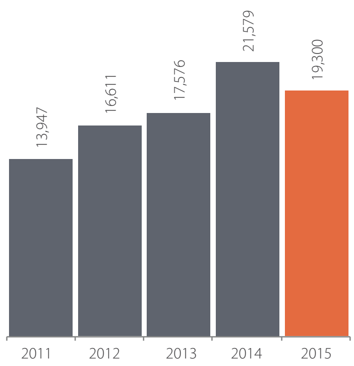
Captii

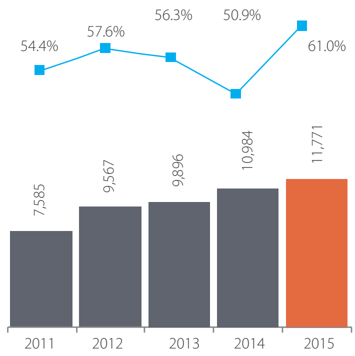
Captii Limited Annual Report 2015

Annual Report 2015
Financial Highlights

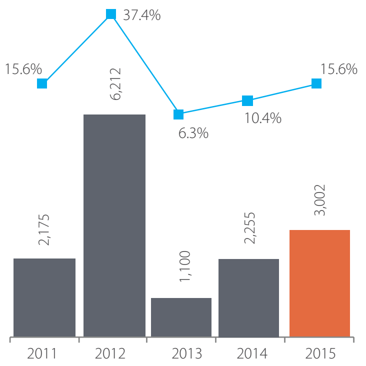
Revenue (S$000)



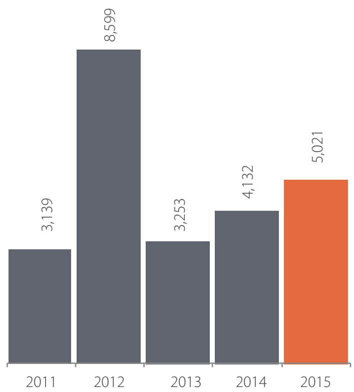
Gross Profit (S$000) &
Gross Profit Margin (%)



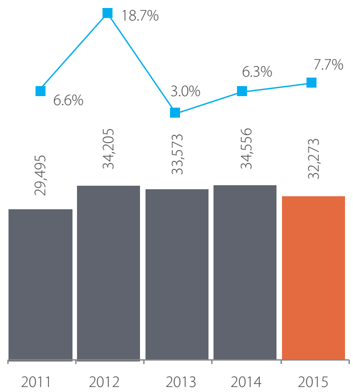
Net Profit (S$000) &
Net Profit Margin (%)



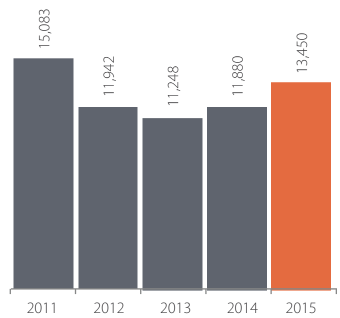
EBITDA (S$000)



Shareholders' Equity (S$000) &
Return on Equity (%)



Cash &
Cash Equivalents (S$000)



Consolidated Income Statement Data

(In S$'000 except per-share amounts)
Years ended 31 Dec

	2011	2012	2013	2014	**2015**
Revenue	13,947	16,611	17,576	21,579	**19,300**
Gross profit	7,585	9,567	9,896	10,984	**11,771**
Total operating expenses	7,590	9,325	9,524	9,003	**8,390**
EBITDA	3,139	8,599	3,253	4,132	**5,021**
Profit before income tax	2,435	6,934	1,701	2,888	**3,914**
Net profit	2,175	6,212	1,100	2,255	**3,002**
Basic earnings per share (cents)	6.00	18.63	3.19	6.76	**8.05**

Consolidated Balance Sheet Data

(In S$'000 except per-share amounts)
Years ended 31 Dec

	2011	2012	2013	2014	**2015**
Total assets	34,809	43,760	40,243	41,773	**38,203**
Working capital	17,659	14,258	14,424	16,209	**15,668**
Cash and cash equivalents	15,083	11,942	11,248	11,880	**13,450**
Shareholders' equity	29,495	34,205	33,573	34,556	**32,273**
Net asset value per ordinary share (cents)	92.30	107.03	105.06	108.13	**100.99**

Annual Report 2015
Investing in Technology and Innovation

Captii Limited comprises three businesses. The first two are our existing mobile telecoms-tech enterprises operating as Unifiedcomms and GlobeOSS. We continue to re-invest in new products and technical capabilities in these existing businesses to promote their continued growth and development. Captii Ventures is the third and newest business that was established to undertake strategic investment in early and late-stage technology ventures.

Apart from the mobile telecoms focus of our two existing businesses, our Group's intention is to extend ourselves into new areas of internet technology-driven innovation, particularly in relation to marketplaces, digital media and enterprise applications.

There are numerous opportunities throughout our regions of focus for technology and new thinking to be harnessed to help create new sources of economic activity, to improve the efficiency of content distribution and consumption, and to better address age-old problems faced by enterprises in their daily operations.

In 2015, progress was made in advancing the intentions of the group to support the development of new technologies and innovations, especially those that extend out from our long-standing mobile telecom-tech focus. Strategic investments were made in six early stage ventures with operations across Vietnam, the Philippines, Indonesia, Malaysia and Singapore.

As a portfolio of assets, these investments and the others that will be made in the new year, are expected to augment the returns of our Unifiedcomms and GlobeOSS businesses and ultimately make a positive contribution to improving the long term profitability of our Group.

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Executive Chairman's Letter

Dear Captii Shareholder:

On behalf of the Board of Directors, I am pleased to present the Annual Report of Captii Limited for the financial year ended 31 December 2015.

A broadly positive year

Our Group entered the 2015 financial year on the back of eight profitable years. Although our ROE outcome for 2015 remains below what we have been targeting, our underlying business delivered significant improvement in bottom line performance compared to the year before.

Our Unifiedcomms and GlobeOSS businesses, both recorded lower revenue in 2015. Of the two businesses, it was GlobeOSS that recorded the higher decline in revenue of 22.6%, with its 2015 revenue being S$5.6 million compared to S$7.2 million in 2014. Unifiedcomms revenue meanwhile decline by 4.4% to S$13.5 million in 2015 compared to the S$14.1 million achieved in 2014. As a result of this, Group revenue decreased from S$21.6 million in 2014 to S$19.3 million in 2015, a decline of S$2.3 million.

Although revenue was lower in 2015, gross profit achieved by our Group was higher this year. This reflected the considerably higher average gross profit margin for the year of 61%, attributable to the improvement in gross profit margin on system sale contract revenues of both Unifiedcomms and GlobeOSS.

Group profit before tax for 2015 came in at S$3.9 million, 35.5% higher compared to the S$2.9 million recorded the year before. Our profit after tax for the year meanwhile was S$3 million, a 33.1% improvement on the S$2.3 million recorded last year.

Our eighth consecutive year of profits, going into our 18th year of business

2015 represented our eighth consecutive year of profitability. Profitability in 2015 had improved compared to 2014 – our Group's return on equity (ROE) increased to 7.7% this year from 6.3% the year before. Although the 2015 financial results show a significant improvement in relative profit performance, this improvement remains inadequate in helping us achieve the double-digit ROE performance we have been targeting.

Higher profitability though lower sales

The profit growth achieved in 2015 is mainly attributable to the contribution of higher-margin system sale contracts of both Unifiedcomms and GlobeOSS. Because of this, our Group's average gross profit margin was significantly improved and this flowed into our Group bottom line.

To management of our Group, 2015 continued to involve persisting our efforts to grow the managed service business. For Unifiedcomms, we recorded lower managed service contract revenues in 2015, which was mainly due to the disappointing performance of certain managed service contracts coupled with the effect of unfavourable foreign exchange translation caused by a weakened Malaysian Ringgit against the Singapore Dollar. The improvement in gross profit margin in 2015, at both GlobeOSS and Unifiedcomms together with savings in operating expenses, underpinned the improvement in financial performance of our Group this year.

Growth by acquisition and strategic investment

At the start of 2015, we continued to have adequate cash balances to continue with the strategy of augmenting organic growth with growth-by-acquisition and strategic investment. Management of our Group identified and screened many candidates for strategic investment throughout 2015 and completed several investments. The work to identify, screen and engage on further strategic investment opportunities will persist in the new year.

Balance sheet strength and dividends

Apart from the several strategic investments made in 2015, during the year we continued to reinvest in our existing businesses for product development as well as in assets to support the fulfilment and expansion of new and existing managed service contracts. The fresh capital required to fund the growth of our existing business is not significant and as a result, we continued to have a strong balance sheet at year-end 2015: zero borrowings and ample cash and cash equivalents of S$13.4 million. This was also after declaring and paying to shareholders a dividend for the sixth year running. We had on 14 September 2015, paid a tax-exempt interim dividend of 2.5 Singapore Cents per share, 25% higher against the dividend per share paid in 2014. In light of the anticipated capital requirements of our Group's growth and development strategy, no further and final dividend payment has been recommended by our Directors for the financial year ended 31 December 2015.

In gratitude

2015 proved to be a better year for our Group. We ended the year with improved net profit results but management recognises that we did not manage to deliver the level of performance we had expected from our underlying business. In the new year ahead we will continue to work at addressing this better.

To the talented and dedicated individuals across all the businesses that make up the Captii Group, I extend my deepest gratitude for your commitment and perseverance. I ask the same from you again in the new financial year ahead, to move our business onward and upward. To you, our shareholder, I thank you for your continued belief and patience in our people and our business. Last but certainly not least, my thanks go to the government agencies and regulatory bodies for their guidance and support.

Wong Tze Leng
Group Executive Chairman

22 March 2016

2015 Year in Review
Chief Executive's Message

Dear Captii Shareholder:

It gives me a great pleasure to present to you my review of operations and the financial results of our Group for the 2015 financial year.

An overview of our business

Going into our 18th year of operation, the most visible change our Group has undergone in 2015 is in our reporting business segments. We have now consolidated our Mobile Technology Business Unit (TECH BU) and Mobile Value-Added-Service Business Unit (VAS BU) into one business under the common brand 'Unifiedcomms'. Our Operation Support System Business Unit (OSS BU) has meanwhile been simply renamed as a business segment to 'GlobeOSS' with no change in its operations or organisational structure. Our third and final business segment described as 'Others', represents the combination of our Operational Headquarters Business Unit (OHQ BU) and the newly established Captii Ventures business into one reporting segment.

Throughout 2015, our Unifiedcomms and GlobeOSS businesses continued to address mobile network operators and integrated telecoms service providers with solutions that optimise performance in specific areas of their operations, or that provide their customers, the end-user mobile subscriber, with utility applications and services.

Unifiedcomms and GlobeOSS operate primarily in the telecommunications markets of three regions: South East Asia (SEA), South Asia (SA) and the Middle East and Africa (MEA). With the exception of Malaysia, Singapore and Pakistan, where engagement with the customer is conducted directly by our own personnel, the majority of our engagements with customers are carried out through various sales channel partners. This two-tier sales and distribution approach enables us to cost-effectively reach customers within each region of focus and to tap into the local knowledge and insights of our partners to build and deliver compelling solutions.

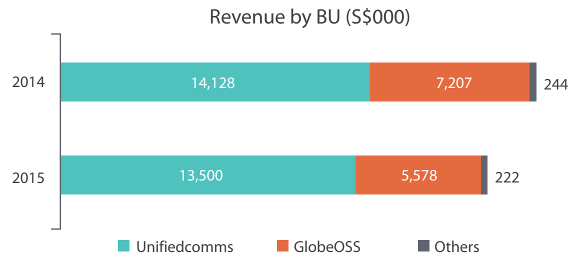
Through our Unifiedcomms and GlobeOSS businesses, we continue to offer various solutions that address the business problems of our customers (mobile network operators and integrated telecoms service providers) or the more human problems of their customers, the end-user service subscriber. Each solution comprises first a technical component made up of one or several of our application or platform software products and professional services for their adaptation and implementation, and secondly a commercial component that allows election of the most suitable business model for customers' needs, ranging from an outright purchase model to a managed service, revenue-sharing and pay-per-use/pay-as-you-go model.

As at end-2015, there are a total of 158 people that are employed in our businesses. The majority of these personnel are located in Malaysia, where our operational headquarters is situated, while the rest work out of Singapore, Pakistan, Indonesia and Vietnam.

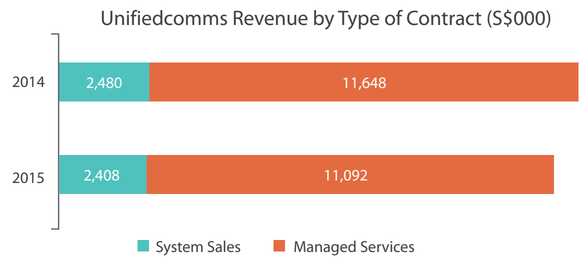
A broadly positive year for Group profit though lower revenue

The Group recorded consolidated revenue of S$19.3 million for the financial year 2015, a decrease of 10.6% as compared to the S$21.6 million achieved in the previous year.

Both Unifiedcomms and GlobeOSS businesses recorded a decline in revenue against their 2014 results. Unifiedcomms had a 4.4% decline in sales, turning in total revenue of S$13.5 million in 2015 versus S$14.1 million the year before. GlobeOSS meanwhile had a 22.6% decline in sales, turning in total revenue of S$5.6 million in 2015 versus S$7.2 million the year before. At S$0.2 million, the rental income recorded by the Others segment in relation to our sole investment property in Malaysia remains similar to the year before.

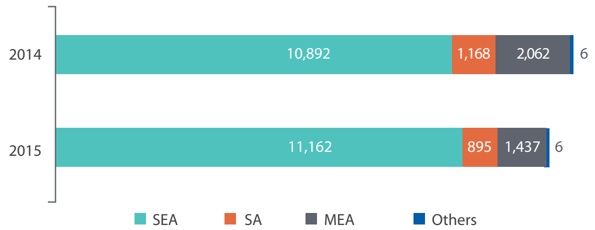


Lower revenue at the Unifiedcomms business was not accompanied by any change in the sales mix of the business. Unifiedcomms revenue from system sale contracts decreased slightly to S$2.4 million in 2015 versus S$2.5 million in 2014, while managed service revenues declined by S$0.5million to S$11.1 million.



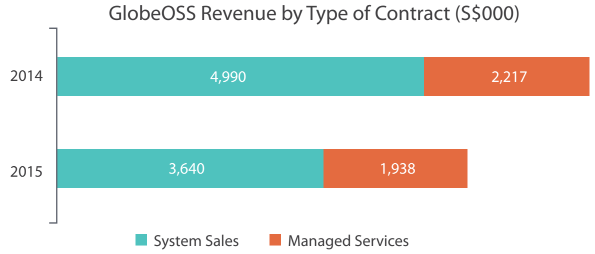
The Unifiedcomms customer base has traditionally been concentrated in the SEA region. This has not changed in 2015, with Unifiedcomms SEA region revenues continuing to account for above 80% of the total revenue achieved for the year.

Unifiedcomms Revenue by Geographical Regions (S$000)



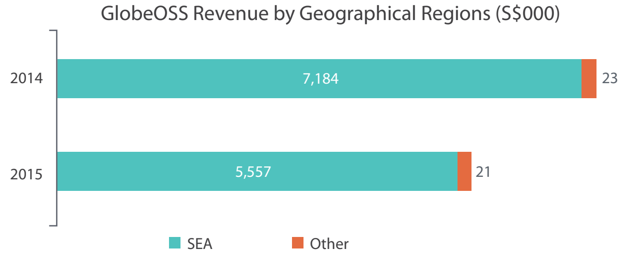
Our GlobeOSS business experienced a decline in both system sale and managed service contract revenues in 2015 after the significant increase in system sales enjoyed in 2014. System sales decreased to S$3.6 million in 2015, while managed service revenue also declined by S$0.3 million to S$1.9 million.

GlobeOSS Revenue by Type of Contract (S$000)



GlobeOSS continues to have both its system sale and managed service business concentrated in the SEA region. The S$1.6 million decline in revenue from the SEA region is mirrored by the combination of a S$1.3 million drop in system sales and a S$0.3 million drop in managed service revenues between 2014 and 2015.

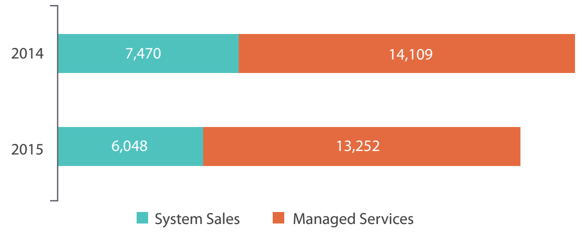
GlobeOSS Revenue by Geographical Regions (S$000)



Group-wide system sale revenue decline

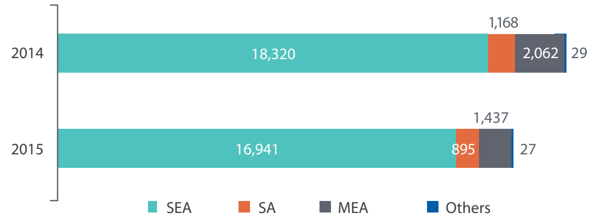
The decline in Group revenue this year against last year was mainly attributable to the 19% or S$1.4 million decline in GlobeOSS system sale contract revenues, and a decline of S$0.8 million in the managed service contract revenues across both Unifiedcomms and GlobeOSS businesses.

Revenue by Type of Contract (S$000)



We expected 2015 to continue to be a challenging year for our businesses on the system sale front. The region that proved most disappointing was SEA, which had its contribution fall from S$18.3 million to S$16.9 million. The MEA region's contribution to the total Group revenue also declined in 2015 to S$1.4 million from S$2.1 million the year before. The SA region remained disappointing, due yet again to the underperformance of certain managed service contracts.

Revenue by Geographical Regions (S$000)



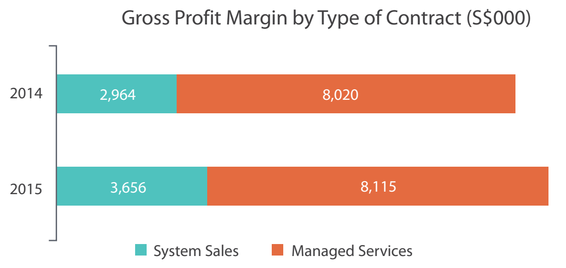
In 2015, SEA, our Group's home region, continues to be the largest geographic source of revenue, accounting for 87.8% of Group revenue.

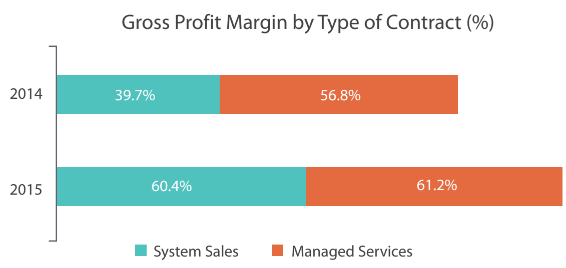
Higher gross profit achieved, despite having lower revenue

Although Group revenue was lower in 2015, gross profit achieved for the year was higher compared to 2014. Group gross profit for 2015 was S$11.7 million, up by S$0.8 million or 7.2% against 2014. The higher gross profit was mainly due to higher overall gross profit margin earned on Group revenue of

2015 Year in Review
Chief Executive's Message

61.0% as compared to 50.9% recorded the year before. Average gross profit margin on system sale revenues improved to 60.4% in 2015, primarily due to lower third-party component cost incurred at both GlobeOSS and Unifiedcomms. Gross profit margin earned on managed service contract revenues also improved from 56.8% in 2014 to 61.2% this year. This improvement was primarily due to lower amortisation of intellectual property in 2015.



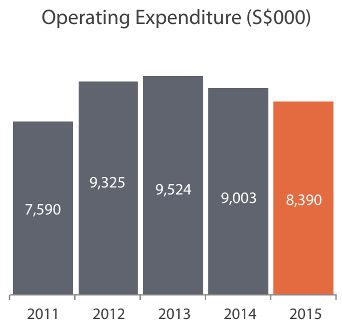


The sales mix of our Group continues to exceed our target of having greater than fifty percent of Group revenue being derived from managed service contracts. This year managed service contract revenues accounted for 68.7% of Group revenue, up from 65.4% in 2014.

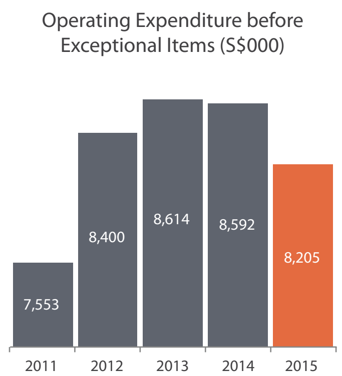
Lower total opex this year, before and after exceptional items

Our Group's operating expenditure for the year decreased to S$8.4 million as compared to S$9.0 million in 2014. In 2014 we had a foreign exchange gain due to the strengthening of the Pakistan Rupee and US Dollar against the Singapore Dollar and a provision that was made for the impairment of intellectual property that had been assessed as being no longer able to generate previously expected future cash flows.

This year, we had a higher foreign exchange gain due to the strengthening of the US Dollar against the Singapore Dollar and an impairment loss on plant and equipment - that was lower against 2014's impairment loss on intellectual property assets - to take into our income statement. The impairment this year relates to a managed service contract that has been assessed as being no longer able to generate previously expected income and returns.



Excluding the effect of exceptional items such as the impairment loss this year, our opex for 2015 was S$0.4 million lower at S$8.2 million compared to S$8.6 million for 2014. This decrease was due to a reduction in the technical, and sales and business development headcount of the Group.

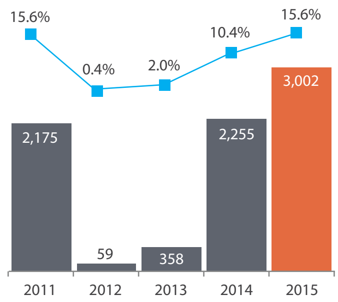


Improved bottom line – a further year of improvement in our underlying business

2015 marks our eighth consecutive year of being in the black. Group net profit for the year, at S$3 million, is 33.1% higher than the S$2.3 million achieved in 2014. The double-digit growth of our Group's bottom line reflected the improvement in the performance of our underlying businesses.

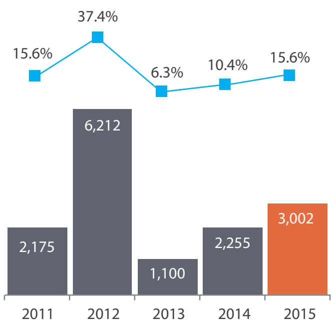
When the bottom line numbers are examined more closely, to exclude exceptional gains such as the fair value gains enjoyed on the acquisition of Ahead Mobile Sdn Bhd ('AMSB') across 2012 and 2013, the improvement in profit performance of our underlying businesses is more pronounced. The 'adjusted' net profit generated by our businesses grew more than seven-fold, from S$0.4 million in 2013 to S$3 million this year.

Net Profit before Fair Value Gain (S$000)
& Net Profit Margin before Fair Value Gain (%)



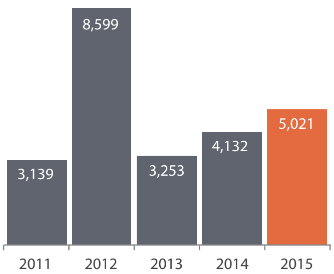
In terms of bottom line margins, our Group achieved a much improved audited net profit margin of 15.6% for 2015, versus 10.4% for 2014 and 6.3% for 2013. If the effect of the fair value gain on AMSB is removed, our Group net profit margin for 2013 would instead decline to 2.0% while our 2014 and 2015 results, the years devoid of any fair value gain, would remain unchanged at 10.4% and 15.6%.

Profit for the Year (S$000)
& Net Profit Margin (%)



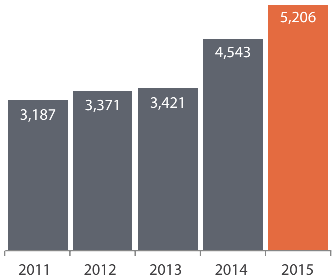
The flow-down effect of the improvement in Group net profit is very clearly reflected in our EBITDA results for the year.

EBITDA (S$000)



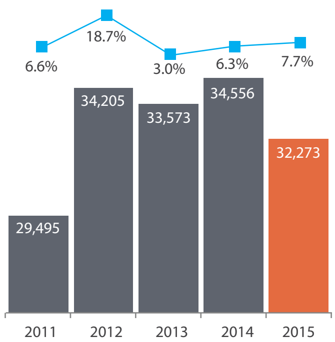
EBITDA rose to S$5 million in 2015, an increase of 21.5%, in tandem with the 33.1% rise in net profit. The disproportionately slower rise of EBITDA is accounted for by the significant impact of non-cash items on reducing Group net profit in 2014. The negative impact of provisions for impairment that were made in 2014 do not, of course, have any bearing on EBITDA. Excluding exceptional items for the year, EBITDA before exceptional items and fair value gain stood at S$5.2 million for 2015 – a 14.6% improvement against that achieved in 2014.

EBITDA before Exceptional Items
& Fair Value Gain (S$000)



Because of the higher net profit delivered in 2015, our Group's return on equity (ROE) for the year improved to 7.7% from the 6.3% achieved in 2014. Another year with a single-digit ROE outcome is certainly a disappointing result, even in the context of an improvement of ROE compared to the previous year. The considerably higher ROE outcome in 2012 was aided by the exceptional outsized income contribution from the AMSB fair value gain. Excluding the effect of this exceptional item on the 2012 bottom line results, 2015 actually represents an extension of the improvement in the ROE performance of the Group from 2012 to 2014.

Shareholders Equity (S$000)
& Return on Equity (%)



2015 Year in Review
Chief Executive's Message

Although the performance of our underlying business in 2015 was not as strong as I would have liked to see, we did manage to secure some progress in growing our profits. This year the gross profit contribution of system sale contracts was considerably higher, arising from the improved gross profit margin of both Unifiedcomms and GlobeOSS businesses. The managed service contract gross profit contribution of our business was maintained and in-line with 2014. Application services delivered on a managed service, revenue sharing model, especially several of those launched in 2013 through 2014 moved positively towards achieving their expected revenue potential in 2015 and underpinned the steady gross profit contribution of managed service contracts. With the continued improvement expected in the performance of our underlying business in 2016, I am optimistic of our being able to further extend our dividend payout track record – to at minimum, maintain the dividend per share that was paid to all shareholders last year.

Growth by acquisition and strategic investment

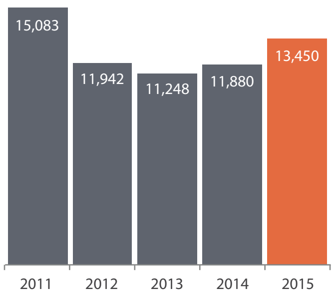
As at end-2015, we continued to have more than sufficient capital to augment our organic growth plans with growth-by acquisition and strategic investment. This remains an essential element of our current business plan that targets sustained, double-digit Group profit growth and a significant uplift of our ROE performance. So far, we completed the acquisition of our investment property in MSC-status Plaza Sentral, Kuala Lumpur in 2011, and in 2012, the acquisition of the remaining equity interest of AMSB which we did not already own, to turn AMSB into a subsidiary of our Group. Both these acquisitions continue to positively contribute to the revenue and profits of our Group in 2015.

Throughout 2015, the Group through our Captii Ventures business persisted in identifying and evaluating many investment opportunities in the SEA region. I am happy to report that six investments in new technology ventures and start-ups were made during the year.

Reviewing our 2015 balance sheet positions

Now to turn to our Group's balance sheet as at the end of the 2015 financial year: we ended 2015 with slightly lower current assets of S$20.2 million, as compared to S$22.1 million as at end-2014. This can be attributed to the decrease in trade and other receivables from S$9.7 million to S$6.3 million as a result of an improvement in collections. This improvement in collections however did not proportionately increase the cash and cash equivalents to offset the decrease in receivables, given that S$1.5 million in cash had been utilised during the year on investments by the Captii Ventures business in other financial assets (classified under non-current assets). After these investments, Group cash and cash equivalents as at end-2015 was S$13.4 million as compared to S$11.9 million as at end-2014.

Cash and Cash Equivalents (S$000)



Our total non-current assets decreased from S$19.7 million as at 31 December 2014 to S$18.0 million as at 31 December 2015. This decrease was mainly due to the on-going depreciation and amortisation changes on plant and equipment and the intangible assets and the effect of foreign exchange movement on the Group's MYR denominated investment property and intangible assets. This movement in non-current assets was however partly mitigated by the increase in investment by the Group's recently incorporated subsidiary, Captii Ventures Pte Ltd, in other financial assets.

Total liabilities of our Group as at 31 December 2015 decreased from S$5.8 million to S$4.6 million. This decrease was mainly due to the reduction in trade and other payables. In terms of debt, we continued to be debt free at the close of the 2015 financial year.

Reviewing movements in Group cash

Our Group's net cash flows from operations for 2015 was S$7.2 million, an increase of 63.2% as compared to the S$4.4 million in the previous year. This significant increase was mainly contributed by the favourable working capital changes, from S$0.3 million for 2014 to S$2 million for 2015, and the improvement in profit before tax, from S$2.9 million for 2014 to S$3.9 million for 2015.

Our Group's net cash used in investing activities for 2015 amounted to S$1.9 million, in contrast with the net cash from investing activities of S$0.3 million for 2014. The significant higher net cash used in investing activities this year is attributable to the absence of the withdrawal of interest bearing deposits amounting to S$2.4 million in 2014 relating to contingent consideration payable for the acquisition of AMSB. The withdrawal amount in 2014 is in connection with the final payment of contingent consideration of S$0.9 million made in 2014. Further, in 2015, the higher net cash used in investing activities was spurred by investments totalling S$1.5 million in six technology ventures and start-ups. This higher net cash used in investing activities was partly mitigated by lower investment in plant and equipment and intangible assets.

2015: an improvement on 2014 but still disappointing

I expected system sale market conditions to continue to be somewhat challenging for our Group in 2015 and for our managed service contract portfolio to deliver significant growth. This proved not to be the case this year, as both Unifiedcomms and GlobeOSS businesses recorded a lower managed service contract revenues, due to the underperformance of certain managed service contracts coupled with the adverse effect of unfavourable foreign exchange translation on contract revenues.

Although the improved gross profit margin on system sale revenues of GlobeOSS and Unifiedcomms in 2015 had effectively counteracted the slower than desired growth of our Group's managed service contract portfolio, I do not expect this to be a trend that can readily be extended in the years ahead. Significant uncertainty and hence lumpiness is still to be expected in the contribution of system sale contracts. The need for our Group to continue to strengthen our managed service contract portfolio as the platform for delivering steady, if not rapid yet sustainable future growth remains.

Challenges and opportunities in 2016 and beyond

Apart from the contribution of existing long-standing managed service contracts, the bulk of the revenues that are expected to be realized by our Unifiedcomms business in 2016 is expected to continue to be system sale contracts driven by new solution implementation for new and existing customers, as well as solution enhancement, system upgrade and system capacity expansion activities of existing customers within the SEA and MEA region. The SEA and SA regions are meanwhile expected to drive managed service contract revenue growth.

Our Group's managed service contract portfolio remains the focus for growth in 2016. Group and business-segment level management will need to continue to find means to better manage execution risk in respect of our strategies and tactics to grow. This includes maintaining if not growing the more mature managed service contracts in our portfolio and to more quickly translate secured contracts into substantial sources of recurrent revenue for our Group.

The growing interest and opportunity in internet-driven application services, new media and applications delivered on an advertisement-supported or advertisement-funded model continues to be recognised by Group management. It remains our intention to participate in the growth opportunities offered by these developments.

Investing in Growth

Pursuing the opportunities relating to internet-delivered application services such as marketplaces and those that address enterprise problems as well as digital and mobile media, will continue to involve a combination of organic and growth-by-acquisition or strategic investment initiatives.

The Group's strategic investment plan in the year ahead will continue to focus primarily on these growth businesses in the SEA and SA regions and will complement the organic and growth-by-acquisition strategy already in place for our existing businesses.

In gratitude

In closing my report to you on the 2015 financial year, I would like to express my gratitude to all the dedicated, determined and talented people that make up our Group. I believe that we can improve further in 2016 by continuing to work with passion, integrity and creativity.

To you, our shareholder, I thank you for your belief and patience in our management, our people and our business. I will continue to work hard with our management team in delivering the returns that you deserve from the investment you have made in our Group.

Last but not least, to the government agencies and regulatory bodies from whom we have received counsel and advice from throughout 2015, my thanks for their guidance and support.

Anton Syazi Ahmad Sebi
Group Chief Executive Officer

22 March 2016

CORPORATE INFORMATION

Board of Directors	:	Wong Tze Leng	(Group Executive Chairman)
		Anton Syazi Ahmad Sebi	(Group Chief Executive Officer)
		Phuah Peng Hock	(Lead Independent Director)
		Chuah Seong Phaik	(Independent Director)
		Lee Su Nie	(Non-Independent Non-Executive Director)

Company secretaries	:	Toon Choi Fan, ACIS Ang Siew Koon, ACIS
Registered office	:	140 Paya Lebar Road #10-14 AZ @ Paya Lebar Singapore 409015
Share registrar	:	Boardroom Corporate & Advisory Services Pte Ltd 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Auditors	:	RSM Chio Lim LLP 8 Wilkie Road #03-08, Wilkie Edge Singapore 228095 Partner-in-charge: Lee Mong Sheong Appointed from the financial year ended 31 December 2015
Bankers	:	DBS Bank Ltd HSBC Bank Malaysia Berhad

BOARD OF DIRECTORS

Wong Tze Leng
Group Executive Chairman

Mr Wong Tze Leng was appointed Executive Chairman of the Company and the Group on 10 August 2010. Tze Leng previously served as Group Chief Executive Officer, a position he held since 22 December 2002 and was last re-elected to the Board on 28 April 2014. He also currently serves as Head of the Mobile Technology Business Unit of the Group. Tze Leng has over 20 years' experience in the information technology industry, with specific expertise in the telecommunications sector. He started his career in 1988 as an Engineer in the Singapore Institute of Standards & Industrial Research's design and development centre. He gained specialised expertise in computer telephony technology when he joined Federal Computer Services Pte Ltd in 1990 as a Software Engineer and later progressed to the position of Software Manager.

In 1993, he joined Dialogic as an Applications Engineer and was later promoted to the position of Business Development Director for the Asia Pacific region. During his career with Dialogic, he established a close rapport and working relationship with numerous IT companies and telcos in the Asia Pacific region. In 1998, he left Dialogic and founded the Group. Tze Leng graduated from Monash University, Victoria, Australia, with a Bachelors degree in Computer Science in 1985 and subsequently obtained a Bachelors degree in Electrical and Electronic Engineering in 1987 from the same university.

Anton Syazi Ahmad Sebi
Group Chief Executive Officer

Mr Anton Syazi Ahmad Sebi was appointed Chief Executive Officer of the Company and the Group on 10 August 2010. Anton previously served as Group Deputy Chief Executive Officer, a role he held since December 2005, and was first appointed to the Board on 22 June 2006. Anton was last re-elected on 29 April 2013. He is also currently serving as Head of the Mobile Value-Added-Services (VAS) Business Unit of the Group and as General Manager – Corporate Development of Advance Synergy Berhad, the Group's ultimate holding company, a main board listed company on Bursa Malaysia Securities Berhad.

Prior to joining Advance Synergy Berhad in June 2001, Anton was with the South East Asia Investment Banking Division of Credit Suisse First Boston.

Anton graduated from the London School of Economics, University of London, with a Bachelor of Science in Economics. He has a Master of Arts in Finance and holds an Investment Management Certificate awarded by the UK Society of Investment Professionals.

Phuah Peng Hock
Lead Independent Director

Mr Phuah Peng Hock was appointed to the Board on 18 December 2003 and was last re-elected on 29 April 2015. He was subsequently appointed by the Board as the Lead Independent Director on 26 February 2014. Peng Hock is the founder and Managing Director of Aviha Consulting Pte Ltd, a boutique management consultancy company focusing in business planning and process upgrading with Information Technology.

Peng Hock started out as a Design Engineer before switching to the business development field. In 1990, he joined Dynacast (S) Pte Ltd, a British-based die-casting company involved in regional marketing work. He then moved on to Ugimagnetic (S) Pte Ltd, a European-based manufacturer of magnet assembly for disk drives, as Marketing Manager in 1992. In 1994, he joined a company set up by the Economic Development Board of Singapore as a Senior Consultant, where he was involved in various areas of management consultancy.

Peng Hock holds a Bachelor of Engineering (Hon) degree from the University of Strathclyde, UK, Graduate Diplomas in Marketing Management (Marketing Institute of Singapore) and Marketing (Chartered Institute of Marketing, UK), as well as a Masters degree in Entrepreneurship & Innovation from Swinburne University of Technology, Australia in 1994.

Chuah Seong Phaik
Independent Director

Mr (Paul) Chuah Seong Phaik was appointed to the Board on 18 December 2003 and was last re-elected on 29 April 2015. Paul has extensive experience in audit, finance and management including eight years as the Finance Director of a main board listed company on Bursa Malaysia Securities Berhad. He is the founder and Chairman of Messrs PCCO PLT Chartered Accountants.

Paul is a fellow of the Institute of Chartered Accountants in England and Wales, a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant with the Malaysian Institute of Certified Accountants and an Associate Member of the Institute of Internal Auditors of Malaysia.

BOARD OF DIRECTORS

Lee Su Nie
Non-Independent Non-Executive Director

Ms Lee Su Nie has been a Non-Independent Non-Executive Director of the Company since 18 December 2003 and was last re-elected on 28 April 2014. Su Nie was a Non-Executive Chairman of the Company from 22 June 2006 to 10 August 2010. She is also the Non-Independent Director and Group Managing Director of Advance Synergy Berhad, the Group's ultimate holding company (listed on Bursa Malaysia Securities Berhad), and sits on the Board of various subsidiaries and associated companies of Advance Synergy Berhad.

Su Nie holds a Bachelor of Commerce (Accounting) degree from the University of Birmingham, United Kingdom and a Master of Science (Business Administration) from the University of Bath, United Kingdom. She is also a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

In 1985, Su Nie joined Kassim Chan Management Consultants Sdn. Bhd. where she provided management consultancy services. Su Nie joined the Corporate Finance Department of Rakyat Merchant Bankers Berhad in 1989. In 1991, she left Rakyat Merchant Bankers Berhad to join Perdana Merchant Bankers Berhad. Su Nie subsequently left her position as First Vice President, Corporate Finance of the Bank to join Advance Synergy Berhad in 1995.

CAPTII

Chin Wei Li
Group Financial Controller
Head, Human Resources

Ms Chin Wei Li joined the Group in January 2001 as Group Financial Controller. Wei Li is also concurrently Head of Human Resources, effective 2015. In this additional role, she has overall responsibility for the Captii Group's human resources function.

Prior to joining the Group, Wei Li was a Senior Manager in the audit assurance services group of PriceWaterhouseCoopers Malaysia, where she gained 11 years' of extensive experience in the field of business assurance involving various public-listed companies in a wide range of industries including property, financial services, timber and publishing.

Wei Li is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

Ng Sai Kit
General Manager - Investments & Corporate
Executive Director, Captii Ventures

Mr Ng Sai Kit joined the Group in October 2007 and is currently General Manager – Corporate & Investments of the Group. Sai Kit works closely with the Group Executive Directors to identify opportunities for acquisitions and investments. In this role, he is responsible for the corporate finance, corporate affairs and strategic investment activities of the Group. In addition, Sai Kit is also Executive Director of Captii Ventures Pte Ltd, the venture investment business of the Captii Group.

Prior to joining the Group, Sai Kit was in audit and corporate finance roles in various industries including property development, audit assurance, financial advisory, investment banking, plywood manufacturing and district cooling.

Sai Kit is a Chartered Accountant of the Malaysian Institute of Accountants and Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

Phang Deng Sheng
General Manager - Finance

Mr (Danson) Phang Deng Sheng joined the Group in May 2008 as Senior Manager of Group Finance and was appointed to his present role of General Manager - Finance of the Captii Group in March 2011.

Prior to joining the Group, Danson was Group Financial Controller of a Malaysia Stock Exchange listed enterprise engaged in the mobile value-added-services industry. Between 1999 and 2006, he gained comprehensive experience in audit, accounting and finance with a leading audit assurance services group, a Malaysia listed corporation in the construction industry and one of the world's largest automotive interiors groups.

Danson graduated from the University of Strathclyde of Scotland with a Bachelor of Accounting and Finance degree. He is also a Chartered Management Accountant of the Chartered Institute of Management Accountants, United Kingdom.

UNIFIEDCOMMS

Ho Ting Sai
General Manager - Business Development
Head of Singapore Business

Mr Ho Ting Sai is currently the General Manager of Business Development. In this role Ting Sai has overall responsibility for leading and managing the business development and sales function at Unifiedcomms. He also concurrently serves as Head of Singapore Business, a role which involves overseeing the business operations of Unifiedcomms in Singapore.

Ting Sai joined the Group in March 1999 and has more than 20 years of experience in the information technology and communications industry with core competencies in telecommunications products and services.

Prior to joining the Group, Ting Sai was an R&D engineer with a supplier of very small aperture terminals (VSATs), microwave communications and RF equipment, now a division of a Singapore Government-linked enterprise, and a Product Manager in a multimedia and signalling technologies and platforms vendor.

Ting Sai graduated from the Nanyang Technological University with a Bachelor of Engineering (Hons) degree in Electrical and Electronic Engineering.

Yong Choon Vooi
General Manager - System and Service Delivery

Mr Yong Choon Vooi ("CV") joined the Group in February 2008 as Senior Manager - Group Programme Management Office before being appointed General Manager - Group Service Delivery in March 2011. Effective 2015, CV is General Manager of the System and Service Delivery (SSD) function of Unifiedcomms. In this role he has overall responsibility for managing and overseeing system development and implementation, as well as the associated project management and post-implementation support/customer care functions of the Unifiedcomms business.

CV has more than 20 years of experience in the field of software development and project management and started his career with a software development house of one of the largest Malaysian conglomerates as programmer. He then joined a Malaysia Stock Exchange listed enterprise specialising in human resource management and financial/distribution software before being engaged by a large Malaysian education services group as Project Director of their campus management solution development company. Prior to joining the Group, CV was the Senior Project Manager of a Malaysia based firm that develops various solutions for the financial services industry. CV graduated with a Bachelor of Computer Science from Campbell University, Texas, USA.

KEY EXECUTIVE TEAM

Yap Wai Shoong
General Manager - Solution Consulting and Service Management
Executive Director, Ahead Mobile

Mr (Patrick) Yap Wai Shoong is General Manager – Solution Consulting & Service Management of Unifiedcomms. Patrick assumed this role in 2015 and has overall responsibility for the solution consulting, service marketing and service management functions of Unifiedcomms, with primary focus being on the managed service business of the Value-Added-Services (VAS) business. He is also concurrently serving as Executive Director of Ahead Mobile Sdn Bhd.

Patrick has over 20 years of experience in Malaysia and overseas. He joined the Group in 2003 and was subsequently made the Director and General Manager of Ahead Mobile in 2006 to drive the company's location based services business initiatives in Malaysia. Prior to joining the Group, Patrick was with DiGi Telecommunications Sdn Bhd for 10 years where he held various roles and positions in the International Carrier Services division.

Patrick holds a Bachelor of Electrical and Electronics Engineering (First Class Honours) and Masters in Engineering from University of Auckland, New Zealand.

Cheah Foo Choong
General Manager - Pakistan Business
Deputy Head, Business Development

Mr (Darren) Cheah Foo Choong joined the Group in June 2010 as General Manager for Mobilization Sdn Bhd and was responsible for the overall management of Mobilization business operations.

Effective 2015, Darren has been appointed General Manager - Pakistan Business. In this role, Darren is responsible for leading and managing the Pakistan operations of Unifiedcomms. He is also concurrently the Deputy Head of Business Development, a role which involves supporting the General Manager – Business Development in overseeing and managing the business development and sales function of Unifiedcomms.

Darren started his career in 1996 in the advertising and promotions department of The Store and progressed to the position of Assistant Manager of their loyalty rewards programme. In 2004 he joined Unrealmind Interactive Berhad, a pioneer in the premium SMS business in Malaysia as Manager in the Advertising & Promotions department where he led and managed the advertising and promotion activities of the company's core products as well as the loyalty program. In 2006, Darren was with R&D Media Malaysia Sdn Bhd, a Dutch premium SMS business as their Regional Manager-Marketing and Content. He then progressed to the position of General Manager in 2008, reporting to the Group CEO based in Amsterdam before joining the Group two years later.

Darren holds a Masters in Business Administration (MBA) degree from Nottingham Trent University.

Wong Kok Choy
General Manager – Product Development 1
Head, Solution Consulting

Mr Wong Kok Choy ("KC") joined the Group in January 2003 and has more than 15 years of experience in the field of software development and integration in the telecommunications network operator environment, specialising in mobile value added-services (VAS). As General Manager of Product Development 1, KC is currently responsible for the design and development of new application and platform products. In addition to this primary role, KC is also actively involved in leading the technical pre-sales activities of the business as head of the solution consulting practice of Unifiedcomms.

KC started his career in 2001 with DiGi Telecommunications, one of the largest mobile telecommunication network operators in Malaysia focusing on operations, mediation and software development. He subsequently joined the Group in 2003 in a software development capacity, moving through various roles from solution architect through to team lead and senior manager before assuming his present position.

KC graduated with a first class honours Bachelors Degree in Computing from Staffordshire University in 2001 and received the Staffordshire University School of Computing Prize for the Best Project by a Student of B.Sc (Hons) in Computing (Internet Technology).

Loo Mun Chung
Senior Manager - System and Service Delivery
Head, Product Development 2

Mr Loo Mun Chung ("Loo") first joined the Group in 2001 as a telecommunications engineer and has progressed through the ranks to his current position. Loo is currently responsible for assisting the General Manager of System and Service Delivery to lead and ensure the smooth operation of the technical organisation within the System and Service Delivery function of Unifiedcomms. In his secondary role as Head, Product Development 2, Loo is also involved in new application and platform product development.

Loo graduated from Sheffield Hallam University in 2000 with a Bachelor of Electrical and Electronic Engineering (Hons) degree.

GLOBEOSS

Ann Wan Kuan
Chief Executive Officer

Mr Ann Wan Kuan ("Ann") is CEO of GlobeOSS Sdn Bhd, the principal operating subsidiary of the Group's Operation Support Systems Business Unit (OSS BU), which provides the OSS solutions, services and software that drive next generation communications networks.

Prior to setting up GlobeOSS, Ann worked with Agilent Technologies & Hewlett-Packard, undertaking various leadership positions such as SEA Consulting Manager for Hewlett Packard, Asia Pacific OSS Manager for Agilent Technologies and Managing Director for Agilent Technologies Sales Malaysia. Throughout his 18 years of experience in the OSS and telecommunications industry, Ann worked with more than 30 various mobile and fixed-line operators in the Asia Pacific region.

Ann graduated with a first class honours Bachelors Degree in Electronic Engineering from University of Manchester Institute of Science and Technology in 1993.

Lim Peng Kwong
Operations Director

Mr Lim Peng Kwong ("Lim") currently serves as Operations Director of GlobeOSS Sdn Bhd. He joined GlobeOSS in January 2006 and was appointed to his current position in November 2007. He is responsible for GlobeOSS overall strategic technology direction in its managed services business. In addition, he also leads and supports the overall service delivery operations of GlobeOSS.

Lim has more than 19 years of experience in the consumer durable, automobile and telecommunications industries. Prior to joining GlobeOSS, he was a co-founder of a Singapore based company that provides unified messaging solutions to customers in Singapore, Korea, Taiwan, Malaysia, US, China and Hong Kong. His experience spans the areas of software development; systems integration and system deployment in the information technology and telecommunications industries, with comprehensive domain knowledge specifically in OSS.

Lim holds a Bachelor of Science degree in Information Technology from Campbell University USA, and a Diploma in Computer Science from Tunku Abdul Rahman College Malaysia.

CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") and management of Captii Limited ("the Company") remain committed to observing and maintaining a high standard of corporate governance to protect the interests of shareholders and other stakeholders and to promote investors' confidence. This report describes the Company's corporate governance practices with reference to the principles and guidelines set out in the revised Code of Corporate Governance 2012 (the "Code") and the extent of compliance thereto. In areas where the Company deviates from the Code, the rationale is provided.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The direction and control of the Company and its subsidiaries ("the Group") rests firmly with the Board as it effectively assumes the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investments and operations of the Group.

In addition to its statutory duties, the Board's principal functions are as follows:

1. Approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;

2. Approving the annual budget, reviewing the performance of the business and approving the release of the quarterly and year end results announcement of the Company to shareholders;

3. Providing guidance in the overall management of the business and affairs of the Group;

4. Overseeing the processes for risk management, financial reporting and compliance; and

5. Approving the recommended framework of remuneration for the Board and key executives by the Remuneration Committee.

The Board delegates certain specific responsibilities to three (3) committees namely, Audit, Nominating and Remuneration Committees. The Board accepts that while these Committees have the authority to examine any particular issue and report back to the Board with their recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board meets at least four (4) times a year, with additional meetings convened as warranted by particular circumstances as deemed appropriate by the Board.

The attendance of the directors at Board and Board Committees Meetings, as well as the frequency of such meetings during the financial year, are set out in Table A.

Matters which are specifically reserved to the Board for decision include those involving business plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, corporate strategy, share issuances, dividends, and any major decisions that may have an impact on the Group. The Board reviews management's performance, directs the Company's values and standards, and objectively takes decisions in the best interest of the Group.

There was no new director appointment during the financial year ended 31 December 2015. Upon appointment of each new director, a formal letter, setting out the director's duties and obligations shall be provided by the Company. In addition, all newly appointed directors will be given briefings by management on the history, business operations and corporate governance practices of the Company. The directors are provided with regular briefings and updates on changes in the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Companies Act and other regulations/ statutory requirements, as well as developments in financial reporting standards, from time to time for them to keep pace with changes in the regulatory environment and commercial risks.

Briefings and updates provided to the directors in 2015:

1. The external auditors, RSM Chio Lim LLP, briefed Audit Committee members on developments in accounting and governance standards at meetings half yearly;

2. The Executive Chairman and Chief Executive Officer ("CEO") updated the Board at quarterly meetings on strategy and new developments at the Group; and

3. The CEO and Group Financial Controller updated the Board at quarterly meetings on the segmental business operations of the Group.

In addition, the directors are encouraged to attend other seminars and training, or to seek independent professional advice, where relevant and appropriate, to enable them to discharge their duties. Some of the training attended by directors in 2015 include:

1. Corporate Governance: Balancing Rules & Practices on 11 May 2015;

Table A: Directors Attendance at Board and Board Committee Meetings								
Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Wong Tze Leng	4	4	n.a	n.a	n.a	n.a	n.a	n.a
Anton Syazi Ahmad Sebi	4	4	n.a	n.a	n.a	n.a	n.a	n.a
Phuah Peng Hock	4	4	4	4	1	1	1	1
Chuah Seong Phaik	4	4	4	4	1	1	1	1
Lee Su Nie	4	4	4	4	1	1	1	1

(n.a.-not applicable)

Table B: Members of the Board		
Executive Directors	Independent Directors	Non-Independent Non-Executive Director
Wong Tze Leng Anton Syazi Ahmad Sebi	Phuah Peng Hock Chuah Seong Phaik	Lee Su Nie

2. Advocacy Session on Management Discussion & Analysis for Chief Executive Officers & Chief Financial Officers on 5 August 2015; and

3. Art of War & the 9 Variation Strategies on 7 September 2015.

Directors may also request for further explanations, briefings or information on any aspect of the Company's operation and business issues from management.

Principle 2: Board Composition and Guidance

The Board currently comprises five (5) directors, all of whom, except for the Executive Chairman and CEO, are non-executive and two (2) of whom are independent.

The directors in office at the date of this report is disclosed within Table B above.

The Board is supported by various committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") whose functions are also described below.

The criterion of independence is based on the guidelines stated in the Code. The Board considers an "Independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company.

The independence of the Independent Director is subject to the NC's review annually, based on the guidelines stated in the Code, in particular the rigorous review on the continued independence of Independent Directors who have served for more than nine (9) years from the date of their first appointment.

In respect of each of the two (2) Independent Directors, namely Phuah Peng Hock and Chuah Seong Phaik having served more than nine (9) years, the Board has considered specifically their length of service and their continued independence. The Board determined that the Independent Directors remained independent in character and judgment, and that there were no relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. The Board is of the opinion that their length of service has not, in anyway, affected their independence.

Referring to all other directors who have served beyond nine (9) years, the Board does not consider the requirement of their retirement (if any) to be in the best interests of the Company.

The Board is able to exercise objective judgment independently from management and no individual or small group of individuals dominate the decisions of the Board.

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The Board is made up of directors of both gender and who are qualified and experienced in various fields including sales, engineering, business administration, general management, accountancy and finance.

The Non-Executive and Independent Directors are involved in reviewing the corporate strategies, business operations and practices of the Group, and are also involved in reviewing and monitoring the performance of management in achieving agreed goals and objectives.

Where necessary, the Non-Executive and Independent Directors meet without the presence of Executive Directors or management.

Principle 3: Chairman and Chief Executive Officer

Wong Tze Leng ("Tze Leng") is the Executive Chairman of the Board and Anton Syazi Ahmad Sebi ("Anton") is the CEO of the Company. They are not related to each other. The Board having considered the number of Non-Executive and Independent Directors on the Board, as well as the size and scope of the affairs and operations of the Group, is of the view that its current structure has a strong independent element which enables the independent exercise of objective judgment on corporate affairs of the Group. This is reinforced by the establishment of the various Committees of which both Tze Leng and Anton are not members.

As the Chairman of the Board, Tze Leng is responsible for providing leadership to the Board and ensuring that the Board functions effectively. He is also responsible for, among others;

(a) scheduling meetings of the Board and setting the Board meeting agenda in consultation with the Company's senior management;

(b) exercising control over quality, quantity and timeliness of the flow of information between management and the Board;

(c) ensuring compliance with the Company's guidelines on corporate governance; and

(d) facilitating the effectiveness contribution of Non-Executive Directors.

Prior to Board Meetings, all directors are provided with board papers so that the directors have complete and timely information to enable them to be adequately prepared for the meetings.

The roles of the Chairman and CEO are separate and their responsibilities are clearly formalised. The CEO leads management and manages the business of the Group and executes business policies, strategies, objective and plans as formalised and adopted by the Board.

The Board has on 26 February 2014 appointed Phuah Peng Hock as the Lead Independent Director. The Lead Independent Director will be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman or the CEO has failed to resolve their concerns or is inappropriate.

Led by the Lead Independent Director, the Non-Executive and Independent Directors meet without the presence of other directors, where necessary.

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee ("NC")

To facilitate a formal and transparent process for the appointment of new directors, the Board has formed the NC which comprises: -

Chuah Seong Phaik	(Chairman)
Phuah Peng Hock	(Member)
Lee Su Nie ("Su Nie")	(Member)

All three Committee members are Non-Executive Directors of the Company. Except for Su Nie, all other members of the NC are Independent Directors.

The key terms of reference of the NC :

1. To review and make recommendations to the Board on:

   (a) The Board succession plans for directors;

   (b) The process for performance evaluation of the Board;

   (c) The training and professional development programs for the Board; and

   (d) The appointment and re-appointment of directors.

2. To determine annually whether a director is independent;

3. To decide whether or not each director is able to and has adequately carried out his duties as a director of the Company in particular where the director concerned has multiple board representations;

4. To decide on how the Board's performance may be evaluated and propose objective performance criteria to the Board; and

5. To assess the effectiveness of the Board as a whole and the contributions by each individual director to the effectiveness of the Board.

The role of the NC is to oversee the selection, appointment, re-appointment and induction process for directors. Candidates are selected for their character, judgment and business acumen. New directors will be appointed based on

NC's recommendations. Where a director has multiple board representations, the NC will evaluate whether or not a director is able to and has been adequately carrying out his or her duties as director of the Group. The maximum number of listed company representations which any director may hold is set to be not more than five (5).

The profile that comprises key information of each of the directors is provided in page 11 to 12 of this Annual Report.

The independence of each director is reviewed annually by the NC based on the Code's definition of what constitutes an Independent Director. Based on this review, the NC confirms the independence of the directors concerned.

The NC has reviewed the training needs for the directors in 2015 and encouraged directors to attend the relevant training courses that could enhance their knowledge to perform their duties as directors of the Company.

Pursuant to the Company's Constitution:

(a) at least one third of the directors shall retire from office by rotation and be eligible for re-election at every AGM; and

(b) directors appointed during the course of the financial year shall submit themselves for re-election at the next AGM of the Company.

As such, The Board has accepted the NC's recommendation that Wong Tze Leng and Anton Syazi Ahmad Sebi, who are retiring pursuant to Article 103 of the Company's Constitution, be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the directors' overall contributions and performance.

Wong Tze Leng will, upon re-election as Director, remain as Group Executive Chairman.

Anton Syazi Ahmad Sebi will, upon re-election as Director, remain as Group Chief Executive Officer.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his or her performance or his or her re-nomination as a director.

The NC has adopted guidelines for annual assessment of the effectiveness of the Board as a whole and of the contribution of each individual director to the effectiveness of the Board and has performed the necessary assent for the financial year.

As part of the process, the directors will complete appraisal forms which are then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a summary report. The summary report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board.

Individual evaluation aims to assess whether each director continues to contribute effectively and demonstrate commitment to the role. The Chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole has been satisfactory.

Principle 6: Access to Information

The Board is provided with complete, adequate and timely information prior to Board meetings on an on-going basis so as to enable it to make informed decisions to discharge its duties and responsibilities. The Company circulates copies of minutes of meeting of all Board Committees to the respective members of the Board to keep them informed of on-going development at the Group.

The directors have separate and independent access to the Company's management and the Company Secretary at all times. Directors are entitled to request from management and should be provided with such information as needed to make informed decisions in a timely manner. The CEO also keeps the Non-Executive Directors informed, in between Board meetings, on the status of on-going initiatives by the Group. Should the directors, whether as a group or individually, require independent professional advice; such professionals (who will be selected with the approval of the Executive Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

Where a decision has to be made before the Company's Board meeting is convened, a Directors' Resolution is circulated in accordance with the Company's Constitution and the directors are provided with the necessary information that will allow them to make informed decisions. The CEO will also ensure that management promptly answers any queries raised by the directors.

The Company Secretary attends the Company's meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary assists senior management in ensuring that the Company complies with rules and regulations which are applicable to the Company. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The Remuneration Committee ("RC") comprises all Non-Executive Directors with the majority including the Chairman being independent:

Phuah Peng Hock	(Chairman)
Chuah Seong Phaik	(Member)
Lee Su Nie	(Member)

The RC's key terms of reference include:-

1. To review and recommend to the Board a general framework of remuneration and specific remuneration packages for the Board and key executives;

2. To review and ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate and commercially competitive;

3. To structure a significant and appropriate proportion of Executive Directors' and key executives' remuneration so as to link rewards to corporate and individual performance;

4. To review and ensure the remuneration of Non-Executive Directors to be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors; and

5. To consider the various disclosure requirements for directors' remuneration, particularly those required by regulatory bodies such as SGX-ST.

The RC seeks advice internally from the Head of Human Resources, who attends all RC meetings. If necessary, the RC may also seek professional advice externally on remuneration of directors, key executives or employees.

The RC reviews the Company's obligations arising in the event of termination of the executive directors, key executive personnel's contract of service, to ensure that such contract of service contain fair and reasonable termination clauses which are not overly generous.

The remuneration of the Executive Directors and the key executives comprises of fixed and variable components. The fixed component is in the form of monthly base salary and allowance, while variable component is linked to the performance of the Group and the individual. Staff appraisals are conducted and reviewed annually.

The Non-Executive Directors receive directors' fees, in accordance with their level of contribution and responsibilities.

The Executive Chairman is currently serving his service agreement which he has renewed for a further period of three (3) years with the Company on 19 December 2015 ("Service Agreement"). The Service Agreement covers the terms of employment, specifically salary and other benefits.

In setting remuneration packages, the RC took into account the performance of the Group as well as the directors and key executives by aligning their interests with those of the shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The review of remuneration packages takes into consideration the longer term interests of the Group. The RC's recommendation is made in consultation with the Executive Chairman and CEO and submitted for endorsement by the entire Board.

The payment of directors' fees is subject to the approval by shareholders.

In the interest of maintaining confidentiality, morale and team spirit within the Group, the Company has not disclosed the remuneration of each individual directors and key executives.

Remuneration of Directors

The Company is only disclosing the bands of remuneration of each director for the financial year under review in Table C.

In aggregate, the total remuneration paid and payable to the directors for the financial year ended 31 December 2015 is S$689,000.

Save as disclosed, there are no other existing service agreement entered into between the Company and any of the Company's directors.

There are no retirement benefit schemes or share based compensation schemes in place for directors.

Table C: Bands of Directors' Remuneration						
Name of Directors	Fee %	Salary %	Bonus %	Allowance & Benefits %	Long Term Incentives %	Total %
S$250,001 – S$500,000						
Wong Tze Leng [(1)]	-	52	35	13	-	100
Below S$250,000						
Anton Syazi Ahmad Sebi [(2)]	-	58	22	20	-	100
Phuah Peng Hock [(3)]	100	-	-	-	-	100
Chuah Seong Phaik [(3)]	100	-	-	-	-	100
Lee Su Nie [(3)(4)]	100	-	-	-	-	100

Note:
(1) Pursuant to prevailing Service Agreement that renewed on 19 December 2015, Wong Tze Leng's remuneration consists of fixed salary, allowance and performance bonus.
(2) Anton Syazi Ahmad Sebi's remuneration consists of fixed salary, allowance and performance bonus.
(3) The remuneration in the form of directors' fees is subject to the approval by the shareholders at the forthcoming AGM.
(4) Fees are payable to Advance Synergy Berhad.

Table D: Remuneration Band of Key Executives						
Name	Fee %	Salary %	Bonus %	Allowance & Benefits %	Long Term Incentives %	Total %
Below S$250,000						
Chin Wei Li	-	60	13	27	-	100
Ng Sai Kit	-	63	19	18	-	100
Phang Deng Sheng (Danson)	-	62	19	19	-	100
Ho Ting Sai	-	79	14	7	-	100
Yong Choon Vooi	-	62	19	19	-	100
Yap Wai Shoong (Patrick)	-	73	9	18	-	100
Cheah Foo Choong (Darren)	-	72	15	13	-	100
Wong Kok Choy	-	64	16	20	-	100
Loo Mun Chung	-	73	9	18	-	100
Ann Wan Kuan	100	-	-	-	-	100
Lim Peng Kwong	-	63	13	24	-	100

Remuneration of Key Executives

Details of remuneration paid to the top eleven (11) key executives (who are not directors of the Company) of the Group for the financial year is set out above. For competitive reasons, the Company is only disclosing the bands of remuneration of each executive for the financial year under review in Table D.

In aggregate, the total remuneration paid and payable to the key executives for the financial year ended 31 December 2015 is S$1,490,000.

During the financial year, there is no employee or executive officer who is related to a director and the CEO, and whose remuneration exceeds S$50,000 per annum.

There are no employee share schemes in place for the employees or key executives.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the quarterly and annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects. Management will provide the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis.

The Board also ensures full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of SGX-ST.

Pursuant to SGX-ST Listing Manual Rule 705 (5), the Board provided a negative assurance confirmation for the quarterly financial statements to shareholders.

Principle 11: Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the interests of the shareholders and the Group's assets.

The Board and management assume the responsibility of the risk management function through the regular management review on the Group's business and operational activities. The Board determines the nature and extent of the significant risks which the Board is willing to take, as well as appropriate measures to mitigate these risks.

The Group's system of risk management and internal controls provides reasonable and adequate assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board, with the assistance of the AC will ensure that a review of the effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management system, is conducted annually. In this respect, the AC will review the audit plans, and the findings of the external and internal auditors and will ensure that the Company follows up on recommendations raised by both the internal and external auditors, if any, during the audit process. The Company will continue to make efforts in improving its risk management practices and internal control system.

Based on the system of internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, the Audit Committee and the Board are of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls and risks management system were adequate as at 31 December 2015. This is in turn supported by assurance from the CEO and the Group Financial Controller that:

(a) the financial records of the Group have been properly maintained and the consolidated financial statements for the financial year ended 31 December 2015 give a true and fair view of the Group's operations and finances;

(b) they have crafted a system of internal controls to ensure material information relating to every company in the Group is disclosed on a timely basis by relevant person-in-charge of reporting;

(c) they have evaluated the effectiveness of the Group's internal control system as at 31 December 2015; and

(d) they have disclosed to the internal and external auditors and the Board, any significant deficiencies in the internal control system that could adversely affect the ability to record and report its financial data, fraud involving the management or other employees, and material weaknesses and significant deficiencies in the internal controls policy.

The Board notes that no cost effective internal control system and risk management can preclude all errors and irregularities, as a system is designed to provide only reasonable and not absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises:

Chuah Seong Phaik	(Chairman)
Phuah Peng Hock	(Member)
Lee Su Nie	(Member)

Except for Su Nie, who is Non-Independent Non-Executive Director, the other two AC members are all Independent Non-Executive Directors. The members have had many years of experience in accounting, audit and business and financial management. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

Specifically, the AC shall meet on a periodic basis to perform the following functions (under the key terms of reference for AC):

(a) To review with the independent external auditors their audit plan;

(b) To review with the independent external auditors their evaluation of the Company's internal accounting controls relevant to their statutory audit, their report on the financial statements and the assistance given by the Company's officers to them;

(c) To review with the internal auditors their audit plan, scope and results of the internal audit procedures;

(d) To review the financial statements of the Group and the Company prior to their submission to the Board for adoption;

(e) To review the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST);

(f) To review the internal control and procedures and ensure co-ordination between the external auditors and the management;

(g) To review the significant financial reporting issues and judgments so as to ensure the integrity of the Group's financial statements and any related announcements;

(h) To approve the hiring, removal, evaluation and compensation of the internal auditors;

(i) To review and report to the Board, at least annually the adequacy and effectiveness of the Group's internal control, including financial, operational, compliance, information technology controls and risk management systems; and

(j) To review the independence of the external auditors annually and to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

Minutes of the AC meetings are regularly submitted to the Board for its information and review. The AC meets with the external and internal auditors, without the presence of management, at least once a year.

The AC is also authorised to investigate any matter within its terms of reference. It has full access to and the cooperation of management and the full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC has undertaken a review of all non-audit services provided by the external auditors and in the AC's opinion, the provision of these services does not affect the independence and objectivity of the external auditors and is pleased to recommend their re-appointment.

The fees paid to the external auditors for financial year ended 31 December 2015 amounted to S$133,000 and S$22,000 for audit and non-audit services respectively.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC have reviewed the appointments of different auditors for its overseas subsidiaries and are satisfied that the appointments of different auditors would not compromise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rules 712, 715 and 716 of Listing Manual of SGX-ST.

The Group has implemented a whistle blowing policy adopted by the Board. The policy provides avenue for staff of the Group to raise concerns on any possible misconducts in the Group or improprieties in relation to financial reporting and other matters.

The whistle blowing policy is overseen by the AC and Whistle-Blowing Committee ("WBC") which comprises i) A manager of Group Human Resource; ii) The Head of Group Corporate Development; and iii) The Head of Risk Management (employed under the ultimate holding company). To ensure independent investigation of such matters and confidentiality protection of the whistleblower, reports can be sent to any of the members above for their relevant actions, such as investigation and follow-up action. As at to-date, no reports of misconduct or impropriety have been received by the AC or WBC.

During the financial year 2015, the AC carried out the following activities:

(a) reviewing quarterly and full year financial statements (audited and unaudited) and recommended to the Board for approval;

(b) reviewed and approved the interested/related party transactions;

(c) reviewed and approved the annual audit plan and report of the external auditors;

(d) reviewed and approved the annual internal audit plan, reports of internal auditors and appointment of internal auditors;

(e) reviewed the appointment of RSM Chio Lim LLP as the external auditors and determined their remuneration, and made a recommendation for Board approval;

(f) met with the external auditors and internal auditors each once without the presence of management;

(g) reviewed the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management system; and

(h) noted the assurance from the Group CEO and Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The AC members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements, through advice sought, updates and briefing from management and internal auditors, and the external auditors when they attend the AC meetings half yearly.

Principle 13: Internal Audit

The function of internal audit is outsourced to a professional firm. The internal auditor ("IA") reports principally to the AC Chairman.

The AC approves the engagement, termination, evaluation and compensation of the IA.

The IA provides independent appraisal and assurance for the review of the operations within the Group in order to support the management and the Board in fulfilling their oversight responsibility. The purpose is to evaluate and contribute to the improvement of risk management, control and governance systems of the Group.

The IA adopts a risk-based approach in developing its audit plan based on the Group's risk profile. The internal audit plan and the scope of internal audit are presented and approved by the AC on a yearly basis. Audit findings, recommendations and management's corrective actions are reported regularly to the AC. The AC also reviews annually the adequacy and effectiveness of the IA to ensure that the IA has the capabilities to adequately perform its functions.

During the year, the IA has carried out operational and internal control reviews based on prioritised risk areas identified and appropriate steps have been taken by management to address the findings and recommendations.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company treats all shareholders fairly and equitably, and does not practice selective disclosure. In line with the continuous obligations of the Company pursuant to SGX-ST's Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to the shareholders on a timely basis through:

(i) SGXNET announcements and news releases;

(ii) Annual Reports prepared and issued to all Shareholders; and

(iii) Investor Relations website at captii.listedcompany.com where shareholders can access investor-related information on the Company.

Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the relevant rules and procedures that govern general meetings.

At general meetings, shareholders of the Company are given the opportunity to air their views and ask directors or management questions regarding the Company and the Group.

The Company's Constitution allows a member of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at general meetings. For the time being, the Board is of the view that this is adequate to enable shareholders to participate in general meetings of the Company and is not proposing to amend their Constitution to allow votes in absentia.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" under Section 181(1C) of the Companies Act, Chapter 50, to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

All directors, including Chairman of the Board and respective Chairmen of the AC, NC and RC are present at general meetings to answer questions from shareholders. The external auditors are also present to assist the directors in addressing shareholders' queries about the conduct of the audit and the preparation and content of their auditors' report.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management, and makes these minutes available to shareholders upon their request.

In compliance with S730A (2) of the SGX-ST's Listing Rules with effective on 1 August 2015, the Company will put all resolutions at the forthcoming general meetings to vote by poll and will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

The Company does not have a fixed dividend policy. In considering the amount, frequency and form of dividend payments, the Board takes into account the Group's financial results, cash position, capital requirements of the Group's growth and development plan, the Company's retained earnings and other factors. The Company paid interim dividend of 2.50 cents per share on 14 September 2015.

ADDITIONAL INFORMATION

DEALING IN SECURITIES
(SGX-ST Listing Manual Rule 1207(19))

In compliance with Rule 1207 (19) of the Listing Manual issued by SGX-ST, the Company has adopted SGX-ST's Best Practices Guide and has in place a policy of prohibition in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters of its financial year, or one (1) month before announcement of the Company's full year results, and ending on the date of announcement of the relevant results. Directors, officers, and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

The directors and executives are also expected to observe insider trading laws at all time, even when dealing in securities within permitted trading period.

RISK MANAGEMENT
(SGX-ST Listing Manual Rule 1207(4)(b)(iv))

The practice of risk management is undertaken by the CEO, key executives and senior officers of each business division under the review of the Board. The Group regularly reviews and improves its business and operational activities to take into account the risk management perspective. The Company seeks to identify areas of significant business risks as well as to formulate appropriate measures to control and mitigate these risks.

The Group's financial risk management is discussed under Note 28 to the Financial Statements, on page 71 to 74 of this Annual Report.

The effectiveness of the Group's risk management practices and the risk exposure of the Group will continue to be reviewed by the Board in light of changes in the operational environment of the Group.

INTERESTED PERSON TRANSACTIONS ("IPTs") POLICY
(SGX-ST Listing Manual Rule 907)

The Company had adopted an internal policy in respect of any transaction with interested persons and has procedures established for the review and approval of the Company's interested person transactions. Particulars of the interested person transactions for the financial year ended 31 December 2015, disclosed in accordance with Rule 907 of SGX-ST's Listing Manual are set out in Table E.

MATERIAL CONTRACTS
(SGX-ST Listing Manual Rule 1207(8))

Save for the IPTs, no material contract involving the directors or controlling shareholders of the Company has been entered into by the Company or any of its subsidiaries since the end of previous financial year and no such contract subsisted at the end of the financial year.

Table E: Particulars of the Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
AESBI Power Systems Sdn Bhd*	252	272	-	-

Note:
The Company does not require any shareholders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST.
**A wholly-owned subsidiary of Advance Synergy Capital Sdn Bhd (a subsidiary of Advance Synergy Berhad)*

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2015.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors in office at the date of this statement

The directors of the company in office at the date of this statement are:

Wong Tze Leng
Anton Syazi Ahmad Sebi
Phuah Peng Hock
Chuah Seong Phaik
Lee Su Nie

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

	Shareholdings registered in the name of Director or nominee		Shareholdings in which Director is deemed to have an interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The company	**Number of ordinary shares of no par value**			
Wong Tze Leng	19,034,329	1,903,432(c)	–	–
Anton Syazi Ahmad Sebi (a)	5,176,000	517,600(c)	–	–
Chuah Seong Phaik	–	–	1,000,000	100,000(c)
Lee Su Nie (b)	200,000	20,000(c)	–	–

(a) Held through Raffles Nominees Pte Ltd

(b) Held through Phillip Securities Pte Ltd

(c) Pursuant to Share Consolidation exercise (10:1) completed on 14 May 2015.

STATEMENT BY DIRECTORS

3. Directors' interests in shares and debentures (cont'd)

Name of directors and companies in which interests are held	Shareholdings registered in the name of Director or nominee		Shareholdings in which Director is deemed to have an interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
Advance Synergy Berhad – Ultimate Parent Company	**Number of ordinary shares of RM0.30 each**			
Anton Syazi Ahmad Sebi	–	–	30,467,000	30,467,000
Lee Su Nie	–	–	365,000	365,000
Acrylic Synergy Sdn Bhd – Related Company	**Number of ordinary shares of RM1 each**			
Anton Syazi Ahmad Sebi	1	1	–	–

The directors' interests as at 21 January 2016 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent Auditor

RSM Chio Lim LLP has expressed its willingness to accept re-appointment.

7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Chuah Seong Phaik	(Chairman)
Phuah Peng Hock	(Independent Director)
Lee Su Nie	(Non-Independent, Non-Executive Director)

STATEMENT BY DIRECTORS

7. Report of audit committee (cont'd)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the company's internal accounting controls relevant to their statutory audit, their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures including those relating to financial, operational and compliance controls and risk management and the assistance given by the management to the internal auditors;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes description of how independent auditor's objectivity and independence is safeguarded, where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP be nominated for re-appointment as independent auditors at the next annual general meeting of the company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2015.

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 23 February 2016, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Wong Tze Leng	**Anton Syazi Ahmad Sebi**
Director	Director

22 March 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAPTII LIMITED (REGISTRATION NO: 200211129W)

Report on the financial statements

We have audited the accompanying financial statements of Captii Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the independent auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

22 March 2016

Partner-in-charge: Lee Mong Sheong
Effective from reporting year ended 31 December 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 DECEMBER 2015

	Notes	2015	2014
		$'000	$'000
Revenue	5	19,300	21,579
Cost of sales		(7,529)	(10,595)
Gross profit		11,771	10,984
Interest income	6	285	270
Other gains	7	252	648
Technical support expenses		(3,357)	(3,591)
Distribution costs		(1,437)	(1,772)
Administrative expenses		(3,383)	(3,214)
Other losses	7	(213)	(426)
Finance costs	9	–	(1)
Share of loss from an equity-accounted joint venture	18	(4)	(10)
Profit before income tax		3,914	2,888
Income tax expense	11	(912)	(633)
Profit, net of tax		3,002	2,255
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(4,229)	(655)
Total comprehensive (loss)/income for the year		(1,227)	1,600
Profit for the year attributable to:			
- Owners of the company		2,572	2,159
- Non-controlling interests		430	96
		3,002	2,255
Total comprehensive (loss)/income for the year attributable to:			
- Owners of the company		(1,484)	1,622
- Non-controlling interests		257	(22)
		(1,227)	1,600
Earnings per share		**Cents**	**Cents**
- Basic and diluted earnings per share	12	8.05	6.76

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
	Notes	2015	2014	2015	2014
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Plant and equipment	14	1,403	1,804	–	–
Investment property	15	2,940	3,370	–	–
Intangible assets	16	12,140	14,541	–	–
Investments in subsidiaries	17	–	–	32,734	32,734
Investment in a joint venture	18	3	7	–	–
Other financial assets	19	1,517	–	–	–
Total non-current assets		18,003	19,722	32,734	32,734
Current assets					
Inventories	20	48	19	–	–
Income tax recoverable		74	130	–	–
Trade and other receivables	22	6,310	9,680	4,321	4,080
Other assets	23	318	342	4	4
Cash and cash equivalents	24	13,450	11,880	786	14
Total current assets		20,200	22,051	5,111	4,098
Total assets		38,203	41,773	37,845	36,832
EQUITY AND LIABILITIES					
Equity					
Share capital	25	31,948	31,948	31,948	31,948
Retained earnings		8,527	6,754	5,397	4,334
Foreign currency translation reserve (adverse balance)		(8,202)	(4,146)	–	–
Equity, attributable to owners of the parent		32,273	34,556	37,345	36,282
Non-controlling interests		1,368	1,370	–	–
Total equity		33,641	35,926	37,345	36,282
Non-current liabilities					
Deferred tax liabilities	11	30	5	–	–
Total non-current liabilities		30	5	–	–
Current liabilities					
Income tax payable		106	75	–	–
Trade and other payables	26	3,905	5,240	500	550
Other liabilities	27	521	527	–	–
Total current liabilities		4,532	5,842	500	550
Total liabilities		4,562	5,847	500	550
Total equity and liabilities		38,203	41,773	37,845	36,832

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

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2015

Group	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Non-Controlling Interests
	$'000	$'000	$'000	$'000	$'000	$'000
Current year:						
Opening balance at 1 January 2015	35,926	34,556	31,948	6,754	(4,146)	1,370
Total comprehensive (loss)/ income for the year	(1,227)	(1,484)	–	2,572	(4,056)	257
Dividends paid (Note 13)	(1,058)	(799)	–	(799)	–	(259)
Closing balance at 31 December 2015	33,641	32,273	31,948	8,527	(8,202)	1,368
Previous year:						
Opening balance at 1 January 2014	34,965	33,573	31,948	5,234	(3,609)	1,392
Total comprehensive income/ (loss) for the year	1,600	1,622	–	2,159	(537)	(22)
Dividends paid (Note 13)	(639)	(639)	–	(639)	–	–
Closing balance at 31 December 2014	35,926	34,556	31,948	6,754	(4,146)	1,370

Company	Total Equity	Share Capital	Retained Earnings
	$'000	$'000	$'000
Current year:			
Opening balance at 1 January 2015	36,282	31,948	4,334
Total comprehensive income for the year	1,862	–	1,862
Dividends paid (Note 13)	(799)	–	(799)
Closing balance at 31 December 2015	37,345	31,948	5,397
Previous year:			
Opening balance at 1 January 2014	36,578	31,948	4,630
Total comprehensive income for the year	343	–	343
Dividends paid (Note 13)	(639)	–	(639)
Closing balance at 31 December 2014	36,282	31,948	4,334

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

CONSOLIDATED STATEMENT OF CASH FLOWS

REPORTING YEAR ENDED 31 DECEMBER 2015

	2015	2014
	$'000	$'000
Cash flows from operating activities		
Profit before income tax	3,914	2,888
Interest income	(285)	(270)
Interest expenses	–	1
Amortisation of intangible assets	877	1,047
Impairment loss on intangible assets	–	361
Depreciation of plant and equipment	515	466
Impairment loss on plant and equipment	176	–
Gain on disposals of plant and equipment	(4)	(2)
Plant and equipment written-off	–	8
Allowance for impairment loss on trade receivables - (reversal)/loss	(26)	31
Write-down of inventories	9	11
Reversal of payables	(29)	(479)
Share of loss from an equity-accounted joint venture	4	10
Operating cash flows before changes in working capital	5,151	4,072
Inventories	3	(28)
Trade and other receivables	3,395	(1,940)
Other assets	24	194
Trade and other payables	(1,375)	2,001
Other liabilities	(5)	108
Net cash flows from operations	7,193	4,407
Income tax paid	(702)	(590)
Net cash flows from operating activities	6,491	3,817
Cash flows from investing activities		
Purchase of plant and equipment	(402)	(970)
Proceeds from disposal of plant and equipment	5	5
Other financial assets	(1,517)	–
Payments of contingent consideration	–	(899)
Payments for development costs	(285)	(438)
Cash restricted in use	–	2,354
Interest income received	285	270
Net cash flows (used in)/from investing activities	(1,914)	322
Cash flows from financing activities		
Dividends paid to equity owners	(799)	(639)
Dividends paid to non-controlling interests	(259)	–
Interest expenses paid	–	(1)
Cash restricted in use	19	(8)
Proceeds from interest bearing borrowings	–	159
Repayment of interest bearing borrowings	–	(159)
Net cash flows used in financing activities	(1,039)	(648)
Net increase in cash and cash equivalents	3,538	3,491
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	11,480	8,447
Effect of exchange rate changes on cash and cash equivalents	(1,908)	(458)
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 24A)	13,110	11,480

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

1. General

Captii Limited (the "company") is incorporated in Singapore with limited liability. It is listed on the Singapore Exchange Securities Trading Limited. The financial statements are presented in Singapore dollars and they cover the company (referred to as "parent") and its subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those of investment holding and the provision of management services.

The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

The registered office and principal place of business of the company is located at 140 Paya Lebar Road, #10-14 AZ@Paya Lebar, Singapore 409015.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Singapore Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit or loss, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the current reporting year that were recognised in other comprehensive income in the current or previous reporting years.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this note to the financial statements, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, returns and rebates.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from service contracts is recognised in accordance with the accounting policy on service contracts (see below).

Interest income is recognised using the effective interest method.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Service contracts

When the outcome of a service contract can be estimated reliably, the revenue and costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting year, as measured by the portion that contract costs incurred for work performed to date bear to the estimated total contract costs method or the completion of a physical proportion of the contract work. The stage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular project.

Contract costs consist of costs that relate directly to the specific project, costs that are attributable to contract activity in general and can be allocated to the project and such other costs as are specifically chargeable to the customer under the terms of the contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Recognised revenues and profits are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimatable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Certain work in progress projects have operating cycles longer than one year. The management includes in current assets amounts relating to the contracts realisable over a period in excess of one year.

When the outcome of a service contract cannot be estimated reliably: (a) revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and (b) contract costs are recognised as an expense in the period in which they are incurred.

Employee benefits

Certain subsidiaries operate defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. Contributions are charged to profit or loss in the period to which they relate. This plan is contributions to government managed retirement benefit plans such as the Central Provident Fund in Singapore and Employees Provident Fund in Malaysia which specifies the employer's obligations which are dealt with as defined contribution retirement benefit plans. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency of the company is the Singapore dollars as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of each reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at the end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws by the end of reporting year; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Computers, Telecommunications, Research and Development Equipment	-	3 to 5 years
Office Equipment, Furniture and Renovation	-	5 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least once at each reporting year-end and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Investment property

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs, the fair value model is used to measure the investment property at fair value on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year, not as of either a past or future date. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the period in which it arises. The revaluation is made periodically on a systematic basis annually by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Development costs	-	5 years
Intellectual property	-	5 years

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill

Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Joint arrangement – joint venture

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is a party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with FRS 28 Investments in Associates and Joint Ventures.

In the consolidated financial statements, the accounting for investment in a joint venture is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Joint arrangement – joint venture (cont'd)

The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of a joint venture in excess of the reporting entity's interest in the relevant joint venture are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and a joint venture are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date when its investment ceases to be a joint venture and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at fair value at the date that it ceases to be a joint venture.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the net asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position only when the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

#1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

#2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

#3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.

#4. Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances. For the consolidated statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position only when the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial liabilities (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

#1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

#2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair value measurement

Fair value is taken to be 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 (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, 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. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2B. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Estimated impairment of goodwill

An assessment is made annually whether goodwill has suffered any impairment loss, based on the recoverable amounts of the cash generating units ("CGU"). The recoverable amounts of the CGUs was determined based on value in use calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in Note 16C. Actual outcomes could vary from these estimates. The carrying amount of the group's goodwill as at the end of the reporting year was $10,628,000 (2014: $12,181,000).

Impairment of intangible assets other than goodwill

An assessment is made of the carrying value of identifiable intangible assets, annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors that trigger an impairment review include underperformance relative to historical or projected future results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends. Actual outcomes could vary from these estimates. The carrying amount of intangible assets other than goodwill as at the end of the reporting year was $1,296,000 (2014: $1,891,000).

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of profits. The carrying amount has been disclosed in Note 16.

Useful lives of plant and equipment

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets as at the end of the reporting year affected by the assumption was $1,403,000 (2014: $1,804,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Allowance for doubtful accounts

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and historical bad debts, customer concentrations and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount of trade and other receivables as at the end of the reporting year was $6,310,000 (2014: $9,680,000).

Contract work-in-progress

On long-term contracts, revenues are recorded on the stage of completion basis. The stage of completion is determined by dividing the cumulative costs incurred as at the end of the reporting year by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contracts in progress, and in making such estimates, judgments are required to evaluate contingencies such as potential variances in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. These estimates are based on management's business practices as well as its historical experience, and management regularly reviews underlying estimates of project profitability. The net carrying amount of the group's contract work-in-progress as at the end of the reporting year was -$3,000 (2014: $1,943,000).

Impairment of subsidiaries

When a subsidiary is in net equity deficit and has suffered operating losses, the recoverable amount of the investee is estimated to assess whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flows. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require adjustments to the carrying amounts of the investments in subsidiaries. The carrying amount of the company's specific assets at the end of the reporting year affected by the assumptions is $11,000,000 (2014: $11,000,000).

Fair value of unquoted investments

If a financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement requires inputs and minimizing the use of unobservable inputs. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discount rates. Where cost is used as an estimate of fair value, significant judgement is required where management considers various indicators where cost might not be representative of fair value. The carrying amount of the group's other financial assets as at the end of the reporting year was $1,517,000 (2014 : Nil).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts

The entity recognises tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 11.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Related companies

The company is a subsidiary of Worldwide Matrix Sdn Bhd, incorporated in Malaysia. Its ultimate parent company is Advance Synergy Berhad, incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Related companies in these financial statements include the members of the ultimate parent company's group of companies.

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related company balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related company transactions and balances below.

Significant related company transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group	
	2015	**2014**
	$'000	**$'000**
Related companies		
Purchase of service	11	15
Rental and maintenance expense	253	272

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

3. Related party relationships and transactions (cont'd)

3B. Key management compensation

	Group	
	2015 $'000	2014 $'000
Salaries and other short-term employee benefits	2,179	2,035

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2015 $'000	2014 $'000
Remuneration of directors of the company and subsidiaries	605	438
Fees to a director of ultimate parent company #	23	24
Fees to directors of the company	61	63

\#   Paid and payable to the ultimate parent company

Further information about the remuneration of individual directors is provided in the corporate governance report.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts do not include compensation (if any) of certain key management personnel and directors of the company who received compensation from related corporations in their capacity as directors and/or executives of those related corporations.

3C. Other receivables from related companies

The trade transactions and the trade receivables and payables balance arising from sales and purchase of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related companies are as follows:

	Group	
	2015 $'000	2014 $'000
Other receivables:		
Balance at beginning of the year	79	83
Amounts paid out and settlement of liabilities on behalf by another party	–	(3)
Foreign exchange adjustments	(10)	(1)
Balance at end of the year	69	79
Presented in the statement of financial position as follows:		
Other receivables – ultimate parent company (Note 22)	99	114
Other payables – ultimate parent company (Note 26)	(14)	(16)
Other payables – related companies (Note 26)	(16)	(19)
	69	79

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. Financial information by segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, the geographical areas and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management purposes the reporting entity is organised into the three major strategic operating segments that offer different products and services. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

* Unifiedcomms – Segment for content-driven mobile value-added services ("VAS"), messaging and signaling systems, solutions and managed services.

* GlobeOSS – Segment for mobile network operation support systems, solutions and managed services.

* Others – Segment for venture investments, investment holdings and operational headquarters of the group.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. Financial information by segments (cont'd)

4B. Profit or loss and assets and liabilities and reconciliations

	Unifiedcomms $'000	GlobeOSS $'000	Others $'000	Elimination $'000	Group $'000
2015					
Revenue by segment					
- External	13,500	5,578	222	–	19,300
- Inter-segment	–	571	4,833	(5,404)	–
	13,500	6,149	5,055	(5,404)	19,300
Cost of sales	(7,322)	(3,656)	(50)	3,499	(7,529)
Gross profit	6,178	2,493	5,005	(1,905)	11,771
Other items of income:					
Interest income	241	44	–	–	285
Other gains	186	–	1,262	(1,196)	252
Other items of expenses:					
Technical support expenses	(1,462)	(787)	(1,222)	114	(3,357)
Distribution costs	(772)	(260)	(558)	153	(1,437)
Administrative expenses	(1,945)	(430)	(1,318)	310	(3,383)
Other losses	(273)	(112)	(3)	175	(213)
Share of loss from an equity-accounted joint venture	(4)	–	–	–	(4)
Profit before income tax	2,149	948	3,166	(2,349)	3,914
Income tax expenses	(471)	(70)	(227)	(144)	(912)
Profit, net of tax	1,678	878	2,939	(2,493)	3,002
Profit, net of tax, attributable to:					
- Owners of the company	1,678	448	2,939	(2,493)	2,572
- Non-controlling interest	–	430	–	–	430
Profit, net of tax	1,678	878	2,939	(2,493)	3,002
Other information:					
Impairment loss on plant and equipment	(205)	–	–	29	(176)
Depreciation of plant and equipment	(502)	(32)	(20)	39	(515)
Amortisation of intangible assets	(958)	(6)	–	87	(877)
Segment assets and consolidated total assets	37,771	4,608	53,672	(57,848)	38,203
Segment liabilities	16,066	1,329	12,355	(25,218)	4,532
Unallocated liabilities	15	–	28	(13)	30
Consolidated total liabilities					4,562
Other segment items:					
Capital expenditure -					
- Plant and equipment	398	50	2	(48)	402
- Development costs	317	–	–	(32)	285

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. Financial information by segments (cont'd)

4B. Profit or loss and assets and liabilities and reconciliations (cont'd)

	Unifiedcomms $'000	GlobeOSS $'000	Others $'000	Elimination $'000	Group $'000
2014:					
Revenue by segment					
- External	14,128	7,207	244	–	21,579
- Inter-segment	–	628	5,074	(5,702)	–
	14,128	7,835	5,318	(5,702)	21,579
Cost of sales	(8,197)	(5,878)	(94)	3,574	(10,595)
Gross profit	5,931	1,957	5,224	(2,128)	10,984
Other items of income:					
Interest income	238	32	–	–	270
Other gains	759	–	60	(171)	648
Other items of expenses:					
Technical support expenses	(1,456)	(791)	(1,519)	175	(3,591)
Distribution costs	(1,048)	(368)	(491)	135	(1,772)
Administrative expenses	(1,980)	(484)	(1,260)	510	(3,214)
Other losses	(414)	(42)	(499)	529	(426)
Finance costs	–	(1)	–	–	(1)
Share of loss from an equity-accounted joint venture	(10)	–	–	–	(10)
Profit before income tax	2,020	303	1,515	(950)	2,888
Income tax expenses	(257)	(12)	(214)	(150)	(633)
Profit, net of tax	1,763	291	1,301	(1,100)	2,255
Profit, net of tax, attributable to:					
- Owners of the company	1,763	148	1,301	(1,053)	2,159
- Non-controlling interest	–	143	–	(47)	96
Profit, net of tax	1,763	291	1,301	(1,100)	2,255
Other information:					
Impairment loss on intangible assets	(361)	–	–	–	(361)
Depreciation of plant and equipment	(413)	(39)	(34)	20	(466)
Amortisation of intangible assets	(1,133)	(7)	–	93	(1,047)
Segment assets and consolidated total assets	42,289	6,077	51,538	(58,131)	41,773
Segment liabilities	17,600	3,010	11,390	(26,158)	5,842
Unallocated liabilities	19	–	–	(14)	5
Consolidated total liabilities					5,847
Other segment items:					
Capital expenditure -					
- Plant and equipment	1,041	18	30	(119)	970
- Development costs	444	–	–	(6)	438

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. Financial information by segments (cont'd)

4C. Geographical segments

The group's geographical segments comprise South East Asia, South Asia, Middle East and Africa and Others:

- South East Asia – the group is headquartered in Singapore, and has operations in Singapore and other South East Asian countries. The operations in this area are principally the provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions; and

- South Asia, Middle East and Africa and Others – the operations in these areas are principally the provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions.

Others represent China, North America and other countries outside of South East Asia, South Asia, Middle East and Africa.

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets. Amount attributable to Singapore is not significant.

2015 – Group	Revenue $'000	Total assets $'000	Non-current assets $'000	Capital expenditure $'000
South East Asia #	16,941	37,049	17,777	628
South Asia	895	1,134	226	59
Middle East and Africa	1,437	20	–	–
Others	27	–	–	–
	19,300	38,203	18,003	687

	Revenue $'000	Total assets $'000	Non-current assets $'000	Capital expenditure $'000
# South East Asia included				
Singapore	670	3,633	1,443	1
Malaysia	11,558	31,232	15,749	401
Others	4,713	2,184	585	226
	16,941	37,049	17,777	628

	Unifiedcomms $'000	GlobeOSS $'000	Others $'000	Total $'000
External sales				
South East Asia	11,162	5,557	222	16,941
South Asia	895	–	–	895
Middle East and Africa	1,437	–	–	1,437
Others	6	21	–	27
	13,500	5,578	222	19,300

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. Financial information by segments (cont'd)

4C. Geographical segments (cont'd)

2014 – Group	Revenue $'000	Total assets $'000	Non-current assets $'000	Capital expenditure $'000
South East Asia#	18,320	40,005	19,389	1,388
South Asia	1,168	1,119	333	20
Middle East and Africa	2,062	642	–	–
Others	29	7	–	–
	21,579	41,773	19,722	1,408

	Revenue $'000	Total assets $'000	Non-current assets $'000	Capital expenditure $'000
# South East Asia included				
Singapore	938	2,849	84	52
Malaysia	15,366	35,729	18,715	995
Others	2,016	1,427	590	341
	18,320	40,005	19,389	1,388

	Unifiedcomms $'000	GlobeOSS $'000	Others $'000	Total $'000
External sales				
South East Asia	10,892	7,184	244	18,320
South Asia	1,168	–	–	1,168
Middle East and Africa	2,062	–	–	2,062
Others	6	23	–	29
	14,128	7,207	244	21,579

4D. Contract type

	2015			2014		
Group	System sales $'000	Managed services $'000	Total $'000	System sales $'000	Managed services $'000	Total $'000
External revenue	6,048	13,252	19,300	7,470	14,109	21,579
Gross profit	3,656	8,115	11,771	2,964	8,020	10,984
Gross profit margin	60.4%	61.2%	61.0%	39.7%	56.8%	50.9%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. Financial information by segments (cont'd)

4D. Contract type (cont')

The Group's revenue can be divided into revenue generated from two types of contracts, as described below:

(a) System sales – this refers to contracts that involve the outright purchase by customers of systems comprising the group's products and technologies, and where these systems are in turn delivered as turnkey solutions. The scope of work for a system sale contract includes system design, implementation, testing and commissioning services.

(b) Managed services – this refers to contracts that involve the provision of both systems comprising the group's products and technologies as well as the group's professional services, on a recurring, revenue sharing, software-as-a-service, pay-per-use or monthly or quarterly fixed and variable fee basis. Also treated as a managed service contract are system maintenance and technical support contracts with existing customers of the group, and an operating lease with a lessee.

Revenue of $4,130,000 (2014: $4,355,000) and $3,066,000 (2014: $4,573,000) are derived from two (2014: two) external customers. The former is attributable to the Unifiedcomms business segment while the latter is attributable to the Unifiedcomms and GlobeOSS business segments.

5. Revenue

	Group	
	2015 **$'000**	**2014** **$'000**
Managed services	13,030	13,865
System sales	6,048	7,470
Rental income	222	244
	19,300	21,579

6. Interest Income

	Group	
	2015 **$'000**	**2014** **$'000**
Interest income from banks	285	270

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

7. Other gains and (other losses)

	Group	
	2015 $'000	2014 $'000
Other gains:		
Reversal of payables	29	479
Allowance for impairment on trade receivables – reversal	26	–
Gain on disposal of plant and equipment	4	2
Foreign exchange gains, net	111	64
Others	82	103
Total other gains	252	648
Other losses:		
Impairment loss on intangible assets	–	(361)
Impairment loss on plant and equipment	(176)	–
Allowance for impairment on trade receivables	–	(31)
Plant and equipment written-off	–	(8)
Write-down of inventories	(9)	(11)
Others	(28)	(15)
Total other losses	(213)	(426)

8. Employee benefits expense

	Group	
	2015 $'000	2014 $'000
Salaries and bonuses	5,166	6,024
Contribution to defined contribution plan	680	755
Other benefits	488	317
Total employee benefits expense	6,334	7,096
Charged to profit or loss included in:		
Cost of sales	975	1,354
Technical support expenses	2,952	3,088
Distribution costs	1,090	1,273
Administrative expenses	1,317	1,381
Total employee benefits expense	6,334	7,096

9. Finance costs

	Group	
	2015 $'000	2014 $'000
Interest expenses	–	1

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

10. Items in profit or loss

In addition to items of profit or loss disclosed elsewhere in the notes to the financial statements, these items include the following expenses:

	Group	
	2015 $'000	2014 $'000
Audit fees to the independent auditors of the company	105	100
Audit fees to the other independent auditors	28	31
Other fees to the independent auditors of the company	12	12
Other fees to the other independent auditors	10	10

11. Income tax expense

11A. Components of tax expense recognised in profit or loss

	Group	
	2015 $'000	2014 $'000
Current tax expense:		
Current tax expense	590	451
Over adjustments in respect of prior years	(8)	(12)
Withholding tax expense	306	186
Subtotal	888	625
Deferred tax expense:		
Deferred tax expense	24	8
Total income tax expense	912	633

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the company is situated. The income tax in profit or loss varied from the income tax amount determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2015 $'000	2014 $'000
Profit before income tax	3,914	2,888
Income tax expense at the above rate	665	491
Effect of different tax rates in different countries	418	305
Expenses not deductible for tax purposes	425	545
Pioneer status tax exemption	(674)	(677)
Deferred tax assets not recognised	–	65
Previously unrecognised deferred tax assets recognised this year	(220)	(270)
Over adjustments to current tax in respect of previous years	(8)	(12)
Withholding tax	306	186
Total income tax expense	912	633

There are no income tax consequences of dividends to owners of the company.

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11. Income tax expense (cont'd)

11A. Components of tax expense recognised in profit or loss (cont'd)

Three subsidiaries of the group in Malaysia, Ahead Mobile Sdn Bhd, GlobeOSS Sdn Bhd and Unified Communications (VAS) Sdn Bhd, have been granted pioneer status as Multimedia Super Corridor ("MSC") companies under the Malaysia Promotion of Investment Act, 1986. The benefits to a company having MSC status include a five year pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of Ahead Mobile Sdn Bhd after being extended once, had expired on 31 August 2015. The MSC status of GlobeOSS Sdn Bhd will expire on 14 January 2017. The MSC status of Unified Communications (VAS) Sdn Bhd commenced on 21 December 2015 and will expire on 20 December 2020.

In addition, the company's wholly-owned subsidiary company, Unified Communications (OHQ) Sdn Bhd received the Malaysia Industry Development Authority's approval in October 2009 of its Operational Headquarters ("OHQ") status to provide certain approved OHQ services to the group entities. This OHQ status is granted for 10 years with certain tax incentives.

11B. Deferred tax expense recognised in profit or loss

	Group	
	2015 $'000	2014 $'000
Excess of net book value over tax value of plant and equipment	(1)	(8)
Others	25	16
Total deferred tax expense recognised in profit or loss	24	8

11C. Deferred tax balance in the statements of financial position

	Group	
	2015 $'000	2014 $'000
Excess of net book value over tax value of plant and equipment	(10)	(9)
Others	(20)	4
Net total of deferred tax liabilities	(30)	(5)

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interest in subsidiaries are insignificant.

11D. Unrecognised deferred tax assets

	2015		2014	
Group	Gross Amount $'000	Tax Effect $'000	Gross Amount $'000	Tax Effect $'000
Unutilised tax losses	14,049	2,597	14,821	2,796
Unutilised capital allowances	1,568	278	1,471	299
	15,617	2,875	16,292	3,095

No deferred tax asset has been recognised in respect of the above balance as the future profit streams are not probable. The realisation of the future income tax benefits from tax loss carried forwards and temporary differences from capital allowance is available for an unlimited future period subject to the conditions imposed by laws of the countries in which the entities in the group operates, including the retention of majority shareholders as defined.

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12. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2015 $'000	2014 $'000
Profit, net of tax attributable to owners of the company	2,572	2,159

	Number of shares	
	2015 '000	2014 '000
Weighted average number of equity shares	31,957	31,957

On 14 May 2015, the company had completed the share consolidation of every ten ordinary shares into one consolidated share (also see Note 25).The weighted average number of ordinary shares outstanding during the reporting year and for all periods presented are adjusted for the share consolidation as if the event had occurred at the beginning of the earliest period presented. The disclosures for last year have been revised accordingly.

Basic earnings per share are calculated by dividing profit, net of tax attributable to owners of the company by the above weighted average number of ordinary shares.

Diluted earnings per share for the reporting years are computed using the same basis as basic earnings per share as there are no potential dilutive ordinary shares.

13. Dividends on equity shares

	Group and Company	
	2015 $'000	2014 $'000
Interim one-tier tax-exempt dividend paid of $0.025 (2014: $0.002) per share[(a)]	799	639

(a) There is a share consolidation exercise during the current reporting year (see Note 25(a)).

Dividend to the non-controlling interests

An interim exempt (1-tier) dividend of $259,000 (2014: Nil) was paid by a Malaysia subsidiary to the non-controlling interest.

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14. Plant and equipment

Group	Computers, telecommunications, research and development equipment $'000	Office equipment, furniture and renovation $'000	Total $'000
Cost:			
At 1 January 2014	11,918	1,440	13,358
Additions	717	253	970
Disposals	(369)	(88)	(457)
Written-off	(3,589)	(1,135)	(4,724)
Foreign exchange adjustments	(17)	(50)	(67)
At 31 December 2014	8,660	420	9,080
Additions	379	23	402
Transfer to inventories	(8)	–	(8)
Disposals	(27)	(8)	(35)
Written-off	(783)	(49)	(832)
Foreign exchange adjustments	(497)	(102)	(599)
At 31 December 2015	7,724	284	8,008
Accumulated depreciation and impairment loss:			
At 1 January 2014	10,689	1,339	12,028
Depreciation for the year	430	80	510
Disposals	(369)	(87)	(456)
Written-off	(3,588)	(1,128)	(4,716)
Foreign exchange adjustments	(40)	(50)	(90)
At 31 December 2014	7,122	154	7,276
Depreciation for the year	468	66	534
Transfer to inventories	(3)	–	(3)
Disposals	(27)	(7)	(34)
Impairment for the year	176	–	176
Written-off	(783)	(49)	(832)
Foreign exchange adjustments	(435)	(77)	(512)
At 31 December 2015	6,518	87	6,605
Net book value:			
At 1 January 2014	1,229	101	1,330
At 31 December 2014	1,538	266	1,804
At 31 December 2015	1,206	197	1,403

The impairment loss on plant and equipment of $176,000 (2014: Nil) related to certain managed services contracts which have produced lower than expected profitability and returns.

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14. Plant and equipment (cont'd)

Allocation of depreciation expense:

	Group	
	2015 $'000	2014 $'000
Cost of sales	421	335
Technical support expenses	60	89
Distributions costs	15	19
Administrative expenses	19	23
Depreciation expenses recognised in profit or loss	515	466
Capitalised under deferred development cost (Note 16)	19	44
Total	534	510

15. Investment property

	Group	
	2015 $'000	2014 $'000
At fair value:		
At beginning of the year	3,370	3,438
Foreign exchange adjustment	(430)	(68)
At end of the year	2,940	3,370
Rental income from investment property (Note 5)	222	244
Direct operating expenses arising from investment property that generated rental income during the reporting year	(50)	(53)

As at 31 December 2015, the strata title of the investment property has not been issued by Department of Director General of Lands and Mines in Malaysia.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds on disposal.

The investment property is leased out under operating leases. Note 30 below discloses the operating lease income commitments.

The fair value of the investment property was measured in December 2015 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by C H Williams Talhar & Wong, a firm of independent professional valuers, which hold a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year.

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15. Investment property (cont'd)

For fair value measurements categorised within Level 2 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Freehold property at Lot 3A-5-1, 5th Floor, Block 3A, Plaza Sentral, 50470, Kuala Lumpur, Malaysia
Fair value:	$2,940,000 (2014: $3,370,000)
Fair value hierarchy:	Level 2 (2014: Level 2)
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs:	Price per square foot. $366 (2014: $419)
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by $294,000 (2014: $337,000); higher by $294,000 (2014: $337,000).

There were no transfers between Levels 1 and 2 during the year. The change in fair value is due to foreign exchange adjustment during the reporting year.

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16. Intangible assets

	Deferred development cost (under development) $'000	Deferred development cost (completed) $'000	Intellectual property $'000	Goodwill arising on consolidation $'000	Total $'000
Group					
Cost:					
At 1 January 2014	532	8,067	2,035	12,428	23,062
Additions during the year	438	–	–	–	438
Capitalisation of development equipment	44	–	–	–	44
Reclassification	(540)	540	–	–	–
Foreign currency translation differences	(5)	(78)	(41)	(247)	(371)
At 31 December 2014	469	8,529	1,994	12,181	23,173
Additions during the year	285	–	–	–	285
Capitalisation of development equipment	19	–	–	–	19
Reclassification	(503)	503	–	–	–
Foreign currency translation differences	(54)	(978)	(254)	(1,553)	(2,839)
At 31 December 2015	216	8,054	1,740	10,628	20,638
Accumulated amortisation and impairment loss:					
At 1 January 2014	–	5,274	2,035	–	7,309
Amortisation for the year	–	1,047	–	–	1,047
Impairment for the year	–	361	–	–	361
Foreign currency translation differences	–	(44)	(41)	–	(85)
At 31 December 2014	–	6,638	1,994	–	8,632
Amortisation for the year	–	877	–	–	877
Foreign currency translation differences	–	(757)	(254)	–	(1,011)
At 31 December 2015	–	6,758	1,740	–	8,498
Net book value:					
At 1 January 2014	532	2,793	–	12,428	15,753
At 31 December 2014	469	1,891	–	12,181	14,541
At 31 December 2015	216	1,296	–	10,628	12,140

The amortisation of intangible expenses is included in cost of sales.

16A. Deferred development costs

Deferred development cost mainly comprises staff costs, operating expenses and depreciation expenses for the development of the group's proprietary mobile software and has an average remaining amortisation period of 2 years (2014: 3 years).

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16. Intangible assets (cont'd)

16B. Intellectual property

Intellectual property comprises rights and titles relating to mobile software.

16C. Goodwill

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of the year	12,181	12,428
Foreign exchange adjustment	(1,553)	(247)
Balance at end of the year	10,628	12,181

Goodwill acquired through business combination has been allocated to Unified Communications Pte Ltd and its subsidiaries (Note 17) and Ahead Mobile Sdn Bhd for impairment testing purpose. The carrying amount is disclosed above.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less cost to sell or its value in use. The recoverable amounts of CGU have been measured based on the value in use method.

The value in use was determined by management using discounted cash flow valuation technique. The key assumptions used for value in use calculations, which are unobservable inputs, are as follows:

	2015	**2014**
Unobservable inputs:		
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU	13.12%	11.47%
Growth rates based on management estimate forecasts and not exceeding the average long-term growth rate for the relevant markets	2%	2%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years

The value in use is a recurring fair value measurement (Level 3).

Management believes that any reasonably possible change in the key assumptions on which this division's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Actual outcomes could vary from these estimates. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been increased to 15.12%, it would not cause carrying amount to exceed its recoverable amount. If the actual pre-tax had been more favourable than managements' estimates, management would not be able to reverse any impairment losses that arose on goodwill because FRS 36 does not permit reversing an impairment loss for goodwill. No impairment charge was recognised in the current reporting year (2014: Nil).

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17. Investments in subsidiaries

	Company	
	2015 $'000	**2014 $'000**
Unquoted equity shares at cost	32,734	32,734
Analysis of above amount denominated in non-functional currency:		
Malaysian Ringgit	21,734	21,734

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, principal activities, country of incorporation/ place of operations	**Cost in books of the company**		**Effective equity held by the group**	
	2015 $'000	**2014 $'000**	**2015 %**	**2014 %**
<u>Held by the company:</u>				
Unified Communications Pte Ltd (a)	11,000	11,000	100	100
Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry.				
Singapore				
Unified Communications Sdn Bhd (b)	21,526	21,526	100	100
Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry.				
Malaysia				
Unified Communications (OHQ) Sdn Bhd (b)	208	208	100	100
Provisions of management services.				
Malaysia				
Unified Communications (OSS) Sdn Bhd (b)	*	*	100	100
Investment holding.				
Malaysia				
Mobilization Sdn Bhd (b)	*	*	100	100
Dormant.				
Malaysia				
Unified Assets Sdn Bhd (b)	*	*	100	100
Investment holding.				
Malaysia				
Captii Ventures Pte Ltd (a)	*	*	100	100
Undertake investment in technology companies.				
Singapore				
	32,734	32,734		

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17. Investments in subsidiaries (cont'd)

The subsidiaries held by the company and the group are listed below (cont'd):

Name of subsidiaries, principal activities, country of incorporation/ place of operations	**Effective equity held by the group**	
	2015	**2014**
	%	**%**
Held by Unified Communications Sdn Bhd		
Unified Communications (Tech) Pte Ltd (a) Distribution of information technology and telecommunications products. Singapore	100	100
Ahead Mobile Sdn Bhd (b) Software engineering, system integration, project management, and maintenance and support services for the telecommunication industry. Malaysia	100	100
Held by Unified Communications Pte Ltd		
Unified Communications (VAS) Sdn Bhd (b) Provision of telecommunications products, technology and customized solutions to telecommunications operators, service providers and enterprises. Malaysia	100	100
Adzentrum Sdn Bhd (b) Dormant. Malaysia	100	100
Unified Communications (Private) Limited (c) Provision of telecommunications products, technology and customized solutions to telecommunications operators, service providers and enterprises. Pakistan	100	100

The subsidiaries that have non-controlling interests are listed below:

Name of subsidiaries, principal activities, country of incorporation/ place of operations	**Effective equity held by the group**	
	2015	**2014**
	%	**%**
Held by Unified Communications (OSS) Sdn Bhd		
GlobeOSS Sdn Bhd (b) Provision of global roaming quality of service management solutions. Malaysia	51	51
GlobeOSS Pte Ltd (a) Provision of global roaming quality of services management solutions. Singapore	51	51

* Amounts less than $1,000.

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17. Investments in subsidiaries (cont'd)

The summarised financial information of GlobeOSS Sdn Bhd and GlobeOSS Pte Ltd, which have non-controlling interests that are material to the group, not adjusted for the percentage ownership held by the group, is as follows:

	Group	
	2015 $'000	2014 $'000
Profit allocated to NCI of the subsidiaries during the reporting year	430	96
Accumulated NCI of the subsidiaries at the end of the reporting year	1,368	1,370
The summarised financial information of the subsidiaries (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations):		
Dividends paid to NCI	259	–
Non-current assets	82	77
Current assets	4,037	5,727
Current liabilities	(1,328)	(3,009)
Revenue	6,149	7,835
Profit for the year	878	292
Total comprehensive income for the year	705	196

(a) Audited by RSM Chio Lim LLP.

(b) Audited by RSM Malaysia, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(c) Audited by BDO Ebrahim & Co., Pakistan, not a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

As required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiary would not compromise the standard and effectiveness of the audit of the group.

18. Investment in a joint venture

	Group	
	2015 $'000	2014 $'000
<u>Movement in carrying value:</u>		
Balance at beginning of the year	7	17
Share of loss for the year	(4)	(10)
Total at end of the year	3	7
Carrying value comprising:		
Unquoted shares at cost	583	583
Allowance for impairment	(232)	(232)
Share of post-acquisition losses, net of dividends received	(348)	(344)
	3	7

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18. Investment in a joint venture (cont'd)

Name of joint venture, principal activities, country of incorporation/ place of operations	Cost in books of the company		Effective equity held by the group	
	2015 $'000	2014 $'000	2015 %	2014 %
Held by Unified Communications Pte Ltd:				
Unified Telecom Private Limited (a)	583	583	50	50
Provision of telecommunications products, services and customized solutions.				
India				

(a) The statutory reporting year end of the joint venture is 31 March. The unaudited management financial statements for the period from 1 January 2015 to 31 December 2015 of the joint venture have been used for equity accounting since it is not significant to the group. Also see Note 31.

The financial statements of the joint venture are not material to the group.

19. Other financial assets

	Group	
	2015 $'000	2014 $'000
Balance is made up of:		
Investment at fair value through profit or loss ("FVTPL")	1,517	–
Analysis of amounts denominated in non-functional currency:		
United States Dollars	434	–
Malaysia Ringgit	45	–
Movements during the year:		
Balance at beginning of the year	–	–
Additions during the year	1,517	–
Fair value at end of the year	1,517	–

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19A. Disclosures relating to investments

The information gives a summary of the significant sector concentrations within the investment portfolio including Level 1, 2 and 3 securities:

	Level	Group 2015 $'000	Group 2014 $'000
Unquoted convertible preference shares in Singapore			
Enterprise Application Technology	3	350	–
Unquoted convertible loan notes in Singapore			
Enterprise Application Technology	3	1,038	–
Unquoted convertible preference shares in Malaysia			
Marketplace Technology	3	84	–
Unquoted convertible loan notes in Malaysia			
Enterprise Application Technology	3	45	–
Total investments at FVTPL		1,517	–

19B. Fair value measurements (Level 3) recognised in the statement of financial position

Cost has been used as the valuation technique to estimate the fair value because all the investments were made in the current reporting year and the investees are in a very preliminary development stage, where more recent available information is insufficient to determine fair value, or when there is a wide range of possible fair value measurements.

19C. Analysis of effect of changing inputs on fair value measurements in Level 3 of the fair value hierarchy

2015:	Carrying amount $'000	Favourable change $'000	Unfavourable change $'000
Unquoted convertible preference shares and convertible loan notes held as FVTPL, 10% change impact on profit or loss	1,517	152	(152)

20. Inventories

	Group 2015 $'000	Group 2014 $'000
Finished goods for resale	48	19
Inventories are stated after allowance as follows:		
Balance at beginning of the year	381	937
Charge to profit or loss included in other losses	9	11
Used	–	(568)
Foreign exchange adjustments	(42)	1
Balance at end of the year	348	381

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21. Contract work-in-progress

	Group	
	2015 $'000	2014 $'000
Aggregate amount of costs incurred and recognised profits to-date on uncompleted contracts	594	4,830
Less: Progress payments received and receivable to-date	(597)	(2,887)
Net amount due (to)/from contract customers at end of the year	(3)	1,943
Included in the statements of financial position as follows:		
Under Trade Receivables (Note 22)	45	2,287
Under Other Liabilities (Note 27)	(48)	(344)
	(3)	1,943

The contract work-in-progress relates to system sales contracts undertaken by the group for its customers. At the end of the reporting year, amounts included in trade and other receivables arising from service contracts are due for settlement within 12 months.

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22. Trade and other receivables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables				
Outside parties	6,104	7,182	–	–
Due from customers on contracts (Note 21)	45	2,287	–	–
Less: Allowance for impairment	(25)	(58)	–	–
Subtotal	6,124	9,411	–	–
Other receivables				
Outside parties	1	120	–	72
Less: Allowance for impairment	(1)	(120)	–	(72)
Subsidiaries (Note 3)	–	–	6,011	6,820
Less: Allowance for impairment	–	–	(1,690)	(2,740)
Ultimate parent company (Note 3)	99	114	–	–
Refundable deposits	87	179	–	–
Less: Allowance for impairment	–	(24)	–	–
Subtotal	186	269	4,321	4,080
Total trade and other receivables	6,310	9,680	4,321	4,080
Movements in above allowance for outside parties:				
Balance at beginning of the year	202	181	72	72
(Reversal)/Charge for receivables to profit or loss included in (other gains)/other losses	(26)	31	–	–
Written off during the year	(150)	(10)	(72)	–
Balance at end of the year	26	202	–	72
Movements in allowance – other receivables from subsidiaries:				
Balance at beginning of the year			2,740	2,242
(Reversal)/Charge to profit or loss included in (other gains)/other losses			(1,050)	498
Balance at end of the year			1,690	2,740

23. Other assets, current

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Prepayments	318	342	4	4

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24. Cash and cash equivalents

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Not restricted in use[(a)]	13,110	11,480	786	14
Cash pledged for bank facilities[(b)]	340	400	–	–
	13,450	11,880	786	14
Interest earning balances	9,265	7,615	–	–

The rates of interest for the cash on interest earning balances ranged from between 0.07% to 3.30% (2014: 0.07% to 3.48%) per annum.

(a) The group has an amount of $53,000 (2014: $227,000) deposited with bank in Pakistan. In accordance with the requirement of Pakistan Foreign Exchange Regulations, the group requires the approval from the State Bank of Pakistan on any foreign remittance.

(b) This is for amount held by the bankers as securities for the group's bank facilities.

24A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2015	**2014**
	$'000	**$'000**
Amount as shown above	13,450	11,880
Cash pledged for bank facilities	(340)	(400)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	13,110	11,480

25. Share capital

Group and Company	**Number of shares issued**	**Share Capital**
	'000	**$'000**
Ordinary shares of no par value:		
Balance as beginning of the year 1 January 2014 and end of the reporting year ended 31 December 2014	319,572	31,948
Consolidation of shares – 10 into 1 (a)	(287,615)	–
	31,957	31,948

(a) On 14 May 2015, a share consolidation exercise was made to facilitate compliance with the continuing listing requirement imposed by SGX-ST for issuers listed on the SGX Mainboard to have a minimum trading price per share of $0.20. Under this arrangement, every 10 shares were consolidated into one (1) consolidated share. The share consolidation does not involve the diminution of any liability in respect of any unpaid capital or the payment to any shareholder of any paid-up capital and has no effect on the equity of the company and the subsidiaries.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

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25. Share capital (cont'd)

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

In order to maintain its listing on the Singapore Exchange, the company has to have share capital with at least a free float of 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The group and the company did not have borrowings as at 31 December 2015 and 31 December 2014. Therefore, the debt-to-adjusted capital ration does not provide a meaningful indicator of the risk of borrowings.

26. Trade and other payables

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Trade payables				
Outside parties and accrued liabilities	1,202	2,620	–	–
Other payables				
Accrued expenses	2,297	2,130	253	254
Ultimate parent company (Note 3)	14	16	–	–
Deposits to secure services	86	95	–	–
Subsidiaries (Note 3)	–	–	237	281
Related companies (Note 3)	16	19	–	–
Outside parties	290	360	10	15
Subtotal	2,703	2,620	500	550
Total trade and other payables	3,905	5,240	500	550

27. Other liabilities

	Group	
	2015 $'000	**2014 $'000**
Advance billings to customers	473	183
Due to customers on contracts (Note 21)	48	344
	521	527

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

28. Financial instruments: information on financial risks

28A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets:				
Cash and bank balances	13,450	11,880	786	14
Loans and receivables	6,310	9,680	4,321	4,080
Other financial assets at fair value through profit or loss	1,517	–	–	–
	21,277	21,560	5,107	4,094
Financial liabilities:				
Trade and other payables measured at amortised cost	3,905	5,240	500	550

Further quantitative disclosures are included throughout these financial statements.

28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. The guidelines include the following:

(i) Minimise interest rate, currency, credit and market risks for all kinds of transactions.

(ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

(iii) All financial risk management activities are carried out and monitored by senior management staff.

(iv) All financial risk management activities are carried out following market practices.

(v) Consideration is given to investing in financial instruments in accordance with the investment strategy of the reporting entity.

The group and company are exposed to currency and interest rate risks. There are no arrangements to reduce such risk exposures through derivatives and other hedging instruments.

28C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

28. Financial instruments: information on financial risks (cont'd)

28D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Note 24 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2014: 30 to 90 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due but not impaired as at the end of reporting year:

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables:		
3 to 9 months	1,972	3,480
Over 9 months	225	181
	2,197	3,661

(b) Ageing analysis of trade receivable amounts that are impaired as at the end of reporting year:

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables:		
Over 9 months	25	58

The allowance which is disclosed in Note 22 on trade receivables is based on individual accounts totalling $25,000 (2014: $58,000) that are determined to be impaired at the end of reporting year. These are not secured.

(c) At end of the reporting year, approximately 72% (2014: 58%) of trade receivables are due from three customers as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Top 1 customer	3,177	4,281
Top 2 customers	4,037	5,028
Top 3 customers	4,380	5,480

Other receivables are normally with no fixed terms and therefore there is no maturity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

28. Financial instruments: information on financial risks (cont'd)

28E. Liquidity risk – financial liabilities maturity analysis

There are no non-current financial liabilities at the end of the reporting year.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2014: 30 to 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

28F. Interest rate risk

The group and the company are not subject to significant interest rate risk exposure.

28G. Foreign currency risk

Analysis of amounts denominated in non-functional currency at the end of the reporting year:

	Singapore dollars $'000	US dollars $'000	Euro $'000	Indian Rupee $'000	Total $'000
Group:					
2015					
Financial assets:					
Cash and cash equivalents	155	2,194	73	–	2,422
Trade and other receivables	433	649	23	–	1,105
Other financial assets	–	434	–	–	434
Total financial assets	588	3,277	96	–	3,961
Financial liabilities:					
Trade and other payables	(167)	(634)	(207)	(176)	(1,184)
Net financial assets/ (liabilities)	421	2,643	(111)	(176)	2,777
2014					
Financial assets:					
Cash and cash equivalents	21	1,147	206	–	1,374
Trade and other receivables	353	1,237	54	–	1,644
Total financial assets	374	2,384	260	–	3,018
Financial liabilities:					
Trade and other payables	(63)	(1,593)	(632)	(176)	(2,464)
Net financial assets/ (liabilities)	311	791	(372)	(176)	554
Company:					
2015					
Financial assets:					
Cash and cash equivalents	–	482	–	–	482
2014					
Financial assets:					
Cash and cash equivalents	–	2	–	–	2

There is exposure to foreign currency risk as part of the group's and company's normal business.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

28. Financial instruments: information on financial risks (cont'd)

28G. Foreign currency risk (cont'd)

Sensitivity analysis:

	Group	
	2015 **$'000**	**2014** **$'000**
A hypothetical 10% strengthening in the exchange rate of the functional currency $ of certain foreign subsidiaries against Singapore dollars with all other variable held constant would have an adverse effect on profit before tax of	(42)	(31)
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against US dollar with all other variable held constant would have an adverse effect on profit before tax of	(264)	(79)
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Euro with all other variable held constant would have favourable effect on profit before tax of	11	37
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Indian Rupee with all other variable held constant would have a favourable effect on profit before tax of	18	18

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction on the profit or loss.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

28H. Equity price risk

There are instruments in equity shares, related derivatives or similar instruments. As a result, such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets and sensitivity analysis are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

29. Operating lease payment commitments – as lessee

At the end of the reporting year, total of future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2015 $'000	2014 $'000
Not later than one year	111	148
Later than one year and not later than five years	44	138
Total	155	286
Rental expenses for the year	228	336

Operating lease payments represent rentals payable for certain office premises. The lease rental terms are negotiated for an average term of three years.

30. Operating lease income commitments – as lessor

At the end of the reporting year, total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2015 $'000	2014 $'000
Not later than one year	203	244
Later than one year and not later than five years	–	224
Total	203	468

Operating lease income commitments are for the investment property. The lease rental income terms are negotiated for a term of three years.

31. Contingent liabilities

	Company	
	2015 $'000	2014 $'000
Undertaking to support subsidiaries with deficits (a)	2,697	3,772
Litigation (b)	2,100	2,100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

31. Contingent liabilities (cont'd)

(a) Undertaking to support subsidiaries with deficits

The company have undertaken to provide continued financial support to certain of its subsidiaries which has total accumulated losses in excess of the issued and paid-up capital as at 31 December 2015 amounting in aggregate to $2,697,000 (2014: $3,772,000) to enable them to continue to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the end of the reporting year.

The company has also issued a financial guarantee to a bank for banking facilities granted to a subsidiary. The banking facilities are secured by fixed deposits of the subsidiary amounting to approximately $285,000 and covered by a personal guarantee of a director of the subsidiary and corporate guarantee of the company of $507,000 (2014: $581,000). As at the end of the financial year, the outstanding facilities covered by the guarantee were Nil (2014: Nil).

(b) Litigation

On 19 November 2013, Unified Telecom Private Limited ("UTPL"), a joint venture of Unified Communications Pte Ltd ("UCPL"), filed a petition to the High Court of Delhi, New Delhi in India under Section 9 of India Arbitration and Conciliation Act, 1996 to obtain interim relief on the protection of assets currently under the custody of a former customer, a mobile telecoms network operator and service provider in India (the "Telco"), and to deny the penalty claims by the Telco against UTPL.

The Telco had via a letter issued in July 2013 alleged that UTPL is liable for a sum of INR 10.7 crore (approximately $2.1 million) for damages and expenditure incurred in connection with the contract during its currency.

Legal advice has been sought from reputable law firms in both India and Singapore with good credentials in handling contract litigation and dispute resolution, to review and advise on the merit of this claim by the Telco on UTPL. Based on the legal opinions obtained from the law firm concerned, management is of the view that UTPL has full rights and title to the assets and should be entitled to demand their return, and that the Telco's claim against UTPL has no legal merit. Accordingly, external legal counsels in Singapore and India have been appointed to advise and represent UCPL and UTPL to pursue legal recourse.

As announced by the company on 16 January 2015, the hearing on the petition filed by UTPL which was originally scheduled to be heard on 23 April 2014, having been adjourned on several occasions, was dismissed by the High Court, as the Telco had initiated the arbitration proceedings before a tribunal. The High Court was of the view that the matter should be resolved through arbitration proceedings since the tribunal had already been constituted.

During the year, UTPL commenced an application pursuant to Section 17 of the Indian Arbitration and Conciliation Act 1996 for, amongst others, the return of the Hardware. However, the learned Arbitrator dismissed the application, but directed Telco to ensure the safety of and protect the Hardware from any damage during the period the Hardware is lying in Telco's premises.

A number of procedural hearings have been held by the Arbitrator for the exchange of pleadings relating to the aforesaid claim and the counterclaim. The next steps involve parties exchanging affidavits of admissions and denial of documents and drafting issues to be dealt with during the arbitration. The date of the next hearing has not been fixed.

In the opinion of management, no losses are expected to arise pertaining to the aforesaid contingent matter.

32. Events after the end of the reporting year

On 8 March 2016, the company announced that Captii Ventures Pte Ltd, a wholly-owned subsidiary of the company, has completed its investment in 50,000 convertible preference shares in OOPA Pte Ltd ("OOPA"), which in turn is convertible into ordinary shares of OOPA representing a 25% stake in OOPA on a fully convertible basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

33. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 113 Fair Value Measurement FRS 40 Investment Property

34. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 16 and 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 110, 112 and 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
Various	Improvements to FRSs (Issued in November 2014)	1 Jan 2016
	FRS 107 Financial Instruments: Disclosures - Servicing contracts	
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2016

Number of shares	:	31,957,264
Issued and paid-up share capital	:	S$31,947,814.00
Class of shares	:	Ordinary Shares of equal voting right
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	0.33	61	0.00
100 - 1,000	700	45.96	488,949	1.53
1,001 - 10,000	701	46.03	2,565,250	8.03
10,001 - 1,000,000	113	7.42	6,877,759	21.52
1,000,001 AND ABOVE	4	0.26	22,025,245	68.92
TOTAL	**1,523**	**100.00**	**31,957,264**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	Worldwide Matrix Sdn Bhd	12,692,293	39.72
2	RHB Securities Singapore Pte Ltd	6,348,400	19.87
3	Wong Tze Leng	1,903,432	5.96
4	Raffles Nominees (Pte) Limited	1,081,120	3.38
5	Chang Shaw Hwa	709,700	2.22
6	UOB Kay Hian Private Limited	644,240	2.02
7	DBS Nominees (Private) Limited	492,000	1.54
8	Liu Wenying	415,000	1.30
9	OCBC Securities Private Limited	289,950	0.91
10	Citibank Nominees Singapore Pte Ltd	277,900	0.87
11	DBSN Services Pte Ltd	226,900	0.71
12	Goh Peng Hock	200,000	0.63
13	Tan Eng Chua Edwin	199,400	0.62
14	United Overseas Bank Nominees (Private) Limited	166,200	0.52
15	Phillip Securities Pte Ltd	164,479	0.51
16	Forte Capital Management Pte Ltd	162,300	0.51
17	Ong Wooi Siang	159,500	0.50
18	Maybank Kim Eng Securities Pte Ltd	140,100	0.44
19	OCBC Nominees Singapore Private Limited	106,500	0.33
20	Stelpa Sendirian Berhad	100,000	0.31
	TOTAL	**26,479,414**	**82.87**

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2016

SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
1	Worldwide Matrix Sdn Bhd	12,692,293	39.72	5,940,000[(a)]	18.59
2	Advance Synergy Berhad	–	–	18,632,293[(b)]	58.30
3	Wong Tze Leng	1,903,432	5.96	–	–

Notes:

(a) 5,940,000 shares of Worldwide Matrix Sdn Bhd are held under RHB Securities Singapore Pte Ltd.

(b) Advance Synergy Berhad is deemed to be interested in the shares held by Worldwide Matrix Sdn Bhd by virtue of its shareholdings in Worldwide Matrix Sdn Bhd.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on information available to the Company as at 21 March 2016, approximately 33.74% of the issued ordinary shares of the Company is held by the public. Therefore, Rule 723 of the Listing Manual issued by Singapore Exchange Securities Trading Limited has been complied with by the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Copthorne King's Hotel, 403 Havelock Road, Singapore 169632, Duke Room, Level 2 on Thursday, 28 April 2016 at 3.00 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Reports of Directors and Auditors thereon. **Resolution 1**

2. To approve the directors' fees of S$83,900/- for the financial year ended 31 December 2015 [2014: S$87,200/-]. **Resolution 2**

3. To re-elect the following directors retiring pursuant to Article 103 of the Company's Constitution:-

   (a) Wong Tze Leng **Resolution 3**
   (b) Anton Syazi Ahmad Sebi **Resolution 4**

   (See Explanatory Note 1)

4. To re-appoint RSM Chio Lim LLP as auditors of the Company and to authorise the directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following with or without modifications:-

Ordinary Resolutions

5. **Authority to allot and issue shares** **Resolution 6**

   (a) "That, pursuant to Section 161 of the Companies Act, Cap. 50, and the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST), approval be and is hereby given to the directors of the Company at any time to such persons and upon such terms and for such purposes as the directors may in their absolute discretion deem fit, to:-

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

      (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

   (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors while the authority was in force, provided always that:-

      (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholders' approval is required under the Listing Rules, an issue of treasury shares will not require further shareholders' approval and will not be included in the aforementioned limits;

NOTICE OF ANNUAL GENERAL MEETING

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of shares excluding treasury shares at the time this resolution is passed, after adjusting for:-

a) new shares arising from the conversion or exercise of convertible securities; or

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

c) any subsequent consolidation or subdivision of the Company's shares;

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *(See Explanatory Note 2)*

6. To transact any other business which may properly be transacted at an Annual General Meeting.

Dated this 13th day of April 2016

By Order of the Board

Ang Siew Koon
Toon Choi Fan
Company Secretaries

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

1. The ordinary resolution in item 3 is to re-elect the retiring directors pursuant to Article 103 of the Company's Constitution:-

   (a) Wong Tze Leng will, upon re-election as Director, remain as Group Executive Chairman.

   (b) Anton Syazi Ahmad Sebi will, upon re-election as Director, remain as Group Chief Executive Officer.

   Key information of Wong Tze Leng and Anton Syazi Ahmad Sebi are found on page 11 of the Company's 2015 Annual Report.

2. The ordinary resolution 6 in item 5 if passed will empower the directors of the Company from the date of this Meeting until the next Annual General Meeting to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the directors may allot and issue under this resolution would not exceed 50 percent of the issued share capital of the Company at the time of passing this resolution. For issue of shares and convertible securities other than on a pro-rata basis to all shareholders the aggregate number of shares to be issued shall not exceed 20 percent of the issued share capital of the Company, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies in his/her stead.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 140 Paya Lebar Road #10-14 AZ @ Paya Lebar Singapore 409015 not less than 48 hours before the time appointed for the Meeting.

Personal data privacy

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CAPTII LIMITED

(Company Registration No. 200211129W)
(Incorporated in the Republic of Singapore)

Important:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

PROXY FORM

I/We ______________________________ (Name) ____________________ NRIC No./Passport No./

Company Registration No. ____________________ of ______________________________

____ (Address)

being a member/members of CAPTII LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

* and/or

as **my/our proxy/proxies to vote for *me/us on *my/our* behalf at the Annual General Meeting of the Company to be held at Copthorne King's Hotel, 403 Havelock Road, Singapore 169632, Duke Room, Level 2 on Thursday, 28 April 2016 at 3.00 p.m. and at any adjournment thereof.

* *I/We direct *my/our proxy/proxies* to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the ** proxy/proxies* will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	Resolution No.	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Reports of Directors and Auditors thereon.	**Resolution 1**		
2.	To approve the directors' fees of S$83,900/- for the financial year ended 31 December 2015 [2014: S$87,200/-].	**Resolution 2**		
3.	To re-elect the following directors retiring pursuant to Article 103 of the Company's Constitution:- (a) Wong Tze Leng (b) Anton Syazi Ahmad Sebi	 **Resolution 3** **Resolution 4**		
4.	To re-appoint RSM Chio Lim LLP as auditors of the Company and to authorise the directors to fix their remuneration.	**Resolution 5**		
5.	To authorise directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50.	**Resolution 6**		

Dated this ________ day of ______________ 2016

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

* Please delete accordingly.

Proxy Form

CAPTII LIMITED

(Company Registration No. 200211129W)
(Incorporated in the Republic of Singapore)

Notes:-

1. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he/she should insert that number of shares. If the member has shares entered in his/her name in the Register of Members of the Company, he/she should insert the number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company.

3. Where a member of the Company appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 140 Paya Lebar Road #10-14 AZ @ Paya Lebar Singapore 409015 not less than 48 hours before the time set for the Annual General Meeting. If a member submits a proxy form and subsequently attends the meeting in person, and votes, the appointment of the proxy should be revoked.

7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2016.

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