

Company No.

79244	V
-------	---

MESINIAGA BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

31 DÉCEMBER 2015

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 2015.

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

During the year, the Company acquired an equity interest in Mesiniaga Mobility Sdn. Bhd., a joint venture. The joint venture is principally involved in developing, marketing and operating a mobile workforce management system.

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Loss for the year attributable to:		
Equity holders of the Company	19,529	18,650
Non-controlling interests	(1,173)	0
Loss for the financial year	<u>18,356</u>	<u>18,650</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the previous financial year. The Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed 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:

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
Mohamed Fitri Abdullah

(Resigned on 31 December 2015)

DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2015, no arrangements subsisted to which the Company is a party, being an arrangements 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:

	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>At</u> <u>01.01.2015</u> <u>'000</u>	<u>Bought</u> <u>'000</u>	<u>Sold</u> <u>'000</u>	<u>At</u> <u>31.12.2015</u> <u>'000</u>
Datuk Wan Mohamed Fusil bin Wan Mahmood ⁽¹⁾	3,726	-	-	3,726
Mohd Puzi bin Ahamad ⁽²⁾	3,919	-	-	3,919
Fathil Sulaiman Ismail	6,398	-	-	6,398
Wong Fook Hon	1	-	-	1
Voon Seng Chuan	301	8	-	309
Mohamed Fitri Abdullah	20	20	-	40

⁽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.

Company No.	
79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

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 companies 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 be realised at their book values in the ordinary course of business 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 of the Group and of the Company misleading.

Company No.

79244	V
-------	---

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 of 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 31 March 2016.



DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD
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, Datuk Wan Mohamed Fusil Bin Wan Mahmood and Mohd Puzi bin Ahamad, two of the Directors of Mesiniaga Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 9 to 70 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 2015 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 71 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 31 March 2016.

DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD
DIRECTOR

MOHD PUZI BIN AHAMAD
DIRECTOR

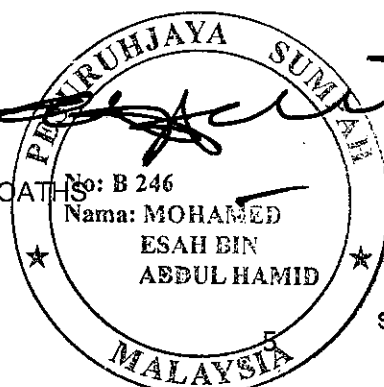
STATUTORY DECLARATION PURSUANT TO
SECTION 169(16) OF THE COMPANIES ACT, 1965

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 70 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 31 March 2016 before me.

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.



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 70, which comprise the statements of financial position as at 31 December 2015 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 notes 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 requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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



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 2015 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 71 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.



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.

A stylized, handwritten signature in black ink, likely representing the firm PriceWaterhouseCoopers.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A stylized, handwritten signature in black ink, likely representing Irvin George Luis Menezes.

IRVIN GEORGE LUIS MENEZES
(No. 2932/01/16 (J))
Chartered Accountant

Kuala Lumpur
31 March 2016

MESINIAGA BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	5	204,907	256,341	190,123	240,364
Changes in inventories of finished goods		(2,622)	(6,267)	(1,185)	2,799
Finished goods purchased		(72,524)	(115,500)	(64,538)	(111,627)
Information technology services purchased		(44,721)	(59,833)	(56,960)	(80,887)
Staff cost	6	(79,860)	(79,585)	(63,641)	(53,351)
Depreciation and amortisation		(7,212)	(7,229)	(6,489)	(4,604)
Travelling expenses		(3,396)	(4,262)	(2,691)	(2,173)
Office administrative expenses		(7,860)	(8,440)	(7,201)	(7,723)
Other operating expenses		(4,771)	(6,197)	(14,760)	(15,449)
Other operating income		2,961	158	11,059	12,613
Loss from operations		(15,098)	(30,814)	(16,283)	(20,038)
Finance cost	8	(943)	(868)	(943)	(868)
Finance income	8	522	516	169	266
Share of results of a joint venture company		8	0	0	0
Loss before zakat and taxation	7	(15,511)	(31,166)	(17,057)	(20,640)
Zakat		(180)	(180)	0	0
Taxation					
- Company and subsidiaries	9	(2,665)	1,352	(1,593)	0
Loss for the financial year		(18,356)	(29,994)	(18,650)	(20,640)
Other comprehensive income:					
<u>Item that will not be reclassified to profit and loss:</u>					
Actuarial gain on defined benefit plan	24	452	420	452	420
Total comprehensive loss for the financial year		(17,904)	(29,574)	(18,198)	(20,220)
Loss for the financial year attributable to:					
Equity holders of the Company		(19,529)	(30,591)	(18,650)	(20,640)
Non-controlling interests		1,173	597	0	0
Loss for the financial year		(18,356)	(29,994)	(18,650)	(20,640)
Total comprehensive loss for the financial year attributable to:					
Equity holders of the Company		(19,077)	(30,171)	(18,198)	(20,220)
Non-controlling interests		1,173	597	0	0
Total comprehensive loss for the financial year		(17,904)	(29,574)	(18,198)	(20,220)
Loss per share (sen)	10	(32.33)	(50.65)		

The notes on pages 15 to 70 are an integral part of these financial statements.

MESINIAGA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	12	51,987	61,465	50,973	60,867
Intangible assets	13	954	1,586	0	329
Investment property	14	1,346	1,370	1,346	1,370
Investment in subsidiaries	15	0	0	1,985	1,985
Investment in joint venture	16	88	0	80	0
Finance lease receivables	20	1,031	267	1,031	267
Deferred tax assets	17	243	1,979	0	1,458
		<u>55,649</u>	<u>66,667</u>	<u>55,415</u>	<u>66,276</u>
<u>Current assets</u>					
Inventories	18	7,420	10,042	4,221	5,406
Trade and other receivables	19	79,191	111,702	74,150	111,408
Tax recoverable		950	928	161	261
Deposits with licensed financial institutions	21	11,283	16,267	164	7,500
Cash and bank balances	21	14,150	9,179	9,230	4,589
		<u>112,994</u>	<u>148,118</u>	<u>87,926</u>	<u>129,164</u>
TOTAL ASSETS		<u>168,643</u>	<u>214,785</u>	<u>143,341</u>	<u>195,440</u>
EQUITY AND LIABILITIES					
<u>Equity attributable to equity holders of the company</u>					
Share capital	26	60,402	60,402	60,402	60,402
Share premium	27	4,126	4,126	4,126	4,126
Retained earnings		46,712	65,789	33,518	51,716
		<u>111,240</u>	<u>130,317</u>	<u>98,046</u>	<u>116,244</u>
Non-controlling interests	15	10,507	10,314	0	0
Total equity		<u>121,747</u>	<u>140,631</u>	<u>98,046</u>	<u>116,244</u>
<u>Non-current liabilities</u>					
Post-employment benefit obligations	24	1,691	2,204	1,691	2,204
Finance lease liabilities	25	574	879	574	879
		<u>2,265</u>	<u>3,083</u>	<u>2,265</u>	<u>3,083</u>
<u>Current liabilities</u>					
Trade and other payables	22	39,923	42,666	38,322	47,708
Borrowings	23	4,708	28,405	4,708	28,405
		<u>44,631</u>	<u>71,071</u>	<u>43,030</u>	<u>76,113</u>
		<u>46,896</u>	<u>74,154</u>	<u>45,295</u>	<u>79,196</u>
TOTAL EQUITY AND LIABILITIES		<u>168,643</u>	<u>214,785</u>	<u>143,341</u>	<u>195,440</u>

The notes on pages 15 to 70 are an integral part of these financial statements.

MESINIAGA BERAHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<u>Group</u>	<u>Note</u>	<u>Attributable to owners of the parent</u>					<u>Non- controlling interests</u> RM'000	<u>Total</u> RM'000
		<u>Issued and fully paid ordinary shares of RM1.00 each</u>	<u>Number of shares 000</u>	<u>Nominal value RM'000</u>	<u>Share premium (Note 27) RM'000</u>	<u>Retained earnings RM'000</u>		
At 1 January 2014			60,402	60,402	4,126	102,000	10,697	177,225
Transactions with owners:								
Dividends paid to shareholders:								
- 31 December 2013	11		0	0	0	(6,040)	0	(6,040)
Dividend paid to non-controlling interest			0	0	0	0	(980)	(980)
			60,402	60,402	4,126	95,960	9,717	170,205
Loss for the financial year			0	0	0	(30,591)	597	(29,994)
Other comprehensive income								
for the financial year			0	0	0	420	0	420
At 31 December 2014	24		60,402	60,402	4,126	65,789	10,314	140,631
At 1 January 2015			60,402	60,402	4,126	65,789	10,314	140,631
Transactions with owners:								
Dividend paid to non-controlling interest			0	0	0	0	(980)	(980)
			60,402	60,402	4,126	65,789	9,334	139,651
Loss for the financial year			0	0	0	(19,529)	1,173	(18,356)
Other comprehensive income								
for the financial year	24		0	0	0	452	0	452
At 31 December 2015			60,402	60,402	4,126	46,712	10,507	121,747

The notes on pages 15 to 70 are an integral part of these financial statements.

MESINIAGA BERHAD
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<u>Company</u>	<u>Note</u>	<u>Issued and fully paid ordinary shares of RM1.00 each</u>		<u>Share premium (Note 27) RM'000</u>	<u>Distributable</u>	
		<u>Number of shares 000</u>	<u>Nominal value RM'000</u>		<u>Retained earnings RM'000</u>	<u>Total RM'000</u>
At 1 January 2014		60,402	60,402	4,126	77,976	142,504
Transactions with owners:						
Dividends paid to shareholders:						
- 31 December 2013	11	0	0	0	(6,040)	(6,040)
		60,402	60,402	4,126	71,936	136,464
Loss for the financial year		0	0	0	(20,640)	(20,640)
Other comprehensive income for the financial year	24	0	0	0	420	420
At 31 December 2014		60,402	60,402	4,126	51,716	116,244
At 1 January 2015		60,402	60,402	4,126	51,716	116,244
Loss for the financial year		0	0	0	(18,650)	(18,650)
Other comprehensive income for the financial year	24	0	0	0	452	452
At 31 December 2015		60,402	60,402	4,126	33,518	98,046

The notes on pages 15 to 70 are an integral 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 2015

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the financial year		(18,356)	(29,994)	(18,650)	(20,640)
<u>Adjustments for:</u>					
Zakat		180	180	0	0
Taxation		2,665	(1,352)	1,593	0
Depreciation and amortisation:					
- property, plant and equipment		6,954	7,040	6,465	4,580
- investment property		24	24	24	24
- intangible assets		234	165	0	0
Property, plant and equipment written off		403	2	439	0
Dividend income from subsidiaries		0	0	(7,820)	(10,020)
Share results of a joint venture company		(8)	0	0	0
Interest expense		943	868	943	868
Interest income on fixed deposits		(522)	(516)	(169)	(266)
Retirement benefits		363	380	363	380
Gain on sales of property, plant and equipment		(2,707)	0	(2,707)	0
Bad debts written off		82	42	82	10
Impairment of amount due from subsidiaries		0	0	9,501	9,670
Impairment of trade receivables		618	4,003	657	3,995
Unrealised foreign exchange (gain)/loss		(657)	458	(657)	439
(Write-back)/Write down of inventory to net realisable value		(1,535)	3,911	(599)	2,543
		(11,319)	(14,789)	(10,535)	(8,417)
Changes in working capital:					
Inventories		4,157	1,861	1,784	(5,837)
Subsidiaries		0	0	(7,838)	8,332
Receivables		31,047	4,896	31,610	(10,857)
Payables		(735)	9,125	489	(1,790)
Cash generated from/(used in) operations		23,150	1,093	15,510	(18,569)
Interest paid		(943)	(868)	(943)	(868)
Retirement benefits paid		(424)	(627)	(424)	(627)
Tax (paid)/refunded		(951)	(3,090)	(35)	229
Zakat paid		(180)	(180)	0	0
Net cash generated from/(used in) operating activities		20,652	(3,672)	14,108	(19,835)

MESINIAGA BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions on intangible assets		0	(534)	0	(329)
Purchase of property, plant and equipment		(3,453)	(5,912)	(2,648)	(5,616)
Interest received		522	611	169	361
Dividends received from subsidiaries		0	0	7,820	10,020
Proceeds from disposal of property, plant and equipment		8,679	0	8,679	0
(Payment)/repayment of advances (to)/from subsidiaries		0	0	(5,390)	4,370
Payments to acquire shares in a joint venture company		(80)	0	(80)	0
Investment in deposits maturing more than three months		(2,687)	(1,244)	0	0
Net cash generated from/(used in) investing activities		2,981	(7,079)	8,550	8,806
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders of the company		0	(6,040)	0	(6,040)
Dividends paid to non-controlling Interests		(980)	(980)	0	0
Repayment from finance lease liabilities (net)		(1,656)	(4,848)	(1,656)	(4,848)
Drawdown of borrowings		94,233	15,765	94,233	15,765
Repayment of borrowings		(117,930)	0	(117,930)	0
Net cash (used in)/generated from financing activities		(26,333)	3,897	(25,353)	4,877
NET CHANGES IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR					
		(2,700)	(6,854)	(2,695)	(6,152)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR					
		24,202	31,056	12,089	18,241
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR					
	21	21,502	24,202	9,394	12,089

The notes on pages 15 to 70 are an integral part of these financial statements.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1 GENERAL INFORMATION

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

The principal activities of the Company are 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 nature of these activities during the financial year.

During the year, the Company acquired an equity interest in Mesiniaga Mobility Sdn. Bhd., a joint venture. The joint venture is principally involved in developing, marketing and operating a mobile workforce management system.

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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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 2015:

- 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 "Defined Benefit Plans: Employee Contributions"

The adoption of the above annual improvements and amendments to published standards and interpretations did not have any 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 2016 with earlier application permitted**
 - Amendments to MFRS 11 "Accounting for Acquisition of Interests in Joint Operations"
 - Amendments to MFRS 116 'Property, plant & equipment' & MFRS 138 'Intangible assets' – "Clarification of Acceptable Methods of Depreciation and Amortisation"
 - Amendments to MFRS 127 'Separate financial statements' – "Equity Method in Separate Financial Statements"

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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)

(i) Effective from financial year beginning on or after 1 January 2016 with earlier application permitted (continued)

- Annual Improvements to MFRSs 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'
- Amendments to MFRS 10, 12 & 128 "Investment entities - Applying the Consolidation Exception"
- Amendments to MFRS 101 "Presentation of financial statements - Disclosure Initiative"

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

- MFRS 15 "Revenue from Contracts with Customer"
- MFRS 9 "Financial Instruments"

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

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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 acquiree 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 acquiree 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 carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in 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 profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any any-controlling interest in the acquiree 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 unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CONSOLIDATION (CONTINUED)

(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 transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes 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.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CONSOLIDATION (CONTINUED)

d) Joint arrangements (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognized in other comprehensive income in respect of the entity is 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.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2.3 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

In the Company's separate financial statements, investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and joint ventures, 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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or 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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially stated at cost, net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, at the following annual rates:

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

Depreciation on assets under construction commences when the assets are ready for their intended use.

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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INVESTMENT PROPERTY

Investment properties, comprising principally buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset. Costs of the investment property are net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the investment property.

Subsequent to initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Depreciation is provided for on a straight line basis over the estimated useful life. The principal annual rates used for building is 2% per annum.

Investment property is derecognised either when 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. Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

Transfer is made to or from investment property only when there is a change in use. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. For a transfer from owner-occupied property to investment property, the carrying amount of the property does not change.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 of disposal 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 which are largely independent of the cash inflows from other assets or groups of assets (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 is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.10 FINANCIAL ASSETS

(a) Classification

The Group classifies its financial assets in the following categories: 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. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's and Company's loans and receivables comprise 'trade and other receivables', and 'bank balances' in the statement 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 that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL ASSETS (CONTINUED)

(c) Subsequent measurement - gains and losses

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

(d) Subsequent measurement - impairment

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.

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

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 carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' 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.

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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL ASSETS (CONTINUED)

(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 derecognised 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.

2.11 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs, which include purchase price and other incidental charges, are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates, discounts and the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of purchased inventory. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

2.13 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

2.15 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.

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 different 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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 FINANCIAL LIABILITIES (CONTINUED)

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.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

General and specific 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.

2.16 CURRENT AND DEFERRED INCOME TAX

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. 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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

Deferred tax is provided in full, 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 are not recognised if they 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.

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 liability is recognised for all taxable temporary differences associated with investments in subsidiaries or joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised

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.

2.17 EMPLOYEE BENEFITS

(a) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 EMPLOYEE BENEFITS (CONTINUED)

(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.

(c) Defined benefit plans

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in the profit or loss in employee benefit expense, except where included in the cost of an asset.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, 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.

When the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

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 management's best estimate 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.

2.19 REVENUE RECOGNITION

Revenue is measured at 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 goods and services tax, returns, rebates and discounts and amounts collected on behalf of third parties 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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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 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. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

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 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 if there is no reasonable certainty that the Group will obtain ownership at the end of 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.

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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate 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 guidelines approved by the Board of Directors and seeks to minimise potential adverse effects on the Group's 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.

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

(i) Foreign exchange risk

The Group operates locally and is exposed to foreign exchange 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 in nature.

The table illustrates the impact on the loss for the year, equity and net assets resulting from currency sensitivities as at 31 December 2015, if Ringgit Malaysia had weakened/strengthened by 1% against the US dollar with other variables held constant.

	Group and Company	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
<u>(Increase)/decrease on loss for the year</u>		
1 percent increase in US Dollar exchange rate	(135)	(238)
1 percent decrease in US Dollar exchange rate	<u>135</u>	<u>238</u>

(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.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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 and of the Company'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:

	<u>Group</u>		<u>Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
<u>Financial asset</u>				
Fixed rate – deposits with financial institutions	<u>11,283</u>	<u>16,267</u>	<u>164</u>	<u>7,500</u>
<u>Financial liability</u>				
Floating rate - borrowings	<u>4,708</u>	<u>28,405</u>	<u>4,708</u>	<u>28,405</u>

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 and the Company.

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.

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****3 FINANCIAL RISK MANAGEMENT (CONTINUED)****3.1 FINANCIAL RISK FACTORS (CONTINUED)****(b) Credit risk (continued)****(i) Receivables**

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

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 (2014: seven) major customers which accounted for 50% (2014: 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.

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.

	<u>Group</u>		<u>Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Counterparties without external credit rating:				
- Existing customers with no defaults in the past	<u>75,784</u>	<u>108,697</u>	<u>71,346</u>	<u>104,235</u>

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

Company No.	
79244	V

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

(i) 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	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
<u>Amounts due from subsidiaries</u>		
Existing related parties (more than 6 months)		
with no defaults in the past (Note 28)	<u>35</u>	<u>4,975</u>

(ii) Amounts due from subsidiaries

Amounts due from subsidiaries are largely trade in nature. The Company monitors the results of the subsidiaries regularly. As at 31 December 2015, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that amounts due from subsidiaries are stated at recoverable amounts. As at 31 December 2015, an amount of RM 26,550,767 (2014: RM17,049,592) was provided for as the amount due from a subsidiary was assessed to be impaired.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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 deposits and bank balances (excluding cash balance) are as follows:

	Group		Company	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
AAA	25,140	17,646	9,103	4,298
AA	22	7,522	22	7,522
BBB	261	261	261	261
	<u>25,423</u>	<u>25,429</u>	<u>9,386</u>	<u>12,081</u>

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

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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 of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

				2015	
	<u>Note</u>	<u>Total</u> RM'000	<u>Within</u> <u>1 year</u> RM'000	<u>1 - 5 year</u> RM'000	<u>More than</u> <u>5 years</u> RM'000
<u>Group</u>					
<u>Financial Liabilities</u>					
Payables	22	39,595	39,595	0	0
Borrowings	23	4,708	4,708	0	0
Finance lease liabilities	25	1,020	387	633	0
Total undiscounted financial liabilities		<u>45,323</u>	<u>44,690</u>	<u>633</u>	<u>0</u>
<u>Company</u>					
<u>Financial Liabilities</u>					
Payables	22	37,994	37,994	0	0
Borrowings	23	4,708	4,708	0	0
Finance lease liabilities	25	1,020	387	633	0
Total undiscounted financial liabilities		<u>43,722</u>	<u>43,089</u>	<u>633</u>	<u>0</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****3 FINANCIAL RISK MANAGEMENT (CONTINUED)****3.1 FINANCIAL RISK FACTORS (CONTINUED)****(c) Liquidity risk (continued)**

				2014	
<u>Group</u>	<u>Note</u>	<u>Total</u> RM'000	<u>Within</u> <u>1 year</u> RM'000	<u>1 - 5 year</u> RM'000	<u>More than</u> <u>5 years</u> RM'000
<u>Financial Liabilities</u>					
Payables	22	40,987	40,987	0	0
Borrowings	23	28,405	28,405	0	0
Finance lease liabilities	25	2,795	1,796	870	129
Total undiscounted financial liabilities		72,187	71,188	870	129
<u>Company</u>					
<u>Financial Liabilities</u>					
Payables	22	46,029	46,029	0	0
Borrowings	23	28,405	28,405	0	0
Finance lease liabilities	25	2,795	1,796	870	129
Total undiscounted financial liabilities		77,229	76,230	870	129

The Group has undrawn banking facilities amounting to RM10,100,000 as at 31 December 2015.

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(d) Financial instruments by category

	2015 RM'000	2014 RM'000
<u>Group</u>		
<u>Financial assets classified as loan and receivables, as per statement of financial position</u>		
Trade and other receivables	79,191	111,702
Deposits, cash and bank balances	25,433	25,446
	<u>104,624</u>	<u>137,148</u>
<u>Financial liabilities classified as other financial liabilities at amortised cost, as per statement of financial position</u>		
Trade and other payables, excluding statutory liabilities	38,388	39,178
Borrowings	4,708	28,405
	<u>43,096</u>	<u>67,583</u>
<u>Company</u>		
<u>Financial assets classified as loan and receivables, as per statement of financial position</u>		
Trade and other receivables	74,115	106,433
Amounts due from subsidiaries	35	4,975
Deposits, cash and bank balances	9,394	12,089
	<u>83,544</u>	<u>123,497</u>
<u>Financial liabilities classified as other financial liabilities at amortised cost, as per statement of financial position</u>		
Trade and other payables, excluding statutory liabilities	35,445	36,609
Amounts due to subsidiaries	2,233	10,100
Borrowings	4,708	28,405
	<u>42,386</u>	<u>75,114</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****3 FINANCIAL RISK MANAGEMENT (CONTINUED)****3.1 FINANCIAL RISK FACTORS (CONTINUED)****(e) 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 2015 and 31 December 2014. The fair value of investment property that is disclosed in Note 14 is a Level 2 estimation. Other than as disclosed, the carrying amounts are a reasonable approximation of fair value.

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.

	2015 RM'000	2014 RM'000
<u>The Group</u>		
Total borrowings (Note 23)	4,708	28,405
Less: Deposits, cash and bank balances (Note 21)	(25,433)	(25,446)
Net debt	0	2,959
Total equity	121,747	140,631
Total capital	101,020	143,590
Gearing ratio	0%	2%

The decrease in the gearing ratio during 2015 resulted primarily from the repayment of borrowings during the financial year. There were no externally imposed capital requirements during the financial year.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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 Property

The Group follows the guidance of MFRS 136 "Impairment of Assets" to assess the 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 and the Company's property, plant and equipment and investment property 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. No impairment was required.

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 asset are recognised to the extent that it is probable that future 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 sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Based on the uncertainty of utilisation of available tax losses and capital allowances, the Directors have assessed that deferred tax assets will not be recognised except to the extent that it offsets deferred tax liabilities arising from the same entity.

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)
5 REVENUE

	Group		Company	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
- services	130,442	121,925	128,727	118,813
- hardware	63,558	100,593	50,489	87,653
- software	10,907	33,823	10,907	33,898
	<u>204,907</u>	<u>256,341</u>	<u>190,123</u>	<u>240,364</u>

6 STAFF COST (INCLUDING DIRECTORS' EMOLUMENTS)

	Group		Company	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and other employment benefits	69,498	71,363	56,387	49,747
Defined contribution retirement plan	7,805	7,842	5,010	3,224
Defined benefit retirement plan (Note 24)	363	380	363	380
Termination benefits	2,194	0	1,881	0
	<u>79,860</u>	<u>79,585</u>	<u>63,641</u>	<u>53,351</u>

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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
<u>Non-executive Directors</u>				
- fees	234	231	234	231
- others	54	179	54	179
<u>Executive Directors</u>				
- salaries	1,640	1,755	1,640	1,755
- other emoluments	208	208	208	208
- defined contribution plan	158	167	158	167
	<u>2,294</u>	<u>2,540</u>	<u>2,294</u>	<u>2,540</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Group		Company	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Audit	199	194	142	107
- Non-audit	42	47	16	18
Depreciation:				
- property, plant and equipment	6,954	7,040	6,465	4,580
- investment property	24	24	24	24
Amortisation of intangible assets	234	165	0	0
Property, plant and equipment written off	403	2	439	0
Dividend income from subsidiaries	0	0	(7,820)	(10,020)
Interest income on finance leases	(155)	(95)	(155)	(95)
Net realised foreign exchange loss/(gain)	3,180	(847)	3,180	(805)
Unrealised foreign exchange (gain)/loss	(657)	458	(657)	439
Rental income	(101)	(107)	(101)	(227)
Gain on disposal of property, plant and equipment	(2,707)	0	(2,707)	0
Rental expense	403	568	179	71
(Write back)/Write down of inventory to net realisable value	(1,535)	3,911	(599)	2,543
Bad debts written off	82	42	82	10
Impairment of trade receivables (net)	618	4,003	657	3,995
Impairment of amount due from subsidiaries	0	0	9,501	9,670

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

8 FINANCE COST

	Group		Company	
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- borrowings	824	501	824	501
- finance leases	119	367	119	367
	<u>943</u>	<u>868</u>	<u>943</u>	<u>868</u>
Interest income on:				
- fixed deposits	522	516	169	266
Finance cost – net	<u>421</u>	<u>352</u>	<u>774</u>	<u>602</u>

9 TAXATION

	Group		Company	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
<u>Current taxation:</u>				
Current financial year	573	960	0	0
Under/(over) provision in prior year	356	(268)	135	0
	<u>929</u>	<u>692</u>	<u>135</u>	<u>0</u>
Deferred taxation (Note 17)	<u>1,736</u>	<u>(2,044)</u>	<u>1,458</u>	<u>0</u>
Tax expense	<u>2,665</u>	<u>(1,352)</u>	<u>1,593</u>	<u>0</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

9 TAXATION (CONTINUED)

The reconciliation of income tax expense applicable to loss before zakat and 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loss before zakat and taxation	(15,511)	(31,166)	(17,057)	(20,640)
Taxation calculated at the applicable Malaysian tax rate of 25% (2014: 25%)	(3,878)	(7,792)	(4,264)	(5,160)
Tax effects of:				
- income not subject to tax	(496)	(4,987)	(1,955)	(2,505)
- income subject to different tax rate	(677)	0	(677)	
- expenses not deductible for tax purposes	1,357	3,686	3,701	2,632
- current year temporary difference not recognised	6,003	8,009	4,653	5,033
- under/(over) provision in prior year	356	(268)	135	0
Tax expense	2,665	(1,352)	1,593	0

The amount of deductible temporary differences and unutilised tax losses for which no deferred tax assets is recognised in the statements of financial position is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	59,327	47,784	34,727	27,952
Deductible temporary differences	132	2,817	0	1,547
	59,459	50,601	34,727	29,499

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.

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****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.

	<u>2015</u>	<u>Group 2014</u>
Net loss attributable to ordinary equity holders of the Company (RM'000)	(19,529)	(30,591)
Weighted average number of ordinary shares in issue ('000)	60,402	60,402
Loss per share (sen)	<u>(32.33)</u>	<u>(50.65)</u>

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

11 DIVIDENDS

	<u>2015</u>	<u>Group and Company 2014</u>
	RM'000	RM'000
Dividends paid:		
In respect of financial year ended 31 December 2013:		
- Final single tier dividend of RM 0.10 per share on 60,402,000 ordinary shares paid on 9 July 2014.	<u>0</u>	<u>6,040</u>

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2015.

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	Freehold land RM'000	Building RM'000	Machines RM'000	Office equipment, furniture and fittings RM'000	Motor vehicle RM'000	Total RM'000
<u>Cost</u>						
At 1 January 2015	26,262	35,836	1,169	59,262	283	122,812
Additions	0	35	0	3,418	0	3,453
Reclassification	0	0	0	329	0	329
Disposal	(2,820)	(3,241)	0	(1,414)	0	(7,475)
Assets written off	0	0	(1,169)	(8,430)	0	(9,599)
At 31 December 2015	23,442	32,630	0	53,165	283	109,520
<u>Accumulated depreciation</u>						
At 1 January 2015	0	13,475	1,169	46,475	228	61,347
Charge for the financial year	0	727	0	6,197	30	6,954
Disposal	0	(507)	0	(996)	0	(1,503)
Assets written off	0	0	(1,169)	(8,027)	0	(9,196)
Reclassification	0	0	0	(69)	0	(69)
At 31 December 2015	0	13,695	0	43,580	258	57,533
<u>Net book value</u>						
At 31 December 2015	23,442	18,935	0	9,585	25	51,987
<u>Cost</u>						
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
<u>Accumulated depreciation</u>						
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
<u>Net book value</u>						
At 31 December 2014	26,262	22,361	0	12,787	55	61,465

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<u>Company</u>	<u>Freehold land</u> RM'000	<u>Building</u> RM'000	<u>Machines</u> RM'000	<u>Office equipment, furniture and fittings</u> RM'000	<u>Motor vehicle</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>						
At 1 January 2015	26,262	35,836	1,169	41,125	283	104,675
Additions	0	35	0	2,613	0	2,648
Reclassification	0	0	0	329	0	329
Transfer from subsidiary	0	0	0	5	0	5
Disposal	(2,820)	(3,241)	0	(1,412)	0	(7,473)
Asset written off	0	0	(1,169)	(8,424)	0	(9,593)
At 31 December 2015	23,442	32,630	0	34,236	283	90,591
<u>Accumulated depreciation</u>						
At 1 January 2015	0	13,475	1,169	28,938	226	43,808
Charge for the financial year	0	727	0	5,708	30	6,465
Disposal	0	(507)	0	(994)	0	(1,501)
Asset written off	0	0	(1,169)	(7,985)	0	(9,154)
At 31 December 2015	0	13,695	0	25,667	256	39,618
<u>Net book value</u>						
At 31 December 2015	23,442	18,935	0	8,569	27	50,973
<u>Cost</u>						
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
<u>Accumulated depreciation</u>						
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
<u>Net book value</u>						
At 31 December 2014	26,262	22,361	0	12,187	57	60,867

The net book value of assets under finance lease as at 31 December 2015 amounted to RM742,809 (2014: RM753,040).

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

13 INTANGIBLE ASSETS

<u>Group</u>	Internally developed software RM'000	Total RM'000
<u>Cost</u>		
At 1 January 2015	1,792	1,792
Reclassification	(329)	(329)
At 31 December 2015	<u>1,463</u>	<u>1,463</u>
<u>Accumulated depreciation</u>		
At 1 January 2015	206	206
Charge for the financial year	234	234
Reclassification	69	69
At 31 December 2015	<u>509</u>	<u>509</u>
<u>Net book value</u>		
At 31 December 2015	<u>954</u>	<u>954</u>
<u>Company</u>	Internally developed software RM'000	Total RM'000
<u>Cost</u>		
At 1 January 2015	329	329
Additions	0	0
Reclassification	(329)	(329)
At 31 December 2015	<u>0</u>	<u>0</u>
<u>Accumulated depreciation</u>		
At 1 January 2015	0	0
Charge for the financial year	0	0
At 31 December 2015	<u>0</u>	<u>0</u>
<u>Net book value</u>		
At 31 December 2015	<u>0</u>	<u>0</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****13 INTANGIBLE ASSETS (CONTINUED)**

<u>Group</u>	Internally developed <u>software</u> RM'000	Work-in- <u>progress</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>			
At 1 January 2014	640	618	1,258
Additions	0	534	534
Reclassification	1,152	(1,152)	0
At 31 December 2014	<u>1,792</u>	<u>0</u>	<u>1,792</u>
<u>Accumulated depreciation</u>			
At 1 January 2014	41	0	41
Charge for the financial year	165	0	165
At 31 December 2014	<u>206</u>	<u>0</u>	<u>206</u>
<u>Net book value</u>			
At 31 December 2014	<u>1,586</u>	<u>0</u>	<u>1,586</u>
<u>Company</u>	Internally developed <u>software</u> RM'000	Work-in- <u>progress</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>			
At 1 January 2014	0	0	0
Additions	0	329	329
Reclassification	329	(329)	0
At 31 December 2014	<u>329</u>	<u>0</u>	<u>329</u>
<u>Accumulated depreciation</u>			
At 1 January 2014	0	0	0
Charge for the financial year	0	0	0
At 31 December 2014	<u>0</u>	<u>0</u>	<u>0</u>
<u>Net book value</u>			
At 31 December 2014	<u>329</u>	<u>0</u>	<u>329</u>

The useful life of the internally developed software is four years. The amount of staff cost capitalised for the Group is nil (2014: RM534,000).

Company No.

79244

V

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

14 INVESTMENT PROPERTY

	Group and Company	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
<u>Building</u>		
At 1 January	1,370	1,394
Depreciation for the financial year	(24)	(24)
At 31 December	<u>1,346</u>	<u>1,370</u>

Rental income and direct operating expenses arising from the investment property for the financial year are as follows:

	Group and Company	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Rental income	25	31
Direct operating expenses	<u>3</u>	<u>3</u>

The fair value of the investment property is approximately RM1,700,000 (2014: RM3,500,000) as at 31 December 2015. The fair value of the investment property was estimated by Directors using a selling price offered by a third party. The fair value of investment property is Level 2 estimation.

MESINIAGA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

15 INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Unquoted shares, at cost	2,006	2,006
Less: Accumulated impairment losses	(21)	(21)
	<u>1,985</u>	<u>1,985</u>

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 subsidiaries	Principal activities	Group's effective interest	
		2015	2014
		%	%
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. ("MTSB")*	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.

* MTSB on 21 January 2016 had its final meeting to conclude the members voluntary winding-up of the Company. Pursuant to the Companies Act, 1965, MTSB shall dissolve three months after lodgment of Form 69 (Return of the Final Meeting) with the Companies Commission and the Official Receiver.

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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

	<u>2015</u> RM'000	<u>2014</u> RM'000
<u>Current</u>		
Assets	22,535	21,504
Liabilities	(1,334)	(985)
Total current net assets	<u>21,201</u>	<u>20,519</u>
<u>Non-current</u>		
Assets	251	539
Liabilities	0	0
Total non-current net assets	<u>251</u>	<u>539</u>
Net assets	<u>21,452</u>	<u>21,058</u>

Summarised statement of comprehensive income

	<u>For the financial year ended 31 December</u>	
	<u>2015</u> RM'000	<u>2014</u> RM'000
Revenue	13,476	14,677
Profit before taxation	3,397	1,390
Tax expense	(1,003)	(172)
Profit for the financial year	<u>2,394</u>	<u>1,218</u>
Other comprehensive income	0	0
Total comprehensive income	<u>2,394</u>	<u>1,218</u>
Profit and total comprehensive income attributable to non-controlling interest	1,173	597
Accumulated non-controlling interest	<u>10,507</u>	<u>10,314</u>
Dividends paid to non-controlling interests	<u>980</u>	<u>980</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****15 INVESTMENT IN SUBSIDIARIES (CONTINUED)**Summarised financial information on subsidiary with material non-controlling interests (continued)Summarised statement of cash flows

	For the financial year ended 31 December	
	2015 RM'000	2014 RM'000
<u>Cash flow from operating activities</u>		
Cash flow generated from operations	5,013	3,123
Income tax paid	(610)	(963)
Net cash generated from operating activities	4,403	2,160
Net cash used in investing activities	(2,335)	(998)
Net cash used in financing activities	(2,000)	(2,000)
Net increase/(decrease) in cash and cash equivalents	68	(838)
Cash and cash equivalents at beginning of financial year	11,451	12,289
Cash and cash equivalents at end of financial year	11,519	11,451

16 INVESTMENT IN JOINT VENTURES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	80	0	80	0
Share of post-acquisition reserves	8	0	0	0
	<u>88</u>	<u>0</u>	<u>80</u>	<u>0</u>

The shares of the joint venture are held directly by the Company.

Details of the joint venture, which is incorporated in Malaysia, is as follows:

Name of joint ventures	Principal activities	Group's effective interest	
		2015 %	2014 %
Mesiniaga Mobility Sdn. Bhd. ("MMSB")	Develop, market and operate a mobile workforce management system.	80	0

On 6 July 2015, the Company acquired an 80% equity interest in MMSB.

The investment is accounted for as a joint venture as there is contractually agreed sharing of control by the Group with the joint venture party, where decisions about relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control.

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****17 DEFERRED TAX ASSETS**

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	243	1,979	0	1,458
At 1 January	1,979	(65)	1,458	1,458
Credited/(Charged) to statements of comprehensive income: (Note 9)				
- property, plant and equipment	2,676	595	2,602	(1,334)
- post-employment benefit obligations	(146)	(161)	(146)	(161)
- receivables	(1,112)	971	(1,103)	971
- tax losses	(2,383)	644	(2,383)	593
- provisions	(554)	90	(479)	13
- inventories	242	0	0	0
- others	(459)	(95)	51	(82)
	(1,736)	2,044	(1,458)	0
At 31 December	243	1,979	0	1,458
<u>Subject to income tax:</u>				
Deferred tax assets: (before offsetting)				
- post-employment benefit obligations	406	552	406	552
- receivables	26	1,138	26	1,129
- tax losses	0	2,383	0	2,383
- provisions	2	556	0	479
- others	0	510	0	0
- inventories	242	0	0	0
	676	5,139	432	4,543
Offsetting	(433)	(3,160)	(432)	(3,085)
Deferred tax assets (after offsetting)	243	1,979	0	1,458

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****17 DEFERRED TAX ASSETS (CONTINUED)**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(374)	(3,050)	(373)	(2,975)
- others	(59)	(110)	(59)	(110)
	(433)	(3,160)	(432)	(3,085)
Offsetting	433	3,160	432	3,085
Deferred tax liabilities (after offsetting)	0	0	0	0

18 INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>At net realisable value:</u>				
Cables	3,199	4,636	0	1
Equipment	3,398	4,497	3,398	4,496
Spare parts	823	874	823	874
Supplies	0	35	0	35
	7,420	10,042	4,221	5,406

19 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables	49,897	78,265	45,459	73,839
Accrued unbilled revenue	26,930	34,987	26,930	34,912
Less: Impairment of receivables	(1,043)	(4,555)	(1,043)	(4,516)
	75,784	108,697	71,346	104,235
Finance lease receivables (Note 20)	446	554	446	554
Other receivables	2,488	2,059	1,925	1,367
Deposits and prepayments	473	392	398	277
Amounts due from subsidiaries	0	0	26,585	22,024
Impairment of amounts due from subsidiaries	0	0	(26,550)	(17,049)
	0	0	35	4,975
	79,191	111,702	74,150	111,408

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****19 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 (2014: 30 days to 90 days).

Other receivables and deposits are with creditworthy parties and 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

The aging analysis of the Group's and of the Company's trade receivables and accrued unbilled revenue for the financial year are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	65,038	104,220	62,717	100,767
1 to 30 days past due and not impaired	1,996	2,803	1,383	2,190
31 to 90 days past due and not impaired	3,124	600	1,962	266
More than 91 days past due and not impaired	5,626	1,074	5,284	1,012
More than 91 days past due and impaired	1,043	4,555	1,043	4,516
	<u>76,827</u>	<u>113,252</u>	<u>72,389</u>	<u>108,751</u>
Less: Impairment of receivables	<u>(1,043)</u>	<u>(4,555)</u>	<u>(1,043)</u>	<u>(4,516)</u>
	<u>75,784</u>	<u>108,697</u>	<u>71,346</u>	<u>104,235</u>

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. 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.

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****19 TRADE AND OTHER RECEIVABLES (CONTINUED)**Trade receivables that are past due but not impaired

As at 31 December 2015, the Group and the Company have trade receivables amounting to RM10,746,000 (2014: RM4,477,000) and RM8,629,000 (2014: RM3,468,000) 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 2015 and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables - nominal amounts	1,043	4,555	1,043	4,516
Less: Impairment of receivables	(1,043)	(4,555)	(1,043)	(4,516)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Trade receivables that are individually determined to be impaired at the reporting date mainly relate to balances which have been significantly long outstanding.

Movement in allowance accounts:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,555	552	4,516	521
Impairment of trade receivables (net)	618	4,003	657	3,995
Written off	(4,130)	0	(4,130)	0
At 31 December	<u>1,043</u>	<u>4,555</u>	<u>1,043</u>	<u>4,516</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****19 TRADE AND OTHER RECEIVABLES (CONTINUED)**

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

20 FINANCE LEASE RECEIVABLES

	Group and Company	
	2015	2014
	RM'000	RM'000
Gross receivables	1,685	905
Less: Unearned finance income	(208)	(84)
Present value of lease receivables	<u>1,477</u>	<u>821</u>

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

	Group and Company	
	2015	2014
	RM'000	RM'000
Receivable within 12 months	535	554
Receivable after 12 months:		
- between 1 and 2 years	817	301
- between 2 and 5 years	333	50
	<u>1,685</u>	<u>905</u>
Less: Unearned finance income	(208)	(84)
	<u>1,477</u>	<u>821</u>
Current (Note 19)	446	554
Non-current	<u>1,031</u>	<u>267</u>
	<u>1,477</u>	<u>821</u>

The weighted average effective interest rates for finance lease receivables are 5% (2014: 5%) per annum. The finance lease receivables are denominated in Ringgit Malaysia.

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****21 DEPOSITS, CASH AND BANK BALANCES**

	Group		Company	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	14,150	9,179	9,230	4,589
Deposits with licensed financial institutions	11,283	16,267	164	7,500
Total deposits, cash and bank balances	25,433	25,446	9,394	12,089
Less:				
Deposits maturing more than three (3) months	3,931	1,244	0	0
Cash and cash equivalents	<u>21,502</u>	<u>24,202</u>	<u>9,394</u>	<u>12,089</u>

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 3.30% (2014: 3.16%) per annum.

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

22 TRADE AND OTHER PAYABLES

	Group		Company	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Trade payables	32,774	33,657	31,219	30,501
Payroll liabilities	2,732	3,693	1,912	2,759
Accruals	4,089	3,637	2,630	2,669
Finance lease liabilities (Note 25)	328	1,679	328	1,679
Amounts due to subsidiaries	0	0	2,233	10,100
	<u>39,923</u>	<u>42,666</u>	<u>38,322</u>	<u>47,708</u>

The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	27,179	35,033	25,578	40,096
United States Dollar	12,744	7,633	12,744	7,612
	<u>39,923</u>	<u>42,666</u>	<u>38,322</u>	<u>47,708</u>

All other liabilities are denominated in Ringgit Malaysia.

Credit terms of trade payables range from 7 days to 90 days (2014: 7 days to 90 days).

The amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment.

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

23 BORROWING

	Group and Company	
	2015	2014
	RM'000	RM'000
<u>Unsecured and interest bearing:</u>		
Short-term bank borrowings	4,708	28,405

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

	Group and Company	
	2015	2014
	%	%
Short-term bank borrowings	4.43	4.73

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

	Group and Company	
	2015	2014
	RM'000	RM'000
Ringgit Malaysia	3,927	13,764
United States Dollar	781	13,798
Euro	0	843
	4,708	28,405

24 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.

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****24 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)****(b) Defined benefit plan (continued)**

The latest actuarial valuation of the plan was carried out as at 31 December 2015.

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

	<u>Group and Company</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
At 1 January	5,894	6,292
Charged to income statement:		
Service cost	205	221
Interest cost	316	323
	<u>521</u>	<u>544</u>
Charged to other comprehensive income:		
Actuarial losses	(1,007)	(603)
Payment made:		
Benefits paid from plan assets	(396)	(339)
At 31 December	<u>5,012</u>	<u>5,894</u>

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

	<u>Group and Company</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
At 1 January	3,690	3,421
Charged to income statement:		
Interest income on plan assets	209	185
Administrative expenses paid	(51)	(21)
	<u>158</u>	<u>164</u>
Charged to other comprehensive income:		
Changes in the expected return on plan assets	(555)	(183)
Payment made:		
Employer contributions	424	627
Benefits paid from plan assets	(396)	(339)
At 31 December	<u>3,321</u>	<u>3,690</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****24 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	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
At 31 December		
Present value of funded obligations	5,012	5,894
Fair value of plan assets	(3,321)	(3,690)
Net liability	<u>1,691</u>	<u>2,204</u>

Plan assets are comprised as follows:

	Group and Company			
	<u>2015</u>		<u>2014</u>	
	RM'000	%	RM'000	%
At 31 December				
Equity instruments	1,475	45	1,121	30
Government bonds	737	22	993	27
Cash and cash equivalents and others	1,109	33	1,576	43
Total	<u>3,321</u>	<u>100</u>	<u>3,690</u>	<u>100</u>

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

	Group and Company	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Net defined benefit liability at 1 January	2,204	2,871
Service and administrative cost recognised in income statement	256	242
Net interest on net defined benefit obligation recognised in income statement	107	138
Charged to income statement	363	380
Re-measurement gain recognised in other comprehensive income	(452)	(420)
Employer contributions	(424)	(627)
Net defined benefit at 31 December	<u>1,691</u>	<u>2,204</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****24 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 and Company	
	2015	2014
	RM'000	RM'000
Service and administrative cost	256	242
Interest cost	316	323
Net interest income on plan assets	(209)	(185)
	107	138
Total defined benefit retirement plan expense	363	380

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	
	2015	2014
At 31 December		
Discount rate	5.9%	6.0%
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%	50%
- early retirement age, 55	50%	50%

MESINIAGA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

24 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

			<u>2015</u> RM'000
		<u>Maturity profile of defined benefit obligation</u>	
		Weighted average duration	31.8 years
		<u>Expected benefit payments over the next 10 years</u>	
	2015		0
	2016		1,300
	2017		73
	2018		90
	2019		129
	2020		152
	2021 to 31 December 2025		<u>1,211</u>
			<u>2014</u> RM'000
		<u>Maturity profile of defined benefit obligation</u>	
		Weighted average duration	31.2 years
		<u>Expected benefit payments over the next 10 years</u>	
	2015		1,240
	2016		79
	2017		104
	2018		127
	2019		169
	2020 onwards		<u>1,407</u>
		<u>Significant actuarial assumptions and sensitivity analysis</u>	
	<u>Core assumption</u>	<u>Sensitivity analysis</u>	<u>Effect on defined</u> <u>benefit obligation</u> RM'000
	Discount rate	5.9%	1.0% decrease
	Mortality	M9903 Life Tables	Age adjusted by + 1 year
			(271)

Method and assumptions used in sensitivity analysis

The sensitivity results above determine their individual impact to the end of financial 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.

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****25 FINANCE LEASE LIABILITIES**

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

	<u>Group and Company</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Minimum lease payments:		
Repayable within 12 months	387	1,796
Repayable after 12 months:		
- between 1 and 2 years	272	370
- between 2 and 5 years	361	500
- more than 5 years	0	129
	<u>1,020</u>	<u>2,795</u>
Future finance charges on finance leases	<u>(118)</u>	<u>(237)</u>
Present value of the finance lease liability	<u>902</u>	<u>2,558</u>
Current (Note 22)	328	1,679
Non-current	<u>574</u>	<u>879</u>
	<u>902</u>	<u>2,558</u>

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

26 SHARE CAPITAL

	<u>Group and Company</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Authorised:		
100,000,000 ordinary shares of RM1.00 each:		
At 1 January and 31 December	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
60,402,000 ordinary shares of RM1.00 each:		
At 1 January and 31 December	<u>60,402</u>	<u>60,402</u>

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****27 SHARE PREMIUM**

	<u>Group and Company</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
At 1 January and 31 December	<u>4,126</u>	<u>4,126</u>

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 and balances.

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

	<u>Company</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
<u>Subsidiary companies</u>		
Purchase of goods	407	191
Purchase of services	13,922	38,960
Sales of goods	0	1,688
Sales of services	97	263
Management fees	0	2,093
Secondment fees	<u>13,821</u>	<u>17,560</u>

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

	<u>Company</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Amounts due from subsidiaries (Note 19):	35	4,975
Amounts due to subsidiaries (Note 22):	<u>2,233</u>	<u>10,100</u>

The receivables from related parties arise mainly from sale transactions and advances and have no fixed term of repayment. The receivables are unsecured in nature and bear no interest.

The payables to related parties arise mainly from purchase transactions and have no fixed term of repayment. The payables are unsecured in nature and bear no interest.

MESINIAGA BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)****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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Salaries and other short-term employees benefits	2,055	1,631	2,055	1,631
Defined contribution plan	246	195	246	195
	<u>2,301</u>	<u>1,826</u>	<u>2,301</u>	<u>1,826</u>

There are no significant balances from or to key management personnel as at the end of the financial year. Refer to 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.

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.

Revenues of approximately RM54.3 million are derived from a single external customer.

30 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 31 March 2016.

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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Realised	30,246	71,068	17,295	39,463
Unrealised	16,466	(5,279)	16,223	12,253
	<u>46,712</u>	<u>65,789</u>	<u>33,518</u>	<u>51,716</u>

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 on 20 December 2010.