Company No.	
79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2014

1345A5/lh

Company No.

79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally involved in the sale of information technology products and related services. The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There has been no significant change in the principal activities of the Group and the Company during the financial year, other than the transfer of operations of Mesiniaga Services Sdn. Bhd. and Mesiniaga MSC Sdn. Bhd. to the Company.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Equity holders of the Company	30,591	20,640
Non-controlling interests	(597)	0
Loss for the financial year	29,994	20,640

DIVIDENDS

The dividends on ordinary shares declared and paid by the Company since 31 December 2013 are as follows:

	RM'000
In respect of the financial year ended 31 December 2013 as shown in the Directors' report of that financial year:	
- final single tier dividend of 10 sen per share, paid on 9 July 2014	6,040

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2014.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Company No.

79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Mohamed Fitri Abdullah
Datuk Wan Mohamed Fusil bin Wan Mahmood
Mohd Puzi bin Ahamad
Voon Seng Chuan
Fathil Sulaiman Ismail
Abdul Talib Baba
Wong Fook Hon
Dato' Ab Rashid bin Mat Adam
Ir. Dr. Muhamad Fuad bin Abdullah

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being an arrangement with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the Directors' remuneration disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM1.00 each			
	At 01.01.2014	Bought	Sold	At 31.12.2014
	'000	'000	'000	'000
Mohamed Fitri Abdullah	0	20	0	20
Datuk Wan Mohamed Fusil bin Wan Mahmood[(1)]	3,726	0	0	3,726
Mohd Puzi bin Ahamad[(2)]	3,919	0	0	3,919
Fathil Sulaiman Ismail	6,398	0	0	6,398
Wong Fook Hon	1	0	0	1
Voon Seng Chuan	260	41	0	301

(1) Including interests held under nominee accounts with CIMB Trustee Berhad, Citicorp Nominees (Tempatan) Sdn. Bhd., Alliancegroup Nominees (Tempatan) Sdn. Bhd. and CIMSEC Nominees (Tempatan) Sdn. Bhd.

(2) Including interests held under nominee accounts with CIMB Trustee Berhad and Citicorp Nominees (Tempatan) Sdn. Bhd.

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Other than those disclosed above, according to the Register of Directors' Shareholdings, none of the other Directors in office at the end of the financial year held any interest in shares, options over shares and debentures of the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

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

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

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

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

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

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

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

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Company No.	
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MESINIAGA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 April 2015.

MOHAMED FITRI ABDULLAH DIRECTOR	MOHD PUZI BIN AHAMAD DIRECTOR

Company No.

79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Mohamed Fitri Abdullah and Mohd Puzi bin Ahamad, two of the Directors of Mesiniaga Berhad, state that, in the opinion of the Directors, the financial statements on pages 9 to 65 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2014 and of their financial performance and the cash flows of the Group and the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The supplementary information set out in Note 31 on page 66 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 April 2015.

MOHAMED FITRI ABDULLAH
DIRECTOR

MOHD PUZI BIN AHAMAD
DIRECTOR

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mohd Puzi bin Ahamad, the Director primarily responsible for the financial management of Mesiniaga Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 65 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MOHD PUZI BIN AHAMAD
DIRECTOR

Subscribed and solemnly declared by the abovenamed, Mohd Puzi bin Ahamad, at Subang Jaya in Malaysia on 8 April 2015 before me.

PESURUHJAYA SUMPAH
No: B 246
Nama: MOHAMED ESAH BIN ABDUL HAMID
MALAYSIA

COMMISSIONER FOR OATHS

D/A Shah, Rina & Co
SG-03A-01, Tingkat 1, Shopping Gallery,
Subang Square, Jalan SS15/4G,
47500 Subang Jaya, Selangor D.E.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESINIAGA BERHAD

(Incorporated in Malaysia)
(Company No. 79244 V)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Mesiniaga Berhad, on pages 9 to 65, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on Notes 1 to 30.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MESINIAGA BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 79244 V)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information on Note 31 to the financial statements on page 66 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MESINIAGA BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 79244 V)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

IRVIN GEORGE LUIS MENEZES
(No. 2932/06/16 (J))
Chartered Accountant

Kuala Lumpur
8 April 2015

Company No.

79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	5	256,341	281,007	240,364	262,268
Changes in inventories of finished goods		(6,267)	9,788	2,799	7,575
Finished goods purchased		(115,500)	(166,502)	(111,627)	(134,400)
Information technology services purchased		(59,833)	(26,524)	(80,887)	(100,316)
Staff cost	6	(79,585)	(79,838)	(53,351)	(42,027)
Depreciation and amortisation		(7,229)	(7,381)	(4,604)	(2,288)
Travelling expenses		(4,262)	(3,706)	(2,173)	(601)
Office administrative expenses		(8,440)	(6,913)	(15,449)	(6,299)
Other operating expenses		(6,197)	(2,315)	(7,723)	(7,252)
Other operating income		674	770	12,879	18,951
Loss from operations	7	(30,298)	(1,614)	(19,772)	(4,389)
Finance cost	8	(868)	(1,216)	(868)	(1,216)
Loss before taxation		(31,166)	(2,830)	(20,640)	(5,605)
Taxation and zakat	9	1,172	(3,155)	0	875
Loss for the financial year		(29,994)	(5,985)	(20,640)	(4,730)
<u>Item not reclassified to profit and loss</u>					
Actuarial gain on defined benefit plan	23	420	415	420	415
Total comprehensive loss for the financial year		(29,574)	(5,570)	(20,220)	(4,315)
Loss for the financial year attributable to:					
Equity holders of the Company		(30,591)	(7,644)	(20,640)	(4,730)
Non-controlling interests		597	1,659	0	0
Loss for the financial year		(29,994)	(5,985)	(20,640)	(4,730)
Total comprehensive loss for the financial year attributable to:					
Equity holders of the Company		(30,171)	(7,229)	(20,220)	(4,315)
Non-controlling interests		597	1,659	0	0
Total comprehensive loss for the financial year		(29,574)	(5,570)	(20,220)	(4,315)
Loss per share (sen)	10	(50.65)	(12.66)		

The notes on pages 15 to 65 form part of these financial statements.

Company No.

79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	61,465	62,595	60,867	53,609
Intangible assets	13	1,586	1,217	329	0
Investment properties	14	1,370	1,394	1,370	1,394
Investment in subsidiaries	15	0	0	1,985	1,985
Finance lease receivables	19	267	612	267	612
Deferred tax assets	16	1,979	1,781	1,458	1,458
		66,667	67,599	66,276	59,058
Current assets					
Inventories	17	10,042	15,814	5,406	2,112
Trade and other receivables	18	111,702	121,914	111,408	134,422
Tax recoverable		928	517	261	490
Deposits with licensed financial institutions	20	16,267	24,947	7,500	16,603
Cash and bank balances	20	9,179	6,109	4,589	1,638
		148,118	169,301	129,164	155,265
TOTAL ASSETS		214,785	236,900	195,440	214,323
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the company					
Share capital	25	60,402	60,402	60,402	60,402
Share premium	27	4,126	4,126	4,126	4,126
Retained earnings	26	65,789	102,000	51,716	77,976
		130,317	166,528	116,244	142,504
Non-controlling interests		10,314	10,697	0	0
Total equity		140,631	177,225	116,244	142,504
Non-current liabilities					
Post-employment benefit Obligations	23	2,204	2,871	2,204	2,871
Finance lease liabilities	24	879	571	879	571
Deferred tax liabilities	16	0	1,846	0	0
		3,083	5,288	3,083	3,442
Current liabilities					
Trade and other payables	21	42,666	39,760	47,708	55,737
Borrowings	22	28,405	12,640	28,405	12,640
Taxation		0	1,987	0	0
		71,071	54,387	76,113	68,377
		74,154	59,675	79,196	71,819
TOTAL EQUITY AND LIABILITIES		214,785	236,900	195,440	214,323

The notes on pages 15 to 65 form part of these financial statements.

Company No.

79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Issued and fully paid ordinary shares of RM1.00 each			Distributable			
Group	Note	Number of shares 000	Nominal value RM'000	Share premium (Note 27) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2013		60,402	60,402	4,126	118,742	183,270	10,030	193,300
Transactions with owners:								
Dividends paid to shareholders:								
- 31 December 2012	11	0	0	0	(9,513)	(9,513)	0	(9,513)
Dividend paid non-controlling interest		0	0	0	0	0	(992)	(992)
		60,402	60,402	4,126	109,229	173,757	9,038	182,795
Total comprehensive loss for the financial year		0	0	0	(7,644)	(7,644)	1,659	(5,985)
Items not reclassified to profit and loss								
Actuarial gain on defined benefit plan	23	0	0	0	415	415	0	415
At 31 December 2013		60,402	60,402	4,126	102,000	166,528	10,697	177,225
At 1 January 2014		60,402	60,402	4,126	102,000	166,528	10,697	177,225
Transactions with owners:								
Dividends paid to shareholders:								
- 31 December 2013	11	0	0	0	(6,040)	(6,040)	0	(6,040)
Dividend paid to non-controlling interest		0	0	0	0	0	(980)	(980)
		60,402	60,402	4,126	95,960	160,488	9,717	170,205
Total comprehensive loss for the financial year		0	0	0	(30,591)	(30,591)	597	(29,994)
Items not reclassified to profit and loss								
Actuarial gain on defined benefit plan	23	0	0	0	420	420	0	420
At 31 December 2014		60,402	60,402	4,126	65,789	130,317	10,314	140,631

The notes on pages 15 to 65 form part of these financial statements.

MESINIAGA BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Company	Note	Issued and fully paid ordinary shares of RM1.00 each: Number of shares 000	Issued and fully paid ordinary shares of RM1.00 each: Nominal value RM'000	Share premium (Note 27) RM'000	Distributable: Retained earnings RM'000	Total RM'000
At 1 January 2013		60,402	60,402	4,126	91,804	156,332
Transactions with owners:						
Final dividends:						
- 31 December 2012	11	0	0	0	(9,513)	(9,513)
		60,402	60,402	4,126	82,291	146,819
Total comprehensive income for the financial year		0	0	0	(4,730)	(4,730)
Items not reclassified to profit and loss						
Actuarial gain on defined benefit plan	23	0	0	0	415	415
At 31 December 2013		60,402	60,402	4,126	77,976	142,504
At 1 January 2014		60,402	60,402	4,126	77,976	142,504
Transactions with owners:						
Final dividends:						
- 31 December 2013	11	0	0	0	(6,040)	(6,040)
		60,402	60,402	4,126	71,936	136,464
Total comprehensive loss for the financial year						
Items not reclassified to profit and loss		0	0	0	(20,640)	(20,640)
Actuarial gain on defined benefit plan	23	0	0	0	420	420
At 31 December 2014		60,402	60,402	4,126	51,716	116,244

The notes on pages 15 to 65 form part of these financial statements.

Company No.

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MESINIAGA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the financial year		(29,994)	(5,985)	(20,640)	(4,730)
Adjustments for:					
Taxation		(1,172)	3,155	0	(875)
Amortisation of intangible assets		165	41	0	0
Depreciation:					
- property, plant and equipment		7,040	7,316	4,580	2,264
- investment property		24	24	24	24
Write-off of property, plant and equipment		2	14	0	6
Dividend income from subsidiaries		0	0	(10,020)	(14,033)
Interest expense		868	1,216	868	1,216
Interest income:					
- finance lease		(95)	(102)	(95)	(102)
- others		(516)	(482)	(266)	(241)
Retirement benefits		380	560	380	560
Bad debts		42	224	10	224
Reversal of impairment of investment in subsidiaries		0	0	0	(750)
Impairment of amount due from subsidiaries		0	0	9,670	5,449
Impairment/(reversal of) trade and other receivables		4,003	(341)	3,995	(317)
Unrealised foreign exchange loss/(gain)		458	(116)	439	(116)
Writedown of inventory		3,911	0	2,543	0
		(14,884)	5,524	(8,512)	(11,421)
Changes in working capital:					
Inventories		1,861	9,788	(5,837)	7,575
Subsidiaries		0	0	8,332	(9,246)
Receivables		4,991	97,441	(10,762)	91,149
Payables		9,125	(26,123)	(1,790)	(24,093)
Cash generated from/(used in) operations		1,093	86,630	(18,569)	53,964
Interest paid		(868)	(1,216)	(868)	(1,216)
Retirement benefits paid		(627)	(700)	(627)	(700)
Tax (paid)/refunded and zakat paid		(3,270)	(1,377)	229	2,617
Net cash generated (used in)/from operating activities		(3,672)	83,337	(19,835)	54,665

The notes on pages 15 to 65 form part of these financial statements.

Company No.

79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions on intangible assets		(534)	(1,005)	(329)	0
Purchase of property, plant and Equipment		(5,912)	(3,468)	(5,616)	(1,430)
Interest received		611	584	361	343
Dividends received from Subsidiaries		0	0	10,020	14,033
Investments in deposits maturing more than three (3) months		(1,244)	0	0	0
Payments from subsidiaries		0	0	4,370	6,590
Net cash (used in)/generated from investing activities		(7,079)	(3,889)	8,806	19,536
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders of the company		(6,040)	(9,513)	(6,040)	(9,513)
Dividends paid to non-controlling Interests		(980)	(992)	0	0
Repayment from finance lease liabilities (net)		(4,848)	(9,138)	(4,848)	(9,138)
Drawdown/(Repayment) of borrowings (net)		15,765	(40,263)	15,765	(40,263)
Net cash generated from/(used in) financing activities		3,897	(59,906)	4,877	(58,914)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(6,854)	19,542	(6,152)	15,287
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		31,056	11,514	18,241	2,954
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	20	24,202	31,056	12,089	18,241

The notes on pages 15 to 65 form part of these financial statements.

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and the Company's shares are publicly traded on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in the sale of information technology products and related services. The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the principal activities of the Group and the Company during the financial year, other than the transfer of operations of Mesiniaga Services Sdn. Bhd. and Mesiniaga MSC Sdn. Bhd. to the Company.

The address of the registered office and the principal place of business of the Company is as follows:

11th Floor, Menara Mesiniaga,
1A, Jalan SS16/1,
47500 Subang Jaya.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting 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 reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective

Amendments to Published standard and interpretations adopted by the Group and the Company as at 1 January 2014:

- Amendment to MFRS 132 'Offsetting Financial Assets and Financial Liabilities'
- Amendment to MFRS 10 'Consolidated Financial Statements':
  - FRS 12 'Disclosure of Interests in Other Entities", and
  - FRS 127 "Separate Financial statements" – Investment entities
- IC Interpretation 21 'Levies'
- Amendment to MFRS 139 'Novation of Derivatives and Continuation of Hedge Accounting'

The adoption of the above amendments to published standards and interpretations did not have a significant financial impact to the Group and the Company.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not yet been early adopted:

(i) Effective from financial year beginning on or after 1 January 2015 with earlier application permitted

- Annual Improvements to MFRSs 2010-2012 Cycle
  - MFRS 2 'Share-based payment'
  - MFRS 3 'Business Combination'
  - MFRS 8 'Operating Segments'
  - MFRS 13 'Fair value measurement'
  - MFRS 116 'Property, Plant and Equipment'
  - MFRS 124 'Related party disclosures', and
  - MFRS 138 'Intangible assets'
- Annual Improvements to MFRSs 2011-2013 Cycle
  - MFRS 1 'First-time Adoption of financial reporting standards'
  - MFRS 3 'Business combinations'
  - MFRS 13 'Fair value measurement', and
  - MFRS 140 'Investment property
- Amendments to MFRS 119 'Employee benefits – defined benefits plans: Employee contributions

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted (continued)

(ii) Effective for annual periods beginning on or after January 2016 with earlier application permitted

- Amendments to MFRS 11 'Accounting for Acquisitions of Interests in Joint Operations'
- Amendments to MFRS 116 'PPE' and FRS 138 'Intangible Assets' – Clarification of acceptable methods of depreciation and amortization
- Amendments to MFRS 10 'Consolidated financial statements' and MFRS 128 'Investment in associates and joint ventures' – sale or contribution of assets between an investor and its associates/joint venture
- Amendments to MFRS 127 'Separate financial statements' – equity accounting in separate financial statements
- Annual Improvements to MFRS 2012-2014 Cycle, amendments to:
  - MFRS 5 'Non-current assets held for sale and discontinued operations'
  - MFRS 7 'Financial instruments: Disclosures'
  - MFRS 119 'Employee benefits' and
  - MFRS 134 'Interim financial reporting'

(iii) Effective from financial year beginning on or after 1 January 2017 with earlier application permitted

- MFRS 15 'Revenue'
- MFRS 141 'Agriculture: Bearer Plants' (effective 1 January 2016, but adopted by the Group after 1 January 2017 upon MFRS adoption)

(iv) Effective from financial year beginning on or after 1 January 2018 with earlier application permitted

- MFRS 9 'Financial instruments

The effects of the above amendments to published standards are currently being assessed by the Directors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CONSOLIDATION (CONTINUED)

(a) Subsidiaries (continued)

The excess of the consideration transferred, the amount of any any-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 INVESTMENTS IN SUBSIDIARIES

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Managing Director. Management has determined there is only one reportable segment based on the information reviewed by the Managing Director.

2.5 FOREIGN CURRENCIES

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flows hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 FOREIGN CURRENCIES (CONTINUED)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit and loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation on capital work-in-progress commences when the asset is ready for its intended use.

Depreciation of other property, plant and equipment is calculated on a straight-line basis to write off the cost of each asset to its residual value over their expected useful lives, at the following annual rates:

Building	2%
Machines	14% - 33%
Office equipment, furniture and fittings	7% - 33%
Motor vehicle	25%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. See accounting policy on impairment of non-financial assets.

The residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

All items of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds if any, and the net carrying amount is recognised in the profit or loss.

2.7 INVESTMENT PROPERTY

Investment property is property which is held to earn rental yields or for capital appreciation or for both and is not occupied by the Group. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided for on a straight line basis over the estimated useful life. Leasehold land is amortised over its remaining lease period of 89 years. The principal annual rates used for building is 2% per annum.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INVESTMENT PROPERTY (CONTINUED)

Investment property is de-recognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the financial year of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

2.8 INTANGIBLE ASSET

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) management intends to complete the intangible asset and use or sell it;
(iii) there is an ability to use or sell the intangible asset;
(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding four years.

Depreciation on capital work-in-progress commences when the asset is ready for its intended use.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. See accounting policy on impairment of non-financial assets.

Intangible asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds if any, and the net carrying amount is recognised in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss or reversal is charged to the profit or loss in the financial year that the event occurs.

2.10 FINANCIAL ASSETS

(a) Classification

The Group classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statements of financial position.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL ASSETS (CONTINUED)

(c) Subsequent measurement - Gains and losses

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(d) Subsequent measurement - Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment 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 criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor; or
- A breach of contract, such as a default or delinquency in interest or principal payments; or
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement - Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not de-recognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventories includes purchase price and incidental charges. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three (3) months or less.

2.13 SHARE CAPITAL

(a) Classification

Ordinary shares are classified as equity.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

(c) Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial period in which the dividends are approved.

2.14 FINANCIAL LIABILITIES

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method except for derivatives which are measured at fair value.

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 FINANCIAL LIABILITIES (CONTINUED)

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

All other borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

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

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15 CURRENT AND DEFERRED INCOME TAX

The tax expense for the financial period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 EMPLOYEE BENEFITS

(a) Short-term employee benefits

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 EMPLOYEE BENEFITS (CONTINUED)

(c) Defined benefit plans

The defined benefit liability recognised in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, by discounting the estimated future cash outflows using market yields at the end of the reporting period on high quality corporate bonds which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

2.17 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at 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 finance cost expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of all taxes, returns, rebates and discounts and after eliminating sales within the Group.

Revenue arising from the sale of hardware and software is recognised upon delivery of goods/services or when significant risk and rewards of ownership of goods are transferred to the customers. Revenue arising from the rendering of services is recognised in the period the services are rendered. Accrued unbilled revenue represents unbilled value of goods delivered and services rendered to be billed in accordance with respective terms and conditions agreed with customers.

Interest income on cash and bank balances is recognised using the effective interest method. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Dividend income is recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

2.19 LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Accounting as a lessee

Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 LEASES (CONTINUED)

(a) Accounting as a lessee (continued)

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

(b) Accounting as lessor

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Finance lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall financial risk management objectives are to ensure that the Group creates value for its shareholders and to ensure that adequate financial resources are available for the development of the Group's businesses. The Group operates within clearly defined objectives and seeks to minimise potential adverse effects on its financial performance. Financial risk is managed by the Managing Director and the respective key management personnel who in turn report to the Board of Directors on any significant risks and the resolution or mitigation of those risks.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

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

(a) Market risk

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

(i) Foreign exchange risk

The Group is exposed to risks arising from various currency exposures primarily with respect to the United States Dollar denominated borrowings and payables to suppliers. The Group's policy is to minimise the exposure of transaction risk by making payments within credit terms which are short-term.

The table illustrates the impact on the profit for the year, equity and net assets resulting from currency sensitivities.

	2014 RM'000	2013 RM'000
Increase/(decrease) on profit for the year, equity and net assets		
1 percent increase in US Dollar exchange rate	(238)	(222)
1 percent decrease in US Dollar exchange rate	238	222

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed rate borrowings and deposits with short-term tenure.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The interest rate profile of the Group's interest bearing financial assets and liabilities based on carrying amount as at the end of the reporting periods are shown in the table below:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financial asset				
Fixed rate – deposits with financial institutions	16,267	24,947	7,500	16,603
Financial liability				
Fixed rate - borrowings	28,405	12,640	28,405	12,640

Other financial assets and financial liabilities are non-interest bearing and therefore are not affected by changes in interest rate.

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

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

(i) Receivables

The Group's exposure to credit risk is monitored on an ongoing basis. The risk is managed through the application of the Group's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on customers requiring credit over a certain amount and period, adherence to credit limits and regular monitoring.

The Group's customers are mainly significant entities in the information, communication and telecommunication industry. At the reporting date, the Group has significant concentration of credit risk that may arise from exposure to seven (2013: seven) major customers which accounted for 50% (2013: 51%) of the trade receivables and accrued unbilled revenue balances. The Group considers the risk of material loss in the event of non-performance by a customer to be unlikely.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

(i) Receivables (continued)

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. Accrued unbilled revenue represents unbilled value of goods delivered and services rendered to be billed in accordance with respective terms and conditions agreed with customers. Credit risk arising from non-trade receivables is not significant at the Group and Company level.

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Counterparties without external credit rating:				
- Existing customers with no defaults in the past	108,697	114,788	104,235	104,911

None of the trade receivables were secured by collateral provided by counterparty.

(ii) Intercompany balances

Intercompany balances with subsidiaries are largely trade in nature. The Company monitors the results of the subsidiaries regularly. As at 31 December 2014, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position as shown in Note 18.

Management has taken reasonable steps to ensure that intercompany receivables are stated at realisable values. As at 31 December 2014, an amount of RM17,049,592 (2013: RM7,379,592) was provided for as the amount due from a subsidiary was assessed to be impaired.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

(iii) Deposits, cash and bank balances

Deposits, cash and bank balances are with approved financial institutions and reputable banks.

As at the end of the reporting period, the maximum exposure to credit risk arising from deposits, cash and bank balances is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparties to fail to meet their obligations. The credit quality of the financial institutions in respect of above balances is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
AAA	17,646	14,521	4,298	1,705
AA	7,522	0	7,522	0
A	0	16,520	0	16,520
BBB	261	15	261	15

The credit quality of the above deposits, cash and bank balances are assessed by reference to RAM Ratings Services Berhad and Moody's.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group or the Company has sufficient cash and bank balances and maintains standby credit lines to ensure availability of funding to meet operational requirements. The Group's borrowings and standby credit lines are provided by financial institutions with sound credit ratings.

Analysis of financial instruments by remaining contractual maturities

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

	2014 On demand or within one year RM'000
Group	
Financial Liabilities	
Payables	40,987
Borrowings	28,405
Total undiscounted financial liabilities	69,392
Company	
Financial Liabilities	
Payables	46,030
Borrowings	28,405
Total undiscounted financial liabilities	74,435

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk (continued)

	2013 On demand or within one year RM'000
Group	
Financial Liabilities	
Payables	34,951
Borrowings	12,640
Total undiscounted financial liabilities	47,591
Company	
Financial Liabilities	
Payables	50,928
Borrowings	12,640
Total undiscounted financial liabilities	63,568

(d) Fair value estimation

Amounts that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

There were no amounts measured at fair value in the statement of financial position as at 31 December 2014 and 31 December 2013. The fair value of investment properties that is disclosed in Note 14 is a Level 2 estimation.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position) less deposits, cash and bank balances. Total capital is calculated as 'equity' as shown in the statements of financial position plus net debt.

	2014 RM'000	2013 RM'000
Group		
Total borrowings (Note 22)	28,405	12,640
Less: Deposits, cash and bank balances (Note 20)	(25,446)	(31,056)
Net debt	2,959	(18,416)
Total equity	140,631	177,225
Total capital	143,590	158,809
Gearing ratio	2%	0%

The increase in the gearing ratio during 2014 resulted primarily from the increase of borrowings during the financial year. There were no externally imposed capital requirements during the financial year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of Property, Plant and Equipment and Investment Properties

The Group assesses impairment of the assets mentioned above whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use.

During the financial year, the Group's property, plant and equipment and investment properties were assessed for impairment due to losses incurred and as the share price of the Company was below the net assets per share of the Group, which resulted in no impairment arising.

Based on the sensitivity analysis performed, the Directors concluded that no reasonable change in any of the assumptions would cause the carrying amount of these assets to exceed the recoverable amount.

(b) Deferred Tax Assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

As at 31 December 2014, the Group and Company has recognised deferred tax assets arising from unutilised tax losses amounting to RM2,383,000 and RM2,383,000 respectively as disclosed in Note 16 to the financial statements.

5 REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
- hardware	100,593	101,402	87,653	96,204
- software	33,823	43,762	33,898	43,762
- services	121,925	135,843	118,813	122,302
	256,341	281,007	240,364	262,268

6 STAFF COST (INCLUDING DIRECTORS' EMOLUMENTS)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and other employment benefits	71,363	71,040	49,747	39,597
Defined contribution retirement plan	7,842	8,238	3,224	1,870
Defined benefit retirement plan (Note 23)	380	560	380	560
	79,585	79,838	53,351	42,027

The aggregate amount of emoluments received and receivable by Directors of the Group and the Company during the financial year are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors				
- fees	231	211	231	211
- others	179	28	179	28
Executive Directors				
- salaries	1,755	1,454	1,755	1,454
- other emoluments	208	281	208	281
- defined contribution plan	167	157	167	157
	2,540	2,131	2,540	2,131

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7 LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting):

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Audit	194	205	107	107
- Non-audit	47	58	18	29
Depreciation:				
- property, plant and and equipment	7,040	7,316	4,580	2,264
- investment property	24	24	24	24
Amortisation of intangible assets	165	41	0	0
Dividend income from subsidiaries	0	0	(10,020)	(14,033)
Interest income:				
- finance lease	(95)	(102)	(95)	(102)
- fixed deposit	(611)	(482)	(266)	(241)
Net realised foreign exchange gain	(847)	(616)	(805)	(615)
Unrealised foreign exchange loss/(gain)	458	(116)	439	(116)
Property, plant and equipment written off	2	14	0	6
Reversal of impairment of investment in subsidiaries	0	0	0	(750)
Rental income	(107)	(115)	(227)	(355)
Rental expense	568	419	71	19
Writedown of inventory to net realisable value	3,911	0	2,543	0
Bad debts written off	42	224	10	224
Impairment/(reversal) of receivables	4,003	(341)	3,995	(317)
Impairment of amount due from subsidiaries	0	0	9,670	5,499

8 FINANCE COST

	Group and Company	
	2014	2013
	RM'000	RM'000
Interest expense on:		
- short term borrowings	501	809
- finance leases	367	407
	868	1,216

9 TAXATION AND ZAKAT

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Current financial year	960	4,827	0	0
Under provision in prior year	(268)	750	0	865
Deferred taxation:				
Reversal of temporary differences (Note 16)	(2,183)	(2,448)	0	(1,639)
Under provision in prior year	139	(154)	0	(101)
	(2,044)	(2,602)	0	(1,740)
Tax expense	(1,352)	2,975	0	(875)
Zakat	180	180	0	0
	(1,172)	3,155	0	(875)

The reconciliation of income tax expense applicable to loss before taxation at Malaysian statutory income tax rate to income tax expense at the effective income tax rate of the Group and Company are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Loss before taxation before zakat	(31,166)	(2,830)	(20,640)	(5,605)
Tax calculated at tax rate of 25% (2013: 25%)	(25)	(25)	(25)	(25)
Tax effects of:				
- zakat	1	6	0	0
- income not subject to tax	(16)	(39)	(12)	(77)
- expenses not deductible for tax purposes	12	13	13	30
- effects of deferred tax assets not recognised	25	135	24	42
- under provision in prior year (net)	(1)	21	0	14
Effective tax rate (%)	(4)	111	0	(16)

9 TAXATION AND ZAKAT (CONTINUED)

The amount of unutilised tax losses and unabsorbed capital allowances for which no deferred tax assets is recognised in the statements of financial position is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	47,784	17,278	27,952	7,902
Deductible temporary differences	2,817	1,923	1,547	1,518
	50,601	19,201	29,499	9,420

The deductible temporary differences and unutilised tax losses are available indefinitely for offset against future taxable profits of the Group and the Company subject to agreement with the tax authorities. These tax benefits will only be obtained if the Group and Company derives future assessable income of a nature and amount sufficient for the tax benefits to be utilised. Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences of certain entities within the Group having a history of losses or where future taxable income is not probable.

10 LOSS PER SHARE

Loss per share of the Group is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	2013
Net loss attributable to ordinary equity holders of the Company (RM'000)	(30,591)	(7,644)
Weighted average number of ordinary shares in issue ('000)	60,402	60,402
Loss per share (sen)	(50.65)	(12.66)

Diluted loss per share is the same as basic loss per share in both financial years.

11 DIVIDENDS

Dividends paid during the financial year are as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
Final dividends in respect of financial year 2013/2012:		
10 cent per share, single tier (2013: 21 sen per share, less income tax at 25%)	6,040	9,513

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2014.

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12 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land	Building	Machines	Office equipment, furniture and fittings	Motor vehicle	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2014						
Cost						
At 1 January 2014	26,262	35,836	1,169	53,352	283	116,902
Additions	0	0	0	5,912	0	5,912
Assets written off	0	0	0	(2)	0	(2)
At 31 December 2014	26,262	35,836	1,169	59,262	283	122,812
Accumulated depreciation						
At 1 January 2014	0	12,757	1,169	40,183	198	54,307
Charge for the financial year	0	718	0	6,292	30	7,040
At 31 December 2014	0	13,475	1,169	46,475	228	61,347
Net book value						
At 31 December 2014	26,262	22,361	0	12,787	55	61,465
31.12.2013						
Cost						
At 1 January 2013	26,262	35,836	5,629	52,135	283	120,145
Transfer to intangible assets	0	0	0	(253)	0	(253)
Additions	0	0	0	3,468	0	3,468
Assets written off	0	0	(4,460)	(1,998)	0	(6,458)
At 31 December 2013	26,262	35,836	1,169	53,352	283	116,902
Accumulated depreciation						
At 1 January 2013	0	12,039	5,629	35,625	142	53,435
Charge for the financial year	0	718	0	6,542	56	7,316
Assets written off	0	0	(4,460)	(1,984)	0	(6,444)
At 31 December 2013	0	12,757	1,169	40,183	198	54,307
Net book value						
At 31 December 2013	26,262	23,079	0	13,169	85	62,595

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Building RM'000	Machines RM'000	Office equipment, furniture and fittings RM'000	Motor vehicle RM'000	Total RM'000
31.12.2014						
Cost						
At 1 January 2014	26,262	35,836	1,169	29,287	283	92,837
Additions	0	0	0	5,616	0	5,616
Transfer from subsidiary	0	0	0	6,222	0	6,222
At 31 December 2014	26,262	35,836	1,169	41,125	283	104,675
Accumulated depreciation						
At 1 January 2014	0	12,757	1,169	25,106	196	39,228
Charge for the financial year	0	718	0	3,832	30	4,580
At 31 December 2014	0	13,475	1,169	28,938	226	43,808
Net book value						
At 31 December 2014	26,262	22,361	0	12,187	57	60,867
31.12.2013						
Cost						
At 1 January 2013	26,262	35,836	5,629	29,886	283	97,896
Additions	0	0	0	1,430	0	1,430
Transfer to subsidiary	0	0	0	(41)	0	(41)
Assets written off	0	0	(4,460)	(1,988)	0	(6,448)
At 31 December 2013	26,262	35,836	1,169	29,287	283	92,837
Accumulated depreciation						
At 1 January 2013	0	12,039	5,629	25,630	142	43,440
Charge for the financial year	0	718	0	1,492	54	2,264
Transfer to subsidiary	0	0	0	(34)	0	(34)
Assets written off	0	0	(4,460)	(1,982)	0	(6,442)
At 31 December 2013	0	12,757	1,169	25,106	196	39,228
Net book value						
At 31 December 2013	26,262	23,079	0	4,181	87	53,609

13 INTANGIBLE ASSETS

Group	Internally developed software RM'000	Work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2014	640	618	1,258
Additions	0	534	534
Reclassification	1,152	(1,152)	0
At 31 December 2014	1,792	0	1,792
Accumulated depreciation			
At 1 January 2014	41	0	41
Charge for the financial year	165	0	165
At 31 December 2014	206	0	206
Net book value			
At 31 December 2014	1,586	0	1,586

Company	Internally developed software RM'000	Work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2014	0	0	0
Additions	0	329	329
Reclassification	329	(329)	0
At 31 December 2014	329	0	329
Accumulated depreciation			
At 1 January 2014	0	0	0
Charge for the financial year	0	0	0
At 31 December 2014	0	0	0
Net book value			
At 31 December 2014	329	0	329

13 INTANGIBLE ASSETS (CONTINUED)

Group	Internally developed software RM'000	Work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2013	0	0	0
Additions	0	1,005	1,005
Transfer from property, plant and equipment	253	0	253
Reclassification	387	(387)	0
At 31 December 2013	640	618	1,258
Accumulated depreciation			
At 1 January 2013	0	0	0
Charge for the financial year	41	0	41
At 31 December 2013	41	0	41
Net book value			
At 31 December 2013	599	618	1,217

The useful life of the internally developed software is four years. The amount of staff cost capitalised for the Group is RM534,000 (2013: RM1,005,000).

14 INVESTMENT PROPERTIES

	Group and Company	
	2014 RM'000	2013 RM'000
At 1 January	1,394	1,418
Depreciation for the financial year	(24)	(24)
At 31 December	1,370	1,394

Investment properties rental income and direct operating expenses for the financial year are as follows:

	Group and Company	
	2014 RM'000	2013 RM'000
Rental income	31	39
Direct operating expenses	3	4

The fair value of the investment property is approximately RM3,500,000 (2013: RM2,900,000) as at 31 December 2014. The fair value of the investment property was estimated by Directors using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair value of investment properties is Level 2 estimation.

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15 INVESTMENT IN SUBSIDIARIES

	Company	
	2014	2013
	RM'000	RM'000
Unquoted shares, at cost	2,006	2,006
Accumulated impairment losses	(21)	(21)
	1,985	1,985

The shares of all subsidiaries are held directly by the Company.

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

Names of companies	Principal activities	Group's effective interest 2014 %	2013 %
VA Dynamics Sdn. Bhd.	Sales of networking cables and related products	51	51
CustomCodes Sdn. Bhd.	Provision of design, development and implementation of business solutions related to business intelligence, business analytics, customised applications and software products	100	100
Mesiniaga Alliances Sdn. Bhd.	Provision of strategic information technology outsourcing services	100	100
Mesiniaga Services Sdn. Bhd.	Dormant	100	100
Mesiniaga MSC Sdn. Bhd.	Dormant	100	100
Mesiniaga Techniques Sdn. Bhd.	Under members voluntary winding up	100	100
Mesiniaga SSO Sdn. Bhd.	Under members voluntary winding up	100	100

All the above subsidiaries, other than those under members voluntary winding up, are audited by PricewaterhouseCoopers, Malaysia.

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiary with material non-controlling interests

Set out below are the summarised financial information for the subsidiary, VA Dynamics Sdn. Bhd., that has non-controlling interests that are material to the Group.

Summarised statement of financial position

	2014 RM'000	2013 RM'000
Current		
Assets	21,504	27,097
Liabilities	(985)	(5,469)
Total current net assets	20,519	21,628
Non-current		
Assets	539	211
Liabilities	0	0
Total non-current net assets	539	211
Net assets	21,058	21,839

Summarised statement of comprehensive income

	For the financial year ended 31 December	
	2014 RM'000	2013 RM'000
Revenue	14,677	18,599
Profit before taxation	1,390	4,507
Tax expense	(172)	(1,121)
Profit for the financial year	1,218	3,386
Other comprehensive income	0	0
Total comprehensive income	1,218	3,386
Profit and total comprehensive income attributable to non-controlling interest	597	1,659
Accumulated non-controlling interest	10,314	10,697
Dividends paid to non-controlling interests	980	992

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(i) Summarised financial information on subsidiary with material non-controlling interests (continued)

Summarised statement of cash flows

	For the financial year ended 31 December	
	2014	2013
	RM'000	RM'000
Cash flow from operating activities		
Cash flow generated from operations	3,123	6,747
Income tax paid	(963)	(1,074)
Net cash generated from operating activities	2,160	5,673
Net cash (used in)/generated from investing activities	(998)	235
Net cash used in financing activities	(2,000)	(2,025)
Net (decrease)/increase in cash and cash equivalents	(838)	3,883
Cash and cash equivalents at beginning of financial year	12,289	8,406
Cash and cash equivalents at end of financial year	11,451	12,289

Company No.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

16 DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets	1,979	1,781	1,458	1,458
Deferred tax liability:	0	(1,846)	0	0
At 1 January	(65)	(2,667)	1,458	(282)
Credited/(charged) to statements of comprehensive income (Note 9):				
- property, plant and equipment	595	291	(1,334)	(594)
- post-employment benefit obligations	(161)	(90)	(161)	(90)
- receivables	971	(296)	971	(14)
- tax losses	644	1,739	593	1,790
- others	(95)	530	(82)	182
- provisions	90	466	13	466
- unabsorbed capital allowances	0	(38)	0	0
	2,044	2,602	0	1,740
At 31 December	1,979	(65)	1,458	1,458
Subject to income tax:				
Deferred tax assets(before offsetting):				
- post-employment benefit obligations	552	713	552	713
- receivables	1,138	167	1,129	158
- tax losses	2,383	1,739	2,383	1,790
- provisions	556	466	479	466
- others	510	524	0	0
	5,139	3,609	4,543	3,127
Offsetting	(3,160)	(1,828)	(3,085)	(1,669)
Deferred tax assets (after offsetting)	1,979	1,781	1,458	1,458

16 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(3,050)	(3,645)	(2,975)	(1,641)
- others	(110)	(29)	(110)	(28)
	(3,160)	(3,674)	(3,085)	(1,669)
Offsetting	3,160	1,828	3,085	1,669
Deferred tax liabilities (after offsetting)	0	(1,846)	0	0

17 INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At net realisable value				
Cables	4,636	8,426	1	1
Equipment	4,497	3,139	4,496	2,098
Spare parts	874	4,236	874	0
Supplies	35	13	35	13
	10,042	15,814	5,406	2,112

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade receivables	78,265	67,726	73,839	59,990
Accrued unbilled revenue	34,987	47,614	34,912	45,442
Less: Impairment of receivables	(4,555)	(552)	(4,516)	(521)
	108,697	114,788	104,235	104,911
Finance lease receivables (Note 19)	554	845	554	845
Other receivables	2,059	5,041	1,367	3,669
Deposits and prepayments	392	1,240	277	1,099
Amounts due from subsidiaries	0	0	22,024	31,277
Impairment of amounts due from subsidiaries	0	0	(17,049)	(7,379)
	0	0	4,975	23,898
	111,702	121,914	111,408	134,422

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables, other receivables and deposits are denominated in Ringgit Malaysia.

Credit terms of trade receivables range from 30 days to 90 days (2013: 30 days to 90 days).

Other receivables and deposits are neither past due nor impaired.

The Group's and the Company's historical experience in collection of trade receivables fall within the recorded impairment. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and the Company's trade receivables.

Aging analysis of trade receivables and accrued unbilled revenue

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	104,220	91,681	100,767	85,375
1 to 30 days past due and not Impaired	2,803	18,459	2,190	16,359
31 to 90 days past due and not Impaired	600	1,865	266	1,210
More than 91 days past due and not impaired	1,074	2,783	1,012	1,967
More than 91 days past due and Impaired	4,555	552	4,516	521
	113,252	115,340	108,751	105,432
Less: Impairment of receivables	(4,555)	(552)	(4,516)	(521)
	108,697	114,788	104,235	104,911

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment history. A significant number of these debtors are significant entities within the information, communication and technology industry. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables that are past due but not impaired

As at 31 December 2014, the Group and the Company have trade receivables amounting to RM4,477,000 (2013: RM23,107,000) and RM3,468,000 (2013:RM19,536,000) respectively that are past due at the reporting date but not impaired.

Trade receivables that were past due but not impaired relate to customers that have a track record with the Group and the Company. Based on past experience and no adverse information to date, the Directors of the Group and Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Trade receivables that are impaired

The Group's and the Company's trade receivables that are impaired as at 31 December 2014 and the movement of the allowance accounts to record the impairment are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade receivables - nominal amounts	4,555	552	4,516	521
Less: Impairment of receivables	(4,555)	(552)	(4,516)	(521)
	0	0	0	0

These primarily relate to a few customers who are in financial difficulties.

Movement in impairment of receivables:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	552	893	521	838
Impairment/(reversal of impairment) of receivables (net)	4,003	(341)	3,995	(317)
At 31 December	4,555	552	4,516	521

Amounts due from subsidiaries that are impaired

Movement in impairment of amounts due from subsidiaries:

	Company	
	2014	2013
	RM'000	RM'000
At 1 January	7,379	1,930
Impairment of receivables	9,670	5,449
At 31 December	17,049	7,379

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

The credit quality of amount due from subsidiaries that are neither past due nor impaired can be assessed to historical information about counterparty default rates:

	Company	
	2014	2013
	RM'000	RM'000
Amount due from subsidiaries		
Existing related parties (more than 6 months) with no defaults in the past	4,975	23,898

19 FINANCE LEASE RECEIVABLES

	Group and Company	
	2014	2013
	RM'000	RM'000
Gross receivables	905	1,626
Less: Unearned finance income	(84)	(169)
Present value of lease receivables	821	1,457

The present value of lease receivables may be analysed as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
Receivable within 12 months	554	845
Receivable after 12 months:		
- between 1 and 2 years	301	631
- between 2 and 5 years	50	150
	905	1,626
Less: Unearned finance income	(84)	(169)
	821	1,457
Current (Note 18)	554	845
Non-current	267	612
	821	1,457

The weighted average effective interest rates for finance lease receivables are 5% (2013: 5%) per annum. The finance lease receivables are denominated in Ringgit Malaysia.

20 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	9,179	6,109	4,589	1,638
Deposits with licensed financial institutions	16,267	24,947	7,500	16,603
Total deposits, cash and bank balances	25,446	31,056	12,089	18,241
Less:				
Deposits maturing more than three (3) months	1,244	0	0	0
Cash and cash equivalents	24,202	31,056	12,089	18,241

Bank balances are deposits held at call with banks and earn no interest.

The Group's and the Company's effective weighted average interest rate of deposits at the end of the financial year is 3.16% (2013: 3.00%) per annum.

Deposits of the Group and the Company as at 31 December 2014 are time deposits, which have an average maturity period of 34 days (2013: 92 days).

Deposits, cash and bank balances are denominated in Ringgit Malaysia.

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade payables	33,657	26,892	30,501	25,934
Payroll liabilities	3,693	4,978	2,759	2,740
Accruals	3,637	3,081	2,669	882
Finance lease liabilities (Note 24)	1,679	4,809	1,679	4,809
Amounts due to subsidiaries	0	0	10,100	21,372
	42,666	39,760	47,708	55,737

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	26,024	16,222	22,889	18,442
United States Dollar	7,633	10,670	7,612	7,492
	33,657	26,892	30,501	25,934

All other liabilities are denominated in Ringgit Malaysia.

Credit terms of trade payables range from 7 days to 90 days (2013: 7 days to 90 days).

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

22 BORROWING (UNSECURED AND INTEREST BEARING)

	Group and Company	
	2014	2013
	RM'000	RM'000
Short-term bank borrowings	28,405	12,640

The interest rate of the short-term bank borrowing is as follows:

	Group and Company	
	2014	2013
	%	%
Short-term bank borrowings	4.73	2.82

The carrying amount of the Company's borrowings are denominated in the following currencies:

	Group and Company	
	2014	2013
	RM'000	RM'000
Ringgit Malaysia	13,764	2,853
United States Dollar	13,798	9,787
Euro	843	0

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS

(a) Defined contribution plan

The Company and its subsidiaries, which are all incorporated in Malaysia, contribute to the Employees' Provident Fund, the national defined contribution plan. Once contributions have been paid, the Group has no further payment obligations.

(b) Defined benefit plan

The Company operates a funded defined benefit plan, which is an approved defined benefit plan under Section 150 of the Income Tax Act, 1967. The defined benefit plan is applicable for eligible employees who have completed at least 15 years of service at the time of retirement and are employed prior to 2 July 2002.

The assets of the funded plan are held in separate trustee administered funds.

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

The latest actuarial valuation of the plan was carried out as at 31 December 2013.

The movement in the present value of defined benefit obligation during the financial year is as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
At 1 January	6,292	6,460
Service cost	221	321
Interest cost	323	420
Actuarial losses	(603)	(400)
Benefits paid from plan assets	(339)	(509)
At 31 December	5,894	6,292

The movement in the fair value of plan assets during the financial year is as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
At 1 January	3,421	3,034
Interest income on plan assets	185	220
Return on plan assets	(183)	15
Employer contributions	627	700
Administrative expenses paid	(21)	(39)
Benefits paid from plan assets	(339)	(509)
At 31 December	3,690	3,421

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

The amounts recognised in the statements of financial position may be analysed as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
At 31 December		
Present value of funded obligations	5,894	6,292
Fair value of plan assets	(3,690)	(3,421)
Net liability	2,204	2,871

Plan assets are comprised as follows:

	Group and Company		Group and Company	
	2014		2013	
	RM'000	%	RM'000	%
At 31 December				
Equity instruments	1,121	30	1,684	49
Government bonds	993	27	813	24
Cash and fixed deposit	927	25	202	6
Other	649	18	722	21
Total	3,690	100	3,421	100

The reconciliation of net statement of financial position may be analysed as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
Net defined benefit liability	2,871	3,426
Service cost recognised in profit or loss	242	360
Net interest on net defined benefit asset recognised in profit or loss	138	200
Re-measurement gain recognised in other comprehensive income	(420)	(415)
Employer contributions	(627)	(700)
Net defined benefit at 31 December 2014	2,204	2,871

23 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

The expense recognised in the statements of comprehensive income may be analysed as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Service cost	242	360	242	360
Interest cost	323	420	323	420
Net interest income on plan Assets	(185)	(220)	(185)	(220)
Total defined benefit retirement plan	380	560	380	560

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions as follows. Any changes in any of these assumptions would impact the carrying amount of the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government deposits, bonds and securities denominated in Ringgit Malaysia, and that have maturity approximating the terms of the related defined benefit liability.

	Group and Company	
	2014	2013
At 31 December		
Discount rates	6.0%	5.7%
Rate of price inflation	3.5%	3.5%
Expected rate of salary increases		
- up to age 34	7%	7%
- from age 35 to 44	7%	7%
- from age 45 and above	5%	5%
Turnover (per annum):		
- up to age 44	6%	6%
- from age 45 to 54	3%	3%
Retirement age:		
- normal retirement age, 60	50 years	50 years
- early retirement age, 55	50 years	50 years
Expected return on plan assets	5.3%	5.3%

The expected return on plan assets is determined by weighting the expected long-term return for each asset class by target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

23 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

	2014 RM
Maturity profile of defined benefit obligation	
Weighted average duration	31.2 years
Expected benefit payments over the next 10 years	
2015	1,240,095
2016	79,908
2017	103,892
2018	127,698
2019	169,176
2020 onwards	1,407,216

Significant actuarial assumptions and sensitivity analysis

	Core assumption	Sensitivity analysis	Effect on defined benefit obligation RM
Discount rate	6.0%	1.0% decrease	1,878,512
Mortality	M9903 Life Tables	Age adjusted by + 1 year	(302,326)

Method and assumptions used in sensitivity analysis

The sensitivity results above determine their individual impact to the end of year defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

24 FINANCE LEASE LIABILITIES

This represents future installments under finance lease agreements, repayable as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
Minimum lease payments:		
Repayable within 12 months	1,796	4,994
Repayable after 12 months:		
- between 1 and 2 years	370	466
- between 2 and 5 years	500	157
- more than 5 years	129	
	2,795	5,617
Future finance charges on finance leases	(237)	(237)
Present value of the finance lease liability	2,558	5,380
Current (Note 21)	1,679	4,809
Non-current	879	571
	2,558	5,380

The finance lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default.

25 SHARE CAPITAL

	Group and Company	
	2014	2013
	RM'000	RM'000
Ordinary shares of RM1.00 each:		
Authorised:		
At 1 January and 31 December	100,000	100,000
Issued and fully paid:		
At 1 January and 31 December	60,402	60,402

26 RETAINED EARNINGS

The Company will be able to distribute dividends out of its entire retained earnings under the single-tier system.

27 SHARE PREMIUM

	Group and Company 2014 RM'000	Group and Company 2013 RM'000
As at 1 January/31 December	4,126	4,126

Share premium is not distributable as cash dividends.

28 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

(a) The significant related party transactions are as follows:

	Company 2014 RM'000	Company 2013 RM'000
Subsidiary companies		
Purchase of goods	191	803
Purchase of services	38,960	100,661
Sales of goods	1,688	142
Sales of services	263	0
Management fees	2,093	3,416
Secondment fees	17,560	18,470

(b) Financial year-end balances arising from sales/purchases of goods/services

	Company 2014 RM'000	Company 2013 RM'000
Receivables from related parties (Note 18):		
- Subsidiaries	4,975	23,898
Payables to related parties (Note 21):		
- Subsidiaries	10,100	21,372

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured in nature and bear no interest.

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

28 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key management compensation

Key management are categorised as employees with the title of Directors and above within the Group. The key management compensation (excluding Directors' remuneration) is disclosed as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries and other short-term employees benefits	1,631	2,442	1,631	1,435
Defined contribution plan	195	286	195	168
Defined benefit plan	0	39	0	0
	1,826	2,767	1,826	1,603

There are no significant balances from or to key management personnel as at the end of the financial year. Refer Note 6 to the financial statements for details of Directors' remuneration.

29 SEGMENT REPORTING

The Group is primarily engaged in one operating segment, namely the sales and service of information technology products in Malaysia. Accordingly, there are no differing risks and returns in the sales of products and provision of services by its operating segment.

The reports provided and reviewed by the Managing Director ('MD') that are used for allocating resources and assessing performance of the operating segment is from the overall Group's perspective and represents its only reporting segment.

All non-current assets of Group and Company are located in Malaysia.

30 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 8 April 2015.

MESINIAGA BERHAD
(Incorporated in Malaysia)

SUPPLEMENTARY INFORMATION

31 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The breakdown of retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraph 2.03 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Realised	71,068	86,647	39,463	61,100
Unrealised	(5,279)	15,353	12,253	16,876
	65,789	102,000	51,716	77,976

The determination of realised and unrealised profits is based on the *Guidance of Special Matter No 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on20 December 2010.