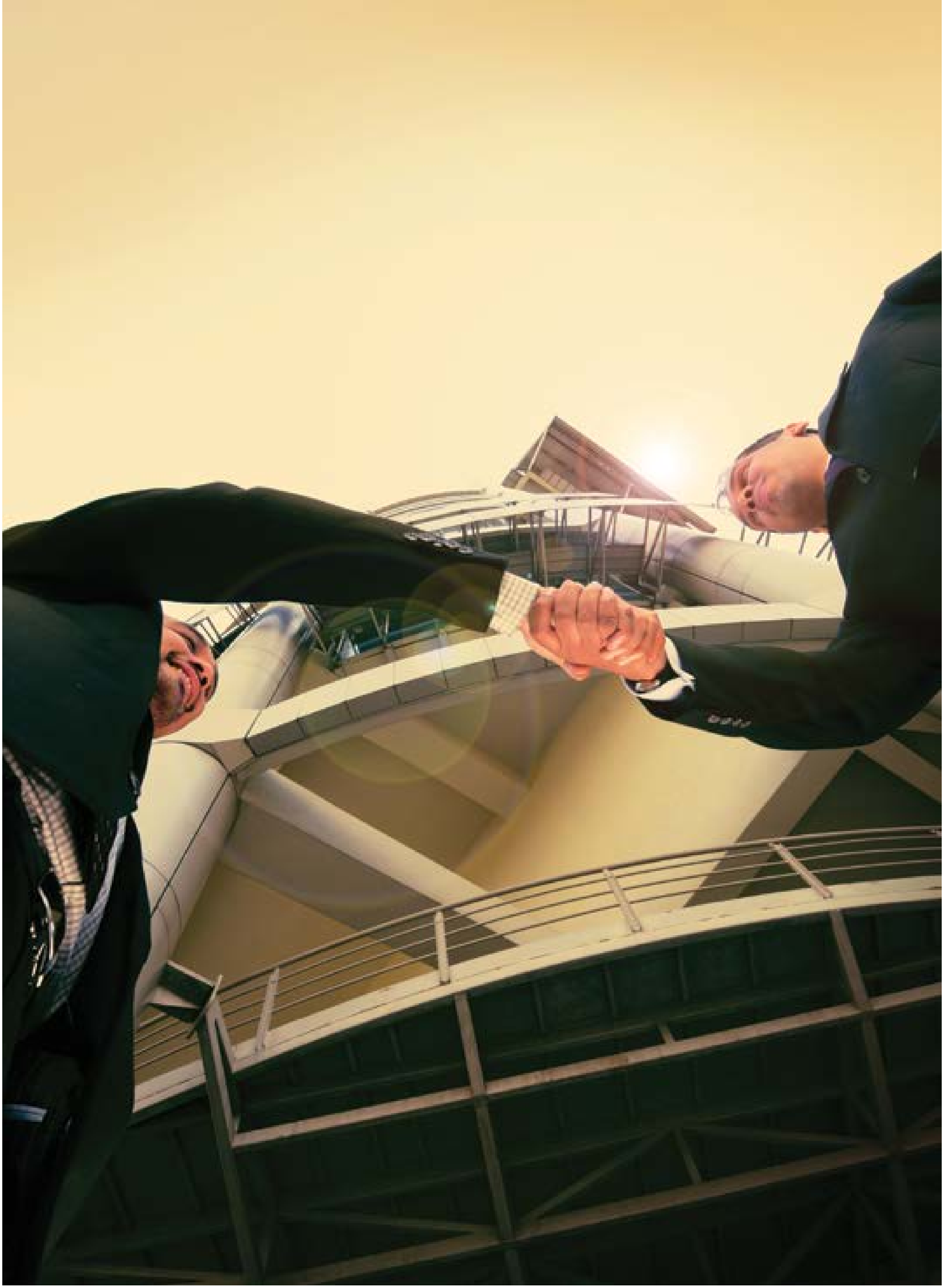
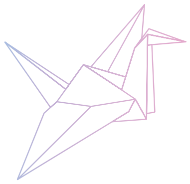
Mesiniaga

TRANSFORMING
FOR THE FUTURE

ANNUAL REPORT 2015





TRANSFORMING FOR THE FUTURE

We have reinvented our culture to be more supportive of embracing innovative thinking and continuous improvement through our Product Differentiation Initiative (PDI). This has been an essential part of our transformation journey.

Our transformation is aimed at stimulating a sustainable cultural shift and drives employee engagement as we draw innovative ideas collectively from all levels of Mesiniaga. We apply best practices through clearly defined targets, roles and structures towards a successful transformation. We see a great significance in setting clear, high aspirations and targets, exercising strong leadership, creating an unambiguous structure for the transformation as well as maintaining energy and involvement throughout Mesiniaga.

This transformation has been depicted as in origami, from a plain piece of paper to that of a crane, in which various methods exist to fold a piece of paper to achieve the same final formation. The key message of the origami symbolises our unwavering focus towards our business goals, yet adaptable to current and potential influences. Grounded by this message, we anticipate that the PDI will create opportunities for us to transform the Company and achieve our targets in 2016.

Contents

OUR VISION

To be the Malaysian IT Partner of Choice

OUR MISSION

Helping Customers Succeed

34th ANNUAL GENERAL MEETING

VENUE
Auditorium Ismail Sulaiman
Menara Mesiniaga
1A, Jalan SS16/1
47500 Subang Jaya

TIME
Thursday
2 June 2016
2.30pm

Corporate Profile

Mesiniaga has been in the technology business for more than three decades. We started out as a company selling IBM office products and have now evolved into a multi-platform business solutions provider with a paid-up capital of RM60.4 million. Within the last 35 years, the technology landscape has changed tremendously. New trends have emerged resulting in a sea of change in the way companies do business. Across the board, companies these days are constantly on the lookout for solutions that will give them an edge over their competitors. As such, we are constantly striving for ways to provide our customers with an experience that will allow them to achieve their business objectives.

This is the reason we have made it our Mission to Help Customers Succeed, by delivering technology and business solutions to improve customers' business efficiency, productivity and competitive edge, as well as to create new business opportunities for them. In order to fulfil our Mission, it is imperative that we understand their business needs, environment and challenges. This is achieved through close engagement with customers, applying industry best practices and maintaining a business-oriented approach.

Another important element in enhancing customer experience is through managing customer satisfaction. Hence, we have implemented multiple initiatives that are aimed at improving service delivery and our understanding of customer needs. Our people are already acknowledged as having superior technical skills, mainly because we actively encourage them to pursue or upgrade their professional certifications. They also undergo numerous soft skills training sessions in order to improve their understanding of customer requirements and how best to meet them. The end objective of these initiatives is to give our customers full confidence to deal with Mesiniaga.

We believe that the strategies implemented for driving customer business performance and enhancing customer satisfaction will ultimately translate into improving our own business performance. This will allow us to reward our shareholders for their faith in us. In order to fulfil this promise, we have also made a commitment to improve our productivity yield.

We are now a group of more than 1,200 employees. We have invested significantly in developing measurements over our resource utilisation because it is imperative that all our resources are employed to their most optimum potential.

All of these efforts are undertaken to ensure that Mesiniaga remains a force to be reckoned with in the IT industry.

Leading Partnership Status

IBM Premier Partner
Microsoft Gold Partner
Cisco Gold Partner
Symantec Silver Partner
Juniper Elite Partner
Trend Micro Affinity Platinum Partner
VMware Premier Partner
Oracle Gold Partner
HP Gold Partner
HP Enterprise Authorised Partner
Hitachi Data Systems Gold Partner
Huawei Gold Partner
Lenovo Authorised Partner
Veritas Silver Partner
Procera Networks Inc. Authorised Partner
Nutanix Authorised Partner
Fortinet Authorised Partner
F5 Networks Authorised Partner
Blue Coat Authorised Partner
TrustSphere Authorised Partner
Fusionex Authorised Partner

Delivering Value with End-to-End ICT Solutions and Services

CONCEPT

- **We empathise and facilitate business discussions** with customers to understand their business challenges and needs.
- **We identify opportunities** using proven methods: **Root Cause Identification, Business Impact Analysis & Investment Analysis.**
- Results of these recommendations are presented as a **Concept Proposal.**

DESIGN & BUILD

- **We implement** comprehensive **Systems Integration** solutions from **IT Architecture** to **cutting-edge solutions:**
  - Enterprise Architecture
  - Network Infrastructure
  - Cloud Computing Services
  - Custom Applications
  - Niched & Productised Solutions
  - Business Analytics & Big Data
  - Enterprise Mobility
  - Security & Advanced Computing Services
  - Disaster Recovery & Business Continuity Planning
  - Project Management

MANAGE & SUPPORT

- We provide various ICT services to **operate or augment IT operations:**
  - IT Managed Services, IT Outsourcing
  - Managed Network Services
  - Managed Security Services
  - Business Process Outsourcing
  - Maintenance and Support Services
- Our services meet the **IT Infrastructure Library (ITIL)** best practices, the de-facto-standard in service management.

Incorporated on
17th DECEMBER 1981

Staff strength of more than
1,200
employees

Listed on Bursa Securities (Main Market) on
17th NOVEMBER 1999

Paid-up capital of
RM60.4
million

Headquarters
Subang Jaya

Key Office Locations
- Mesiniaga Alliances, Bangsar South
- Mutiara Mesiniaga, Pulau Pinang
- Mesiniaga Johor Bahru

41
nationwide service locations

Northern Region
- Alor Setar
- Langkawi
- Kangar
- Sungai Petani
- Kulim
- Pulau Pinang
- Butterworth
- Seberang Jaya
- Taiping
- Ipoh
- Teluk Intan

Central Region
- Subang Jaya
- Kuala Lumpur
- Petaling Jaya
- Shah Alam
- Putrajaya
- Bangi
- Klang

Southern Region
- Seremban
- Melaka
- Muar
- Batu Pahat
- Segamat
- Johor Bahru

East Coast
- Kota Bharu
- Kuala Terengganu
- Kerteh
- Kuantan
- Raub
- Temerloh

Sarawak
- Kuching
- Sibu
- Miri
- Limbang
- Sri Aman
- Bintulu

Sabah
- Kota Kinabalu
- Sandakan
- Lahad Datu
- Labuan
- Tawau

Corporate Information

BOARD OF DIRECTORS

- Datuk Wan Mohamed Fusil
  (Executive Chairman)
- Mohamed Fitri Abdullah
  (Managing Director - until 31 December 2015)
- Mohd Puzi Ahamad
  (Chief Financial Officer)
- Fathil Ismail
- Voon Seng Chuan
- Abdul Talib Baba
- Wong Fook Hon
- Dato' Ab Rashid Mat Adam
- Ir. Dr. Muhamad Fuad Abdullah

NOMINATION AND REMUNERATION COMMITTEE

VOON SENG CHUAN *(Chairperson)*
WONG FOOK HON
IR. DR. MUHAMAD FUAD ABDULLAH

AUDIT AND RISK MANAGEMENT COMMITTEE

ABDUL TALIB BABA *(Chairperson)*
WONG FOOK HON
DATO' AB RASHID MAT ADAM

INVESTMENT COMMITTEE

VOON SENG CHUAN *(Chairperson)*
MOHD PUZI AHAMAD
WONG FOOK HON
FATHIL ISMAIL

COMPANY SECRETARY

JASNI ABDUL JALIL *(MACS 01359)*

COMPANY REGISTRATION NUMBER

79244-V

REGISTERED OFFICE

11th Floor, Menara Mesiniaga
1A, Jalan SS16/1
47500 Subang Jaya
Selangor Darul Ehsan
Tel : 03-5635 8828
Fax : 03-5636 3838

AUDITORS

PRICEWATERHOUSECOOPERS
Level 10, 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel : 03-2173 1188
Fax : 03-2173 1288

PRINCIPAL BANKERS

CITIBANK BERHAD
STANDARD CHARTERED SAADIQ BERHAD
MAYBANK BERHAD
HSBC AMANAH MALAYSIA BERHAD

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7849 0777
Fax : 03-7841 8151

STOCK EXCHANGE LISTING

Main Market of BURSA SECURITIES

Corporate Structure

Mesiniaga

VA DYNAMICS SDN. BHD.	*Sales of networking cables and related products.*	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%
MESINIAGA ALLIANCES SDN. BHD.	*Provision of strategic information technology outsourcing services.*	100%
MESINIAGA SERVICES SDN. BHD.	*Dormant.*	100%
MESINIAGA MSC SDN. BHD.	*Dormant.*	100%
MESINIAGA TECHNIQUES SDN. BHD.	*Under members voluntary winding-up.*	100%
MESINIAGA SSO SDN. BHD.	*Under members voluntary winding-up.*	100%
MESINIAGA MOBILITY SDN. BHD. (A Joint Venture Company)	*Enhancement of value by developing, marketing and operating a mobile workforce management system.*	80%

Chairman's Statement

These differentiators will manifest themselves in changes involving higher productivity, risk mitigations and cost reduction – both for our customers and for our operations as well. Its success is expected to generate higher win rates and a culture of competitiveness as well as delivery excellence.

BUSINESS ENVIRONMENT

2015 was a challenging year. The Ringgit weakened against the dollar, closing the year at RM4.29, hitting a 17-year low*. Crude oil prices dropped from USD50 per barrel to USD30, a 12-year low. The implementation of the Goods and Services Tax (GST) in April 2015 resulted in general price hikes affecting corporate and consumer spending alike. These trends and events, among many others, summarised a watershed year, not just for the country, but also the ICT industry.

Malaysia registered a real GDP growth of 5.3% in the first half of 2015, which fell slightly to 5.1% at year end**. Even the GDP growth forecast for 2016 had been revised down to 4% from 4.5% due to uncertainties involving crude oil prices and the impending monetary policy normalisation in the US. The stock market also performed unfavourably, as the FBM KLCI declined 3.9% to end the year at 1,692.5. Coupled with a budget deficit of 3.2% of the GDP, the resulting decline of 4.5% in local ICT spending had been anticipated.

FINANCIAL AND OPERATIONS REVIEW

Our financial results for 2015 were similarly unfavourable. We registered a revenue of RM191.4 million in 2015, a drop from RM242.5 million in 2014. This 29% decline in revenue contributed to our net before tax (NBT) loss of RM18.9 million. Despite the reduction in revenue, our NBT loss in 2015 saw a significant reduction of 42% compared to our loss in 2014.

The Group's loss in 2015 was attributed to several factors; declining revenues, a currency exchange loss of RM3.2 million, a one-time expense of RM5.4 million to complete delayed projects, RM0.85 million expended to comply with the GST transition provision and RM2.2 million paid out on the Resource Restructuring Programme to realign the Group's resources.

2015 also saw us close two troubled projects. Consistent with our commitment to keeping our promises, we invested additional funds and resources to deliver the promised outcomes. Today, these projects are poised to generate more business through enhancements and change requests. Additionally, the lessons learnt have equipped us with strong technical and project management capabilities to deliver future large-scale software projects, including a more robust approach in managing project risks.

The Federal Government's total expenditure as a percentage of GDP recorded a reduction from 24.4% in 2014 to 22.5% in 2015. Similarly, our Public Sector business continued to decline in 2015 by 24%. Anticipating this outcome, the Public Sector business underwent a series of accounts consolidation as well as a more concerted effort to intensify cross-selling activities within focused government accounts. Through improved coverage and proactive engagements, we expect to see immediate improvements in our Public Sector business.

Our Enterprise Business segment which involve key accounts within the private sector and several Government Linked Companies (GLCs) continued to post growth in 2015. Revenue from GLCs grew by 27% compared to 2014 as a result of several projects which were successfully delivered in 2015. This included the provision of software and infrastructure for two new customers in Johor, thus strengthening our presence in the Southern region. Up North, our expansion with another longstanding customer has gone beyond IT outsourcing to include staff augmentation services to ensure uninterrupted operations.

In 2014, we secured the Telekom Malaysia (TM) HSBB IP Core project with a contract value of RM223 million. In the second half of 2014, we successfully rolled out the initial phase of the TM IP Core network while the remaining phases were rolled out in the second half of 2015. We foresee further benefits from the extension of the HSBB IP Core project in 2016. In addition to TM, we have diligently ensured satisfactory deliverables to other telecommunications customers as we strive to grow our presence within this sector in 2016.

* MOF Economic Report 2015/2016 – Monetary and Financial Developments

** MOF Economic Report 2015/2016 – Economic Management and Prospects

On the solutions front, we aspire to deliver more value in our managed security services by establishing the Security Operations Centre (SOC) in June 2015. The SOC represents our efforts to establish Mesiniaga as a one-stop centre to manage the security infrastructure of our customers, through the provision of cutting-edge, end-to-end security solutions. The SOC has successfully acquired the ISO/IEC 27001:2013 certification, formalising our credentials in the provision of 24x7 Cyber Security Threats Monitoring Services. To date, the SOC has secured a managed security services contract with one of the local telecommunications companies and we foresee more of such opportunities in other industries in 2016.

In July 2015, we incorporated Mesiniaga Mobility Sendirian Berhad to develop, market and operate Workforce+, a mobile workforce solution. This product proved its merit when it won the Asian Invention Excellence Award 2015, the highest award at the 26th International Invention, Innovation and Technology Exhibition (ITEX) 2015. Another mobility product, the Mobile Campus Management, garnered the Silver Medal Award at the same event. Workforce+ features advanced capabilities in resource management with unique market-relevant features and Internet of Everything (IoE) Mobility Platform readiness.

2016 BUSINESS STRATEGY

In Q4 2015, we started the Product Differentiation Initiative (PDI) aimed at improving our competitiveness within the market. This initiative required that we rethink existing businesses such as hardware maintenance and networking solutions while considering differentiated ways and means to help our customers succeed. At the same time, we endeavour to maintain an edge over our competitors and to ensure profitable returns for our business.

These differentiators will manifest themselves in changes involving higher productivity, risk mitigations and cost reduction – both for our customers and for our operations as well. Its success is expected to generate higher win rates and a culture of competitiveness as well as delivery excellence.

This initiative consisted of four elements that had to be sufficiently addressed to ensure success. Firstly, the product promise was crafted defining the value proposition that resonated most with the targeted customer or market profile. This phase underwent several iterations before it was finalised, including a thorough market analysis and customer validation done by each business unit head. The mandate given was to grow each solutions segment by at least double its current revenue size in three years' time.

As we strive to secure new businesses, we remain committed to our existing customers and the promises we made in all of our projects and service engagements. We have embarked on a company-wide programme entitled "Keeping Our Promises" to reiterate the importance of delivering all of our commitments to the satisfaction of our customers.

Secondly, the mechanics involved in delivering the product promise were identified. Thirdly, success measurements were selected, both leading and lagging, in order to track progress. Potential risks were also tackled, including a mitigation plan that must be executed to ensure the desired outcomes. The final element of the initiative covered the go-to-market strategies that clearly mapped all sales and marketing activities to bring the product promise into its intended market segments. Business plans were drawn up, indicating required investments and expected returns, as well as a tight time-bound execution plan to realise the business mandate.

An example of a product which has been conceptualised and is currently being executed through this initiative is the Mesiniaga Hybrid Cloud. It offers a superior value proposition which is to deliver the lowest cost of ownership through exceptional design, taking into account best cost to performance ratio and superior cloud migration methodology.

Another example of our product differentiation is to shift the focus of our maintenance services from delivering the best Service Level Agreement to delivering Optimum Uptime. This is accomplished through design excellence, predictive maintenance capabilities, proactive monitoring and an excellent support strategy.

In our mobility offering, we differentiate by focusing on delivering the highest productivity for the mobile workforce which encompasses operations and sales. We are able to deliver on this promise as we have built a methodology which allows us to understand the current processes, identified the bottlenecks in it and objectively measure the impact of applying the mobility technology to improve those processes.

The PDI for several key solution groups is ready for execution. Sales enablement programmes as well as product events have been planned to create awareness, internally as well as in the market. The momentum created so far has been encouraging and we expect to see results as early as Q3 2016.

As we strive to secure new businesses, we remain committed to our existing customers and the promises we made in all of our projects and service engagements. We have embarked on a company-wide programme entitled "Keeping Our Promises" to reiterate the importance of delivering all of our commitments to the satisfaction of our customers. The execution plan has been drawn up and we aim to roll out various improvements in Q2 2016 involving process improvements and awareness sessions to re-engage the entire workforce towards keeping our customers happy.

CORPORATE RESPONSIBILITY

We remain committed to institutionalising good business ethics and integrity in all engagements with our stakeholders. Guided by the Mesiniaga CARE framework, we pursued various programmes and initiatives which reflect our long-term commitment to sustainable development in our interactions with employees, customers, partners, investors and the environment.

In support of the Malaysian National Higher Education Strategic Plan (NHESP), we continued our efforts in producing an industry-ready workforce through the industrial training provided via Mesiniaga Academy. Since 2007, this Academy has trained 96 students from various polytechnics and community colleges. A second Academy, the Mesiniaga Software Academy for Young Developers was established on 15 December 2015 with the intention of inculcating good work ethics and critical technical skills that are much sought-after by software development companies.

We reached out to the community through our social club, Kelab Islah dan Amal Mesiniaga (KIAM) by organising community-building programmes aimed at enriching the lives of those in need. These included visits and donations to the rural poor in Kampung Trong, Perak and Pusat Tahfiz Darul Mahabah located in Petaling Jaya. KIAM also organises talks and events including the annual breaking of fast (Iftar) during Ramadhan which is attended by all Mesiniagans, Muslims and non-Muslims.

Various employee engagement events were also held to keep employees updated on the Company direction and the progress of improvement initiatives undertaken throughout 2015. These included the annual Kick-Off event and the quarterly Town Hall meetings. During the Kick-Off event, employees who performed outstandingly were recognised and rewarded through the Mesiniaga Award for High Achievers (MAHA) programme. Also, throughout the year, wins and successful project closures were celebrated via small gatherings to reward and recognise the efforts put in by all team members.

FUTURE OUTLOOK AND PROSPECTS

The Malaysian economy will continue to undergo consolidation and adjustments amidst a weak currency, sluggish crude oil prices and a potential slowdown in domestic consumption. The IT industry itself is also undergoing consolidation as new technologies and borderless competition bring forth threats as well as opportunities. While we do not anticipate government spending to rebound in 2016, we remain optimistic on our growth plans involving the Enterprise Business coupled with the PDI strategy that will hit the market in the second half of 2016.

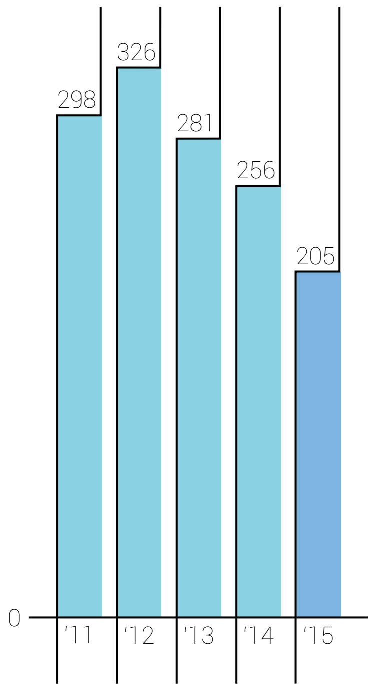
Our prudent strategies in cost and expense management have proven to be fruitful judging by the improved performance in 2015 compared to 2014. We intend to stay the course and focus all our efforts towards improving our financial position and becoming profitable by the second half of 2016. We firmly believe that our PDI execution coupled with our commitment to customer satisfaction will help ensure that Mesiniaga remains not only relevant but essential to our customers and their continued success.

ACKNOWLEDGEMENTS

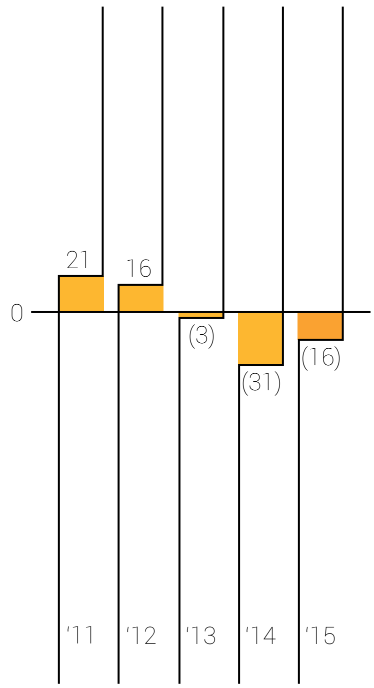
I would like to extend my sincere thanks to members of the board, customers and business partners for their invaluable support. To all employees, I thank you for your hard work and commitment to ensure that Mesiniaga becomes a high-performing company. My appreciation also goes to our shareholders for their continued faith.

DATUK WAN MOHAMED FUSIL
Chairman

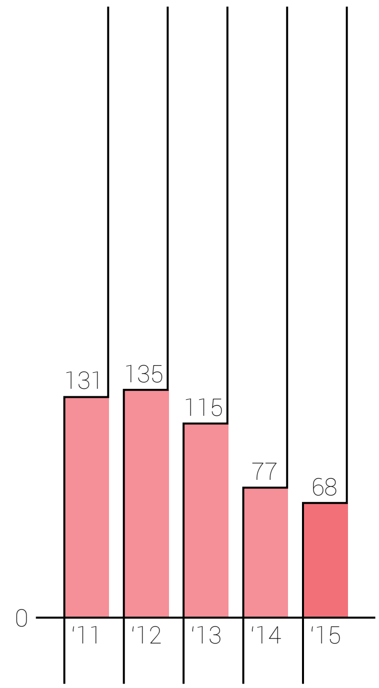
Five-Year Performance Statistics



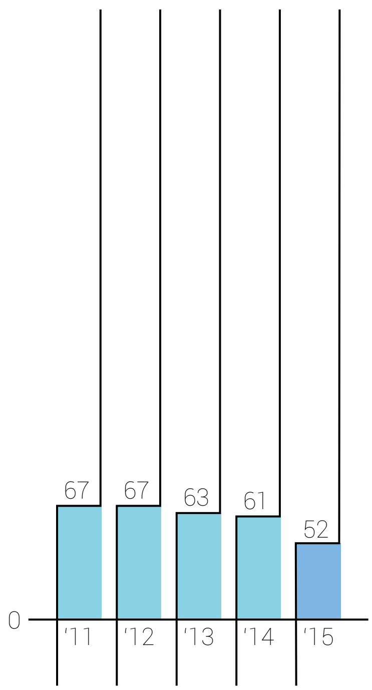
Revenue
(RM Million)



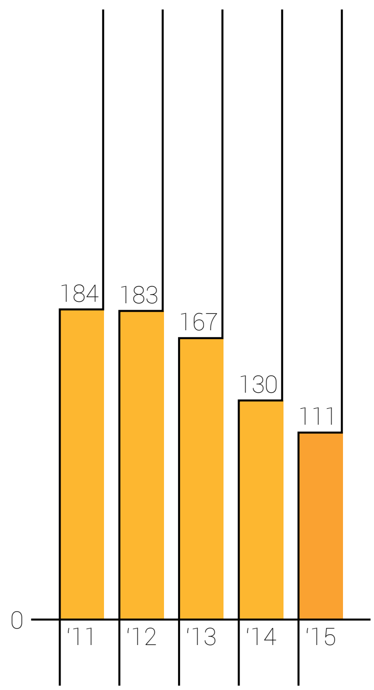
Profit Before Tax
(RM Million)



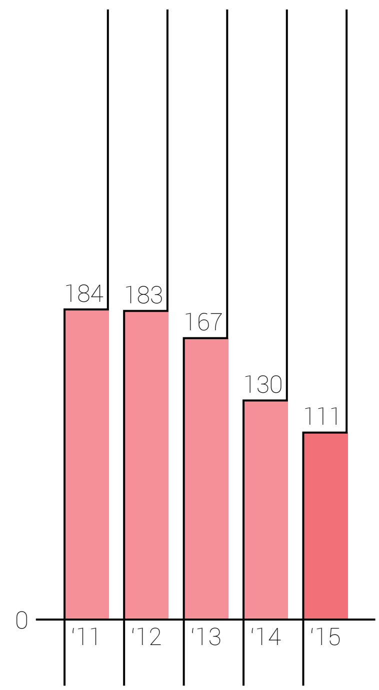
Net Current Assets
(RM Million)



Fixed Assets
(RM Million)



Net Tangible Assets
(RM Million)



Shareholders' Equity
(RM Million)

Board of Directors

DATUK WAN MOHAMED FUSIL, DMSM

Executive Chairman

Datuk Wan Mohamed Fusil was appointed to the Board on 17 December 1981 as part of the team who founded the Company. He was elected Chairman of the Board on 14 June 2007. Datuk Wan Fusil was the Chief Executive Officer of Mesiniaga until 31 December 2007. Prior to joining Mesiniaga, Datuk Wan Fusil was with IBM Malaysia. During his tenure with IBM Malaysia, he served in various managerial positions. This included serving as Country Manager – Information Products Division. Datuk Wan Fusil is one of the first serving Board Members of Multimedia Development Corporation (MDeC) and is also one of the founding members of the Association of Computer and Multimedia Industry Malaysia (PIKOM). He has held several positions in PIKOM including serving as Councillor (1987), Deputy Chairman (1989-1991) and Chairman (1991/92). Datuk Wan Fusil graduated with a Diploma in Accountancy from ITM (now known as UiTM).

MOHAMED FITRI ABDULLAH

Managing Director

Mohamed Fitri Abdullah was appointed to the Board on 1 January 2014 when he joined the Company as Managing Director. He has over 25 years of experience in the ICT industry in both local and international settings. Within the past 12 years of his career, he held various senior leadership positions in several companies such as Maxis Berhad and Hewlett-Packard. His last position before joining Mesiniaga was with Maxis as Senior Vice President and Head of Maxis Business Services where he was responsible for the Corporate, Government, SME and wholesale business for Maxis. Fitri has a Bachelor of Science degree in Computer Science from Indiana State University, a Master of Science degree in Computer Science from Arizona State University and attended the Advanced Management Program from Harvard Business School in 2011. Fitri has vacated his position as Managing Director and left Mesiniaga on 31 December 2015.

MOHD PUZI AHAMAD, RA (M), FCCA

Chief Financial Officer and Executive Director

Mohd Puzi Ahamad was appointed to the Board on 17 December 1981 as part of the team who founded the Company. Prior to joining the Company, he served with IBM Malaysia in various capacities over a seven-year period from 1974-1981. His last position with IBM Malaysia was Sales and Administration Manager. A trained accountant who graduated from ITM (now known as UiTM), Mohd Puzi is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants (MIA).

VOON SENG CHUAN

Independent Non-Executive Director

Voon Seng Chuan was appointed to the Board as a Non-Independent Non-Executive Director on 24 October 2000. On 1 April 2013, he was re-designated as an Independent Non-Executive Director. Since 1983, Voon has served with IBM Malaysia in various capacities starting with his first appointment as Marketing Representative. Since then, he held several key local and regional positions such as Country Brand Manager; General Manager for Channels Management, IBM ASEAN/South Asia; and Vice President for Business Partners, Sales and Marketing for IBM Asia Pacific. In January 2000, he became Managing Director of IBM Malaysia and Brunei. After which, he was assigned to IBM Asia Pacific headquarters to handle their headquarters organisation restructuring. His last role before retiring in 2010 was as Director for Mid-Market and Strategy for Asia Pacific. Voon holds a Bachelor of Science degree in Mathematics from Universiti Malaya.

FATHIL ISMAIL

Non-Independent Non-Executive Director

Fathil Ismail was appointed to the Board on 1 June 2002. Between 2008 and 2013, he helmed the Company as Managing Director. Beginning 1 January 2014, he continues to sit on the Board as a Non-Independent Non-Executive Director. An accountant by training, Fathil served with Ernst & Young and subsequently with the Corporate Finance Department of Arab Malaysian Merchant Bank before pursuing private enterprise. He was a founding partner and the Managing Director of Genesis Healthcare (now known as ING Employee Benefits) for six years until late 2001. Fathil is an alumnus of Malay College Kuala Kangsar and graduated from the Association of Chartered Certified Accountants (ACCA).

ABDUL TALIB BABA, RA (M), FCCA

Independent Non-Executive Director

Abdul Talib bin Baba was appointed to the Board on 21 August 2007. Abdul Talib is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and is a registered member of Malaysian Institute of Accountants (MIA). He started his career with the Ministry of Defence in 1965 before joining the Department of Civil Aviation (DCA) in 1973. Abdul Talib left DCA to join Petronas Berhad as a Senior Internal Auditor in 1980 and subsequently served in Petronas Penapisan Sdn. Bhd. and Petronas Mitco Sdn. Bhd. He retired from Petronas in October 1999. Currently Abdul Talib is also sitting on the board of PFCE Berhad and Emas Kiara Industries Berhad.

WONG FOOK HON

Independent Non-Executive Director

Wong Fook Hon was appointed to the Board on 1 August 2008. Wong started his career in IBM Malaysia as a Systems Engineer in 1970. Throughout his 29-year career in IBM Malaysia, Wong also expanded his work portfolio to include becoming the Director of Management Services and Director of Marketing. His last position in IBM Malaysia before retiring in 1999 was as the Director of Finance. Wong holds a Masters in Engineering in Aeronautics.

DATO' AB RASHID MAT ADAM, DIMP

Independent Non-Executive Director

Dato' Ab Rashid Mat Adam was appointed to the Board on 30 December 2008. Dato' Ab Rashid began his career in 1974 as a Principal Assistant Director in the Malaysian Public Services Department (PSD). After a 10-year stint in PSD, he served in various capacities in several government ministries and agencies such as the Malaysian Highway Authority, Ministry of Finance and Ministry of National Unity and Social Development. He was appointed as the Deputy Director General of the National Anti Drugs Agency in 1996. His last posting before retiring was as the Deputy Secretary General 1 in the Ministry of Home Affairs. Dato' Ab Rashid holds a Bachelor of Arts in International Relations from Universiti Malaya and a Masters in Public Administration from University of Southern California.

IR. DR. MUHAMAD FUAD ABDULLAH

Non-Independent Non-Executive Director

Ir. Dr. Muhamad Fuad Abdullah was appointed to the Board on 16 July 2010. He began his career in 1977 as an Electrical Engineer in the Malaysian Public Works Department. After spending six years in the technical area, he took on the position of Engineering Logistics Manager in Uniphone Sdn. Bhd. He then served as a tutor in Universiti Kebangsaan Malaysia (UKM) in 1992 and thereafter became the Vice President of Kolej UNITI in 1996. He was also the Managing Director of Five-H Associates Sdn. Bhd. and CEO of Kausar Corporation Sdn. Bhd. He is now the Director in MIDF Berhad, MIDF Property Berhad, Institut Kefahaman Islam Malaysia, Sime Darby Berhad and Sime Darby Property Berhad. He is a Fellow of the Institution of Engineers Malaysia. Ir. Dr. Muhamad Fuad holds a Bachelor of Science in Electrical Engineering and an M.Phil in Electrical Engineering from University of Southampton. He also holds a Bachelor of Arts (Jayyid) in Syariah from Jordan University and a Ph.D in Muslim Civilisation from University of Aberdeen.

All Board Members are Malaysian citizens. All Board Members have no other relationship among themselves or with any of the substantial shareholders of the Company except for Fathil Ismail who has a kin relationship with Safiah Sulaiman Ismail, a substantial shareholder of the Company. All Board Members do not have any conflict of interest with the Company as well as were never convicted of anything other than traffic offences within the past 10 years. Other than the Directorship positions held by Abdul Talib Baba and Ir. Dr. Muhamad Fuad Abdullah in other public companies as stated in their profiles, all of the Directors do not hold any directorship positions in any public companies other than Mesiniaga Berhad.

Details of the Directors' membership in the Board Committees are listed in the Corporate Information on page 08.

Senior Leadership Team

DATUK WAN MOHAMED FUSIL

Chief Executive Officer

Refer to Board of Directors' Profile on page 15.

MOHD PUZI AHAMAD

Chief Financial Officer

Refer to Board of Directors' Profile on page 16.

YEOW DAW SWEE

Chief Information Officer, Process and IT

Yeow Daw Swee started his career with the Company in 1982 as a Product Support Representative. After spending five years in the technical support area, he was promoted to Advisory Systems Engineer in 1988. In 1989, he was promoted to Technical Support Manager and subsequently to Country Support Manager in 1993. He was appointed General Manager for Services in 1997, responsible for the Technical Support and Services Business unit. He was then appointed Director of Marketing Services on 1 October 2000 where he was responsible for the solution units that eventually evolved into the Enterprise Solutions Division. Through several subsequent organisational restructuring his portfolio included Technology Research and Innovation; Solutions, Services and Technology; and Northern Region Sales. Yeow was appointed as the Director of Process and Information Office, Channel Management and Project Procurement in 2014 and in 2015, he was re-designated as the Chief Information Officer.

NORDIN MAT ISA

Director of Sales, Public Sector and Telco Business

Nordin Mat Isa joined the Company in 2008 as Head of Public Sector Business. Within two years, he successfully led his team to expand the scope of public sector sales and increase its revenue. He was subsequently further entrusted with the Infrastructure Services Sales portfolio and in December 2010, he became the Director of Sales for Public Sector and Infrastructure Business. Prior to joining the Company, he was the Head of Public Sector Sales in Hewlett Packard Malaysia Sdn. Bhd. Nordin has had 20 years of experience in the corporate world and graduated with a Bachelor in Computer Science, Mathematics and Statistics from Australian National University.

NASARUDDIN MOHD ZAINI

Director of Sales, Enterprise Business

Nasaruddin Mohd Zaini joined the Company in 2014 as the Director of Sales for Enterprise Business. He is responsible to secure wins, grow our business and establish strong sales funnel in the Enterprise Business sector. He brings with him over 25 years of experience in the corporate world, holding key positions in Maxis Berhad, Telekom Malaysia Info-Media Sdn Bhd, Alcatel-Lucent Malaysia Sdn Bhd, Siemens Communication Malaysia and Hewlett Packard Malaysia. Prior to joining Mesiniaga, he was the Head of Public Sector, GLC and Regional Business for Maxis Berhad. Nasar graduated with a Bachelor of Science in Computer Science from University of The Pacific, California. He also holds a Master of Science in Operations Research from Stanford University, California.

Awards and Partnership Status

We received a number of significant awards and partnership status throughout 2015. These accolades reflect our credible business performance and loyalty to our business partners.

1. CISCO IOT Partner of the Year 2015

2. International Invention, Innovation and Technology Exhibition (ITEX) 2015 Gold Medal Award for Workforce+

3. IBM Authorised Software Value Plus Partner 2015

4. Asian Invention Excellence Award 2015 for Workforce+

5. International Invention, Innovation and Technology Exhibition (ITEX) 2015 Silver Medal Award for Mobile Campus Management

1. 2. 3. 4. 5.

Company Happenings

2015 KICK OFF

We held our Kick Off meeting in the beginning of the year to update employees on company performance and our direction for the year. This event was held in the Auditorium Ismail Sulaiman, Menara Mesiniaga. Our high achievers and employees' children with excellent academic achievements were also recognised during this event.

ENHANCING EMPLOYEE ENGAGEMENT

We are dedicated to enhance engagement with employees while establishing effective two-way communication between employees and the senior management. We strategised our communication through a structured communication programme by organising Town Hall meetings and Managers Forum events. We have also organised a Majlis Berbuka Puasa and a Hari Raya Open House in conjunction with the fasting month and Hari Raya Aidilfitri celebration respectively. Various campaigns have also been conducted such as the promotion of Mesiniaga Corporate Values, English Enhancement Programme and the Environmental Awareness Campaign.

MESINIAGA 33rd ANNUAL GENERAL MEETING (AGM)

Our 33rd AGM was held on 16 June 2015 at the Auditorium Ismail Sulaiman, Menara Mesiniaga. It was attended by more than 100 shareholders and proxies, with all members of the Board were in attendance.

HONOURING EMPLOYEES ACHIEVEMENTS

We organised lunch and dinner events recognising employees who achieved excellence in work delivery. The Titanium Award recognised employees who successfully achieved their quota and performed work beyond their capacity. Lunch events were organised for project team members to show appreciation and recognition of outstanding performance in ensuring successful project delivery.

MICROSOFT SERVER 2003 END-OF-SUPPORT WORKSHOP

This workshop was held to drive upgrades for Windows 2003 End-of-Support. We organised this workshop in the Business Productivity Centre (BPC) in Menara Mesiniaga on 12 March 2015.

TAKING SECURITY BEYOND TRADITIONAL DEFENCES

Held on 11 August 2015, Mesiniaga with Cisco jointly organised this seminar at the Eastern & Oriental Hotel, Penang. This seminar promoted cyber security strategies in overcoming current security challenges across the full attack continuum.

MOVING FORWARD TO CLOUD

We organised this workshop in collaboration with Microsoft and HP to promote the adoption of cloud computing. This workshop was held on 30 April 2015 in St Giles The Gardens, Mid Valley.

Media Appearances In 2015

Fusionex, Mesiniaga sign Big Data deal to broaden Malaysian network

Photo – (From left) Mohamed Fitri, Managing Director of Mesiniaga shaking hands with Fusionex Managing Director Ivan Teh, at the Partnership Officiating Ceremony at the Fusionex office in Kuala Lumpur.

Software firm Fusionex's new deal [illegible] with Malaysian ICT solutions distributor Mesiniaga will give Malaysian clients across different industries access to Big Data solution Fusionex Insights (GIANT).

During the signing of the partnership agreement in Kuala Lumpur, Mohamed Fitri, Mesiniaga's managing director, said: "Mesiniaga has realigned business, now incorporating analytics as part of our portfolio."

"We see Fusionex as being very established in business analytics [illegible] proven by Mesiniaga's substantial investment injected into their Big Data and analytics software (GIANT)," added Fitri.

"The Fusionex-Mesiniaga partnership is important and exciting, as together, both companies will drive the proliferation of Fusionex Insights (GIANT) across Mesiniaga's strong distribution network," said Ivan Teh, Fusionex managing director. "We are confident that Mesiniaga's impressive track record, coupled with their strong leadership team, will drive Fusionex Insights (GIANT) forward in the markets and areas that they focus on and towards greater success for both organisations."

Listed on the main board of Bursa Malaysia, Mesiniaga, which was established in 1981 to serve as IBM's sole agent and dealer, has now company has developed into an independent business solutions provider.

MPPP Lancar Sistem Pengurusan Pelan Bangunan Secara Dalam Talian

GEORGE TOWN, 2 Jan (Bernama) -- Majlis Perbandaran Pulau Pinang (MPPP) hari ini melancarkan sistem pengurusan pelan bangunan secara dalam talian bagi memudahkan arkitek membuat permohonan.

Exco Kerajaan Tempatan, Kawalan Lalu Lintas dan Tebatan Banjir Negeri Chow Kon Yeow berkata sistem itu direka Mesiniaga dan menjalani tempoh percubaan selama setahun sebelum dilancarkan.

"Sebelum ini MPPP menghadapi kekangan untuk memantau proses permohonan pelan bangunan, mengumpul statistik pembangunan dan menyampaikan perkhidmatan memproses pelan pembangunan dengan telus dan berkesan," katanya kepada pemberita selepas majlis pelancaran sistem itu di sini Jumaat.

Chow berkata MPPP juga menerima aduan daripada peserta industri tentang masalah proses kelulusan pelan pembangunan mengambil masa yang lama, tidak dapat mengetahui status permohonan masing-masing serta lewat dimaklumkan tentang keputusan permohonan.

"Sistem ini dapat mengatasi masalah yang dibangkitkan dan proses pelan dapat disingkatkan sekali gus meningkatkan kecekapan MPPP dan perkhidmatan kepada para Orang Utama yang Mengemukakan (PSP)," katanya.

Chow berkata sistem ini juga dapat mencapai sasaran 37 hari pemprosesan pelan bangunan seperti yang ditetapkan Kementerian Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan.

Beliau berkata MPPP masih menerima permohonan secara penghantaran di kaunter bagi tempoh enam bulan sehingga Jun tahun ini dan selepas itu semua permohonan akan diproses dalam talian.

Corporate Responsibility

Corporate Responsibility (CR) activities have been a crucial part of our strategy to integrate our business and employees with the surrounding community and environment. We also view CR as a medium to create sustainable value for our Company and all our stakeholders. This is parallel to the objectives of the Mesiniaga CARE framework where it reflects our long-term commitment towards sustainable development.

CARE FRAMEWORK

EMPLOYEES

Create an environment which is conducive to employee wellbeing, career development and productivity.

PARTNERS

Promote good business conduct by effecting fair and ethical transactions.

COMMUNITY

Initiate or participate in sustainable programmes which are geared towards nation building.

CUSTOMERS

Enhance customer experience by understanding their needs, keeping promises and delivering value.

INVESTORS

Ensure good corporate governance through compliance, transparency and accountability.

ENVIRONMENT

Minimise impact to the environment through green efforts and technology.

PROMOTING BUSINESS ETHICS AND BEST PRACTICES

Our Statement of Corporate Governance illustrates us abiding to ethical conduct and practices in compliance with all regulatory requirements. Our Employee e-Handbook includes a stated policy on the Mesiniaga Business Conduct Guidelines where it defines our expectations for our employees' ethical behavior. The guidelines include areas of personal conduct, relationship with other organisations, fairness in business, use and dissemination of proprietary and confidential information, and fraud. We also ensure that we continuously improve our internal policies on ethics practice and sexual harassment by enhancing the reporting process flows. Apart from that, we believe in utilising only genuine software and institute good software asset management in every aspect of our practice. Additionally, we sustained our ISO 9001:2008 accreditation through our commitment towards ethical and best practices. We also adhere to various regulations such as the Competition Act 2010, enforced in 2012, and the Personal Data Protection Act 2010, enforced in 2013.

ENSURING WORK-LIFE BALANCE

We firmly believe that our employees are at the main core of our business and our establishment. They are our first customers hence committing to our mission of "Helping Customers Succeed", we strive to provide a conducive workplace that promotes work-life balance. This allows for a more productive workforce as well. Our office premises are equipped with facilities such as a swimming pool, a recreational room and a nursing room. Employees may also play miniature golf, video games, pool and darts or simply take a brief respite on the comfortable lounge chairs in the Chill8 recreational room. On a weekly basis, our employees would have an aerobics class with a qualified instructor and the Company would subsidise a portion of the fees. Table-tennis, futsal and badminton matches are also held weekly and also funded by the Company.

Apart from the weekly sports sessions, the 5th series of the Fusil Cup Golf Tournament which has been organised annually continue to promote good sportsmanship amongst employees. The spirit of a healthy and fit lifestyle was promoted through all these sporting activities.

The Mesiniaga Club is on hand to organise a variety of exciting employee sports, recreational and social activities from futsal matches to badminton and golf tournaments. We have also conducted programmes in promotion of good health such as our annual Mesiniaga Health Week.

CREATING A HEALTHY AND SAFE WORKING ENVIRONMENT

We view the health and safety of our employees to be of great importance to us. We have been dedicated in identifying, monitoring and reinforcing a healthy and safe working environment through firm establishment of company policies, compliance with laws and regulations, commitment from the senior management and organised events and activities. These safety-related policies may include, but are not limited to the Health and Safety Policy, Smoking Policy, First Aid Policy, Infectious Diseases Outbreak Policy and Fire Safety Policy. It has been a concerted effort between our Human Resources Department with the Emergency Medical Team (EMT) to oversee the enforcement of these policies.

We pledge to maintain a healthy and safe working environment by continuously reaffirming the objectives of these policies. These objectives would positively reverberate with our employees through various health and safety-related activities.

FOSTERING INNOVATION, CELEBRATING DIVERSITY

We have been established for over 35 years in the IT industry of Malaysia. Throughout our journey towards being the leader in the IT landscape of Malaysia, we have upheld the core of how we conduct business through strong employee engagement with strategic and effective communication. Our foundations were also built on the pillars of diversity and innovation. These fundamentals promote an environment that acknowledges the importance of possessing a diverse background and also celebrates innovative ideas that continuously contribute towards enhancing the Company and its culture.

Numerous channels of formal and informal communication have been instituted in ensuring accurate and consistent dissemination of information to employees throughout the year. Avenues for formal communication such as Kick Off events and Town Hall meetings have allowed effective dissemination to employees on vital information and updates on Company goals, current progress and direction. We established a platform for open dialogues between employees with the management through roundtable sessions with the Managing Director and coffee sessions with the Senior Leadership Team. These sessions involve smaller group of employees at a time allowing them to express their ideas and opinions during the sessions. These sessions also successfully fostered greater engagement between employees and the Company. This spirit is also echoed by our open door policy which collapses barriers, allowing stronger communication between employees of different ranks.

To uphold the influential brand name of Mesiniaga, we believe it is vital that our employees are equipped with the most current set of abilities and knowledge. We see the development of our employees as a gratifying investment for our future; therefore, they are encouraged to participate in programmes which could hone their soft skills and technical skills, or further enhanced their competence by enrolling for professional certifications. Furthermore, employees have the privilege of a partial tuition fees reimbursement upon enrolling for courses in tertiary institutions. As of 31 December 2015, we employ 29 individuals who have a postgraduate qualification in various fields of study. We also invested up to 0.28% of our total staff cost for training and skills development purposes in the year 2015. To support the innovation and diversification of knowledge and skills, we have formulated programmes for employee development and provide them with the option to explore new vocation through internal transfer opportunities.

The hardwork and dedication of each employee is recognised through an effective and objective employee performance measurement system called the MyMesiniaga Commitment (MMC) plan. Employees who have significantly contributed to our business success would be rewarded through the Mesiniaga Award for High Achievers (MAHA) programme. Furthermore, to express gratitude to employees who outstretched their capacity and surpasses expectations, we held appreciation breakfast and lunch events. In 2015, employee recognition and reward programmes constitute 0.41% of staff cost.

In addition to MAHA, we have constituted the Mesiniaga Unique and Talented Individuals Aspiring for Remarkable Achievement (MUTIARA) programme to nurture our high performing employees and top talents. These employees would participate in this multitier top talent programme to cultivate their knowledge, leadership skills as well as soft skills that are fundamental for credible leadership. These employees are the future leaders of the Company as part of a dynamic succession plan.

In our effort to improve the quality and skills of our management team, we have introduced the Mesiniaga People Management Programme (MPMP). The MPMP sessions would ensure that our line of middle and higher management are fully informed of the Company's guidelines and policies especially those related to people management and development.

Apart from that, the Human Resource (HR) Department has introduced the Mesiniaga Corporate Values which are Respect, Integrity, Commitment, Innovation and Teamwork. These values would be injected in the work ethics of every Mesiniagan intending to align the professional goals of each employee with the direction that Mesinaga aspires to move to as a Company.

We believe that workplace diversity could positively contribute to a thriving working environment. We remain committed to providing equal opportunities regardless of race, gender or religious backgrounds. As of December 2015, we have more than 1,200 employees, out of which 82% are Malays, 9% are Chinese, 8% are Indians and 1% are from other ethnic groups. 51% of our employees are female.

Apart from workplace diversity, we also provide both defined contribution and benefit plans. Defined contributions plan are EPF and SOCSO contributions for all employees and defined benefit plans are retirement plans that apply to 10% of permanent employees. In 2015, the provision for this retirement plan amounted to RM362,749.00. Other fringe benefits include health, accident and life insurance, medical, dental and maternity expenses; as well as car and housing loan interest subsidies.

ENHANCING CUSTOMER EXPERIENCE

The pivotal element in achieving our vision 'To be the Malaysian IT Partner of Choice' is to ensure the sustainability of our competitive advantage. We have also made it our mission to help customers succeed at every touch point with them. Our Service Management division is focused on ensuring service excellence, to further deepen our strong and trusting relationship with our customers. They also ensure precise and timely resolution of issues as well as facilitate and expedite the modifications needed to enhance our customer satisfaction level.

On top of this, we objectively monitor our customer loyalty and satisfaction level by conducting annual surveys. Our Customer Preference Index (CPI) provides an understanding of the perspective of customers on Mesiniaga. Our CPI score is 59% in 2015. Moving forward, we will enhance our implementation of value driven solutions in addressing our customers' business needs. We trust this will further enhance our overall score and ultimately, help our customers in achieving their business goals.

CARING FOR THE COMMUNITY

The Malaysian National Higher Education Strategic Plan (NHESP) urges university students to undergo industrial training in reputable organisations. In an effort to support this plan in improving the quality of teaching and learning, we have accepted 154 students from various universities to perform industrial training with us from the year 2013 to 2015.

In improving graduate employability, we maintained our initiatives through the Mesiniaga Academy programme, and we also established a second academy on 15 December 2015, namely the Mesiniaga Software Academy for Young Developers (MSAYD) under the wings of CustomCodes Sdn. Bhd. The Mesiniaga Academy programme is now in its ninth year in running, collaborates with various Polytechnic and Community Colleges around Malaysia for provision of training and community to polytechnic students. From 2007 to 2015, we have provided industrial training to 96 students from these colleges and we have absorbed 72 number of students as employees. As compared to the Mesiniaga Academy programme, the MSAYD provides training to newly-graduated students from various universities. Currently, this academy has enrolled 16 students as their pioneer batch and have provided employment to 13 of them. These programmes equip students with marketable and relevant practical work experience and inculcate them with good work ethics and essential skills that are sought after competences by future employers. They would also be exposed to innovation of ideas which would stimulate the urge of being competitive towards achievement of goals.

We welcomed student visits from various institutions of higher learning who seek to gain a more in-depth knowledge on work-life experiences. For instance, Sunway University, Taylors University as well as INTI International College students have performed study visits in Menara Mesiniaga where our employees were at hand to share their invaluable wisdom and expertise, inspiring the students to explore a rewarding career in IT. We have also received student visits from Politeknik Ungku Omar, Politeknik Sultan Azlan Shah, Universiti Teknologi MARA to name a few.

We continued with our commitment in helping the less fortunate in Kampung Trong, Perak. During the holy month of Ramadhan, we performed a donation drive to provide supplies for breaking fasts to be given to the population in this village. We also helped to bring more cheer during their Hari Raya Aidilfitri celebration by supplying poultry to further enrich the spirit of this holy celebration.

In 2015, we persisted our collaboration with Pusat Tahfiz Darul Mahabbah to monitor and assist the school's children academic performance. We heightened our support by providing monthly donations to them. Furthermore, we organised a breaking fast session during the fasting month to simply add more joy in these children's lives.

Yearly, we would have a joint effort with the National Blood Bank in organising a blood donation campaign. Organised on 11 February 2015, 37 of our employees became heroes by voluntarily donated their blood to save the lives of others.

Apart from our committed contributions to the society, we also perform other ad-hoc contributions to further inculcate the spirit of volunteerism and community service among the employees in the Company. We contributed donations and provided assistance to help feed the urban poor, majority of which are forced to live on the streets. We also rallied together to provide donations for livestock during the Hari Raya Aidiladha celebration for the community in Trong, Perak; Baling, Kedah and Aceh, Indonesia. The children of Rumah Siraman Kasih also received donations from the staffs of Mesiniaga during their celebration of the birthday of Prophet Muhammad.

CARING FOR THE ENVIRONMENT

Our efforts to maintain a relatively low negative footprint on the environment is unending. Our office buildings, Menara Mesiniaga and Mutiara Mesiniaga are renowned for being "green buildings" and have ecological architectural aesthetic design to minimise impact on the environment. Their bioclimatic designs have internal and external features with the objectives of fulfilling energy-saving practices while at the same time, ensuring occupancy comfort. We have also made efforts to reduce the utilisation of electricity through having access to natural daylight and natural ventilation to various parts of the building.

Also to promote enviromental sustainability, we have replaced our air conditioning system in September 2014 which are highly efficient and energy saving. We have successfully reduced 19% of electricity in the year 2015 when compared to the year 2014.

We have extended our efforts for a greener environment to our customers by adding value to the solutions that we provide through green IT concepts. These solutions would help our customers to resolve their IT challenges while doing their part for the environment through virtualisation of servers and embracing cloud-based solutions. In addition to that, we strongly believe that IT would enhance quality of life and is therefore, a vital element in ensuring sustainable living. We maintain our collaboration with property developers to build greener developments and cities.

We are further committed towards embracing green concepts by continuing our efforts of recycling items such as non-confidential documents, newspapers, peripherals, cardboards and unused or old computer equipment. On 28 March 2015, we proudly supported the global Earth Hour movement for the eighth time by switching the lights off for one hour. In October 2015, we launched a month-long Environmental Awareness Campaign where we promoted four main aspects of green practices; reduction of electricity utilisation, water-saving ideas, reduction of paper usage and adoption of plants in the office. A pledge-wall had been mounted to encourage employees to express their pledges on how they could contribute towards environmental conservation.

Statement on Corporate Governance

INTRODUCTION

We abide by ethical conduct and practices in doing our business and in our dealings with all stakeholders as much as we pledge to comply with all regulatory requirements. An integral part of our Employee e-Handbook is the Mesiniaga Business Conduct Guidelines which delineates the expected ethical behaviour of our employees. The Guidelines encompass areas of personal conduct, fairness in business, relationship with other organisations, use and dissemination of proprietary and confidential information, and fraud prevention. Apart from that, it is also our undertaking to support the utilisation of license software and the implementation of good software asset management practices. Our commitment to ethical and best practices is exemplified by our sustained ISO 9001:2008 accreditation.

With the goal of achieving our Company's stated vision and mission, we are committed to continue our efforts to be the "Malaysian IT Partner of Choice" by helping our customers succeed. We pledge to strive for the highest level of good governance in the Company and its Group, and to not only meet but exceed the expectations of all our stakeholders particularly our shareholders. The Board of Directors ("the Board") firmly believes that adopting and operating in accordance with the highest standards of corporate governance are vital for sustainable performance and economic value creation for all our stakeholders.

CODE

The Board of Directors, in discharging its roles and responsibilities to protect and enhance shareholder value and the financial performance of the Company, recognises, and commits to adhering to the recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code").

The Board is of the view that it has satisfied the major recommendations in the Code. However, a key recommendation yet to be put in place is Recommendation 3.4 relating to the position of Chairman and Managing Director which is outstanding since 25 February 2016, due to constraint of resources. The Board is of the opinion that Datuk Wan Mohamed Fusil, an Executive Director, being the most senior and experienced person on the Board is the most suitable to be the Chairman of the Board.

The Company will continue to strengthen its governance practices to safeguard the best interest of all its stakeholders particularly its shareholders.

The Board, being adhering to the Code, also commits itself to the provisions and recommendations (where applicable) of:

- The Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").
- Corporate Governance Guide: Towards Boardroom Excellence – 2^{nd} Edition ("CG Guide 2") issued by Bursa Malaysia.

The following is a summary of the Group's practice of the Code on Corporate Governance:

THE BOARD OF DIRECTORS

The Board is entrusted with leading and overseeing the business of the Group. The Board is responsible for the Group's progress and for ensuring that the Group is well managed. It also sets the Group's strategic direction and objectives. The Board is also responsible for approving performance targets, monitoring the Management's achievements, providing overall policy guidance and ensuring that policies and procedures for internal control systems are in place.

In line with the best practices recommended by the Code, the Board is proactively involved in the formulation and execution of succession planning that includes appointing, training, fixing the compensation where appropriate, and replacing senior management. This is implemented through the overseeing of the Group's human capital development and compensation process against predetermined key performance criteria.

The Board in its regular meeting would scrutinise and evaluate, the Group financial and operational performance as well as internal controls and risk management, and would confirm achievement of targeted performance and fulfillment of approved Group business strategy.

Throughout 2015, the Board of Directors met five times. Details of the meetings are as follows:

	25.02.2015	08.04.2015	16.06.2015	19.08.2015	18.11.2015
DATUK WAN MOHAMED FUSIL WAN MAHMOOD	Y	Y	Y	Y	Y
MOHAMED FITRI ABDULLAH	Y	Y	Y	Y	Y
MOHD PUZI AHAMAD	Y	Y	Y	Y	Y
VOON SENG CHUAN	Y	Y	Y	Y	Y
FATHIL SULAIMAN ISMAIL	Y	Y	Y	Y	Y
ABD TALIB BABA	Y	Y	Y	Y	Y
WONG FOOK HON	Y	Y	Y	Y	Y
DATO' AB RASHID MAT ADAM	Y	Y	Y	Y	Y
IR. DR. MUHAMAD FUAD ABDULLAH	Y	Y	Y	Y	Y

Key: Y – Attended
X – Absent with Apologies

All meetings were held at the Conference Room, 11th Floor, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan. The meetings were attended by all Directors. The Directors at the Board meetings exercised independent judgements to bear on all issues presented which among others incorporate issues on strategies, performance and resources.

BOARD BALANCE AND DIVERSITY

Particular attention is paid to the composition and balance of the Board to ensure that it has wide experience of the IT business sector.

The Board considers that objectivity and integrity, as well as the relevant skills, knowledge, experience, mindset and ability, which will assist the Board in strengthening its key functions, are the prerequisites for the appointment of new Directors to the Board.

The Board also recognises the need to enhance Board diversity, as it is essential to the efficient functioning of the Board and indicates good governance practices. The Board has attained diversification in terms of experience, skills, expertise, competencies, ethnicity and age to enable the Company to maximise its business and governance performance. Moving forward and in line with the recommendation to have gender diversity on the Board, every effort would be taken to recruit suitable female directors on to the Board.

From 1 January 2016, the representation of the members of the Board is as follows:

		%
Executive Directors	2	25.0
Non-Independent Non-Executive Directors	2	25.0
Independent Non-Executive Directors	4	50.0

The composition, though compliant with the Listing Requirements of Bursa Securities, which require that at least one third of the Board should comprise independent directors, does not satisfy Recommendation 3.5 of the Code which stipulates that the Board must comprise a majority of independent directors where the Chairman of the Board is not an Independent Director. The Independent Non-Executive Directors as a group however forms the largest group of directors on the Board.

The existing Directors bring a wide range of business, commercial and financial experience relevant to the Company. A brief description on the background of each Director is presented in the Directors' Profile column on pages 15-19.

THE MANAGING DIRECTOR

The responsibilities and authorities between the Chairman and the Managing Director are clearly distinct and defined in order to maintain a balance of power. The Managing Director's key responsibilities are as follows:

i) To achieve the Group's stated financial targets.
ii) To achieve the Group's targeted customer satisfaction score.
iii) To achieve the Group's employee engagement score.
iv) To ensure retention of top talents within the Group.
v) To represent the Group for engagement with shareholders including attendance at the AGM.
vi) To represent the Board in signing the audited financial reports.
vii) To be responsible in ensuring that the accounts of the Group and its financial affairs have been kept and administered reliably.
viii) To represent the Group in contractual agreements with customers, partners and/or principals.
ix) To ensure that the Group is in compliance with all regulations related to its business operations.
x) To lead the management team in implementing strategies and policies.

However, as highlighted earlier, the office of the Managing Director was vacated on 31 December 2015. The Board had on 25 February 2016 entrusted the Chairman to assume the role as the Company's CEO.

CODE OF CONDUCT

Mesiniaga has always enjoyed a good reputation within the industry for having good ethics and fair dealing. It has been the responsibility of the Group to uphold this reputation, as well as the responsibility of each employee to behave in the prescribed manner, as required by the Mesiniaga Business Conduct Guidelines (BCG). The policy and procedures as outlined in the BCG are based on the recommendations of the Code. The main objective of the BCG is to encourage and enable employees to whistle-blow and raise serious concerns of illegal activities, such as corruption, and other wrongdoings that may occur within the organisation. This BCG is available in the Employee e-Handbook for the reference of all employees in the Group's effort to continue promoting accountability, transparency and ethical practices.

Employees' concerns, whistle-blowing or otherwise may be raised via emails, telephone calls, letters and faxes to the attention of the Ethics Committee consisting of the Chairman, a member of the Audit & Risk Management Committee and the Internal Audit & Risk Management Manager. Employees are assured that confidentiality will be maintained at all times and they will be protected.

SUPPLY OF INFORMATION

The Board is provided with written reports and supporting information at least a week ahead of meetings of the Board to enable the Directors to obtain further explanations, where necessary, in order to be sufficiently well prepared for the meetings.

At each Board meeting, a briefing on the Group's operations and financial results by the Managing Directors and Senior Managers is usually presented. Such briefings by the Senior Management allow the Directors to actively and effectively participate in determining the Group's direction.

All Directors have access to the service of the Company Secretary and if so required, could also engage independent professional advice at the Group's expense. In the event that the independent professional advice involves substantial cost, the procurement of such service would be subject to approval of the Board.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and its Group of companies, as well as the principles of best practices on corporate governance. The Company Secretary is also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Apart from playing the role as the advisor to the Board, the duties of the Company Secretary also include, amongst others, attending all Board meetings, ensuring that the proceedings of Board meetings and decisions made thereof are accurately and sufficiently recorded and properly kept for the purposes of meeting statutory obligations, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and resignations of Directors are in accordance with the relevant legislations, formulation and periodical review of the Board Charter, handling company share transactions, coordinating on dividend payments, and making corporate disclosure announcements.

BOARD CHARTER

The Board Charter which establishes clear functions, roles and responsibilities of the Board of the Company is published in the Company's website www.mesiniaga.com.my. The Board Charter is subject to review periodically.

APPOINTMENT TO THE BOARD

A formal and transparent procedure has been established for the appointment of new Directors to the Board. The Nomination and Remuneration Committee (NRC) has the primary responsibility to implement this process. The membership of the NRC comprises exclusively of Non-Executive Directors, all of whom are independent. This composition of only Non-Executive Directors in the Committee ensures that any decisions made are impartial and in the best interest of the Group, without any element of fear or favour.

The NRC is empowered to review and make recommendations for membership of the Board. The Committee also reviews the performance and remuneration of Executive Directors and make recommendations to the Board on an Annual Basis. In relation to the remuneration of the Non-Executive Directors, the Committee reviews the remuneration package of Executive Directors by comparing with peer companies and make recommendations to the Board.

The NRC is also responsible for the review, evaluation and recommendation of suitable candidates for appointment as Directors based on the criteria set amongst others, skills set, experience, competency, gender, ethnicity and age; and on the needs of the Board. The NRC is also responsible for assessing and ensuring, amongst others, that the candidate possesses technical competencies, a strong sense of professionalism and integrity, organisational and strategic awareness, and the ability to add value, as well as adherence to the Mesiniaga Business Conduct. The potential candidates, upon such review and evaluation, will be recommended to the Board for appointment.

The NRC is also responsible for implementing Board Performance Evaluation based on the respective directors' self-assessment. The NRC, upon analysing the results of the annual Board Performance Evaluation, would then consider whether the size of the Board is appropriate and whether there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board.

RE-ELECTION

In accordance with the Company's Articles of Association, all Directors are to retire from office at least once every three years but shall be eligible for re-elections.

Apart from Directors retiring by rotation, two (2) of its Independent Non-Executive Directors would also be subject to retirement pursuant to Section 129(6) of the Company's Act, 1965. They are Wong Fook Hon and Abdul Talib Baba.

REVIEW OF PERFORMANCE AND INDEPENDENCE OF THE BOARD

The Board is in the process of reviewing and evaluating its own performance and the performance of its Committees on an annual basis. The assessment of the Board would be based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board and its committees.

The Board will also be reviewing the independence of its members to ensure that all of the independent members are able to bring their objective and independent judgement to the Board.

The results of the assessment would then be reported by the Nomination and Remuneration Committee to the Board. The assessment report would form as basis of recommending the relevant Directors for re-election at the Annual General Meeting.

The Board recognises MCCG 2012's recommendation on the tenure of an Independent Director that should not exceed a cumulative term of nine (9) years. Abdul Talib Baba would have been serving for a cumulative terms of nine (9) years at the forthcoming Annual General Meeting; hence, shareholders' approval would be sought for his re-election.

The Board has proposed for the re-election of the two (2) Independent Non-Executive Directors at the next Annual General Meeting.

DIRECTORS' TRAINING

All Board members have attended the Mandatory Accreditation Programme (MAP) organised by Bursa Securities. In addition, Board members have also attended various training programmes and conferences which the Board believes have aided them in discharging their duties as Directors of the Company. Board members are also encouraged to participate in training programmes deemed appropriate for the needs of the respective Directors and such attendance would be at the Company's expense.

Throughout the year, various training programmes and conferences pertaining to Finance, Corporate Governance, Investment, Leadership, Digital Transformation and Islamic Banking & Finance were attended or participated.

COMMITMENT OF DIRECTORS

In order to ensure that Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Board observes the restrictions on the number of directorships as specified in the Listing Requirements.

The Board is in compliance with the Listing Requirements on the number of directorships in other Listed Issuers. All Directors are required to notify the Company on any new or changes of their directorships in ensuring the adherence to the restrictions on the number of directorships. Through this approach, the Board members' ability to contribute and their devotion of time to the Company would not be impaired.

DIRECTORS' REMUNERATION

The Executive Directors remuneration is determined by the Nomination and Remuneration Committee, which is headed by Voon Seng Chuan. Considerations made are such as Director's responsibilities, experience competencies, commitment, contribution and performance. The market rates are also taken into account when deciding remuneration.

Details of the remuneration for the Directors are as follows:

	Basic Salary RM'000	Fees RM'000	Bonus RM'000	Benefits-in-kind RM'000	Pension RM'000	Others RM'000	Total RM'000
Executive Directors	1,640	0	0	0	158	208	2,006
Non-Executive Directors	0	234	0	0	0	54	288

DIRECTORS' REMUNERATION IN BANDS

	No. of Executive Directors	No. of Non-Executive Directors
Below RM50,000	0	4
Below RM100,000	0	2
RM100,000 to RM150,000	0	0
RM150,000 to RM200,000	0	1
RM400,000 to RM450,000	1	0
RM450,000 to RM500,000	0	0
RM500,000 to RM550,000	1	0
RM1,000,000 to RM1,050,000	1	0

BOARD COMMITTEES

The main Board has delegated specific responsibilities to Board Committees which operate within clearly-defined terms of reference. The Committees are empowered to deliberate and examine issues delegated to them and report back to the Board with their recommendations and comments.

The various Board Committees and their composition are as listed on page 08. The chairmanship of the various Board committees is in compliance with the Code.

SHAREHOLDERS

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Group welcomes all queries from shareholders and these queries could be channeled directly to the Managing Director or through the Company's website www.mesiniaga.com.my. Upon requests and especially after the announcement of the Group's quarterly results, the Managing Director provides updates on Group's performance to analysts and shareholders from time to time.

THE ANNUAL GENERAL MEETING

At each Annual General Meeting, the Board presents the Group business progress and performance and encourages shareholders to participate in the question and answer session. All Directors attend the Annual General Meeting.

An explanatory statement for any proposed resolution, to facilitate full understanding and evaluation of issues involved, will accompany each item of special business included in the notice of the meeting.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and easily understandable assessment of the Group's position and prospects. The Audit and Risk Management Committee assists the Board in ensuring accuracy and adequacy of information by reviewing the information for disclosure.

The Statement of Directors Responsibility pursuant to Section 169 of the Companies Act, 1965 is set out on page 40 of this Annual Report. The signed statement by Datuk Wan Mohamed Fusil bin Wan Mahmood and Mohd Puzi Ahamad is duly incorporated into the Group's audited financial statements for the year ending on 31 December 2015 as set out on page 54 of this Annual Report.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Group's system of internal controls which covers financial, operational and compliance controls, as well as risk management. The internal control system is designed and maintained to ensure that the risks faced by the business in pursuit of its objectives are identified and managed at known acceptable levels.

The Internal Audit department undertakes the internal audit functions in the Group while the Audit and Risk Management Committee coordinates the implementation of a group-wide risk management programme. The Group will continually review the adequacy and integrity of its system of internal control. Among others, input and recommendations from the external auditors would form a basis for any improvement to be made on the adequacy and integrity of its system of internal control.

EXTERNAL AUDIT

The Group ensures that only suitable firms in terms of their adequacy of experience and resources be appointed as the Group's external auditors. The independence of the firm is also essential to be in line with the MCGG 2012 recommendations. The Group in ensuring the independence of the auditor requires that the signing partner of the external auditing firm must be on a five-year rotation basis.

The external auditor is required to provide a written assurance on their independence on an annual basis. For the financial year ended 31 December 2015, the external auditor has confirmed their independence in accordance with the firm's policy as well as the provisions of the by-laws of the Malaysian Institute of Accountants (MIA) on professional independence.

RELATIONSHIP WITH AUDITORS

The role of the Audit and Risk Management Committee is as stated on pages 44 to 46. Through the Audit and Risk Management Committee of the Board, the Group has established transparent and appropriate relationships with the Group's auditors, both internal and external. When required, the external auditors attend the meetings of the Committee.

Statement of Directors' Responsibility in Relation to Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and the statement of comprehensive income and cash flow of the Company for the financial year.

In preparing the financial statements of the Company for the year ended 31 December 2015, the Directors have ensured that the Company has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have also considered that all applicable accounting standards have been followed and confirmed that the financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility to ensure that the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors affirms its overall responsibilities for the Group's system of internal control, which includes the establishment of an appropriate risk management system and internal control framework, involving financial and operational aspects of the Group.

ACKNOWLEDGEMENT OF RESPONSIBILITIES

The Board recognises that in pursuing business objectives, internal controls can only provide reasonable but not absolute assurance against the risk of material errors, losses, fraud or occurrences of unforeseeable circumstances. The Group's system of internal controls has been designed to place greater emphasis on the control of items of material significance in order to provide reasonable assurance that the major effects of these risks are minimised.

INTERNAL CONTROLS

The Group's internal control system encompasses the policies, procedures, processes, tasks and other governance aspects of the Group and is reflected in the control environment which encompasses the organisational structure, and governance integrity framework including policies, procedures and the Mesiniaga Business Conduct.

Control environment includes the following:-

- The Group's corporate culture is embedded in its core values of integrity, commitment, excellence in execution, innovativeness and cost efficiency – to achieve the Group's vision and support the business objectives, risk management and internal controls system.
- The Mesiniaga Business Conduct Guidelines reinforce the Group's core value on integrity by providing guidance on moral and ethical behaviour that is expected from all employees in following the laws, policies, standards and procedures.
- Board Committees such as Audit and Risk Management Committee, Nomination and Remuneration Committee and Investment Committee are established by the Board of Directors, and they are governed by clearly defined terms of reference and authority for areas within their scope.
- The Group has an organisational structure that is aligned with its business and operational requirements, with clearly defined lines of responsibility and authority levels.

RISK MANAGEMENT

The existence of an Audit and Risk Management Department provides the Board with assurance regarding the adequacy and integrity of internal risk management controls within the Group. Risk Management is a proactive on-going process involving identification, assessment, control, monitoring and reporting of risk exposures.

The Audit and Risk Management Committee was established in 2011 carrying over from the previously Audit Committee. Its function is to coordinate the implementation of a risk management programme for the Group and to formalise the identification of principal risks affecting the achievement of the Group's business objectives. It allows for a more structured and focused approach in managing the Group's significant business risks.

Guided by the ISO 31000 in managing risks, risk management in the Group is an on-going process to ensure a more coordinated and consistent approach in managing the Group's risk exposures. The risk management programme would be subjected for review by the Audit and Risk Management Committee (ARMC) for and on behalf of the Board. Progress on risk management activities are reported at every ARMC meeting in 2015.

The key aspects of the risk management process are:-

i. Reviews of the risk profiles, the control procedures and status of the action plans carried out on a quarterly basis by Department Heads and Risk Coordinator.
ii. Department Heads are provided with a risk summary to enable them to review, discuss and monitor the risk profiles and implementation of action plans.
iii. On a half yearly basis, a risk listing and summary detailing significant risk issues and control measures implemented or to be implemented to deal with the risks will be presented to the Risk Management Steering Committee for reviewed.
iv. On a quarterly basis, a risk management report summarising the significant risks and/or the status of action plans is presented to the ARMC for review, deliberation and recommendation for endorsement/approval by the Board.

Amongst others, the duly identified and monitored risks and issues by the ARMC include market risks, project risks, funding, business continuity plan and foreign exchange fluctuations.

INTERNAL AUDIT

The internal audit function of the Group is carried out by the Internal Audit Department that reports directly to the Chairman of the ARMC. The principal role of the Internal Audit Department is to provide independent assurance and assessment on the effectiveness and soundness of internal control mechanisms and ensure that they are in place. All findings are reported to the ARMC and recommended actions are placed upon the respective management personnels for implementation. Such process had been in place for the financial year ended 31 December 2015 and it is an on-going process for the Group. The Internal Audit Department adopts a risk-based approach in its audit plans and examination.

Additionally and separately, the Internal Audit Department performs on-going reviews of processes and activities within the Group in accordance to an internal audit plan. For the financial year ended 2015, this audit plan was based on the areas of significant risk exposure to the Group and was approved by the ARMC on 18th November 2014.

ASSURANCE FROM MANAGEMENT

The ARMC and the Board separately have received assurance from the Managing Director/Chief Executive Officer and the Chief Financial Officer during the ARMC and Board meetings held on 24th February 2016 that to the best of their knowledge the risk management and internal control of the Mesiniaga Group are operating adequately, and effectively in all material respects, based on the risk management and internal control system adopted by the Group.

In addition, the Board remains committed in ensuring a sound system of risk management and internal controls in place taking cognisant that such a system must continuously evolve to support growth with appropriate action plans, when necessary, to further enhance the Group's system of risk management and internal controls.

The Group strives to ensure that proper processes are in place and will further enhance these practices in accordance to the requirements of:-

- Malaysian Code on Corporate Governance 2012 – Securities Commission Malaysia
- Statement on Risk Management and Internal Controls – Guidelines for Directors of Listed Issuers – Bursa Malaysia.
- Corporate Governance Guide (2nd Edition) – Bursa Malaysia

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS (PWC)

This Statement of Risk Management and Internal Controls has been reviewed by the External Auditors as required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for inclusion in the annual report of Mesiniaga Berhad for the year ended 31 December 2015.

The limited assurance review was performed in accordance with the Recommendation Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. Paragraph 10 of the RPG 5 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. For the financial year under review, there were no material control failures that had directly resulted in any material loss to the Group.

BOARD OF DIRECTORS
MESINIAGA BERHAD

Audit and Risk Management Committee

CHAIRPERSON
ABDUL TALIB BABA
Independent Non-Executive Director

MEMBERS
WONG FOOK HON
Independent Non-Executive Director

DATO' AB RASHID MAT ADAM
Independent Non-Executive Director

SECRETARY
SYED JAMALLUDIN SYED OSMAN JAMALLULAIL
Head of Audit & Risk Department

TERMS OF REFERENCE FOR THE AUDIT AND RISK MANAGEMENT COMMITTEE

SIZE AND COMPOSITION

The Committee shall be appointed by the Board of Directors of Mesiniaga Berhad from amongst their members and shall consist of not less than three members, the majority of whom shall be Independent Directors.

At least one member of the Committee:

a. must be a member of the Malaysian Institute of Accountants; or
b. if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three years' working experience and:
c. he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
d. he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
e. Fulfils such requirements as prescribed by Bursa Securities.

The Chairperson of the Committee shall be an Independent Director.

FREQUENCY OF MEETINGS

Meetings shall be held not less than four times a year and as and when required during the financial year. The quorum for a meeting shall be at least two Committee members.

SECRETARY

The Secretary of the Audit and Risk Management Committee shall be the Head of Audit and Risk Department of the Company. Minutes of meetings shall be recorded.

PURPOSE OF THE COMMITTEE

The primary objective of the Audit and Risk Management Committee is to assist the Board of Directors in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting, risk management and internal controls.

FUNCTIONS AND DUTIES

The functions and duties of the Audit and Risk Management Committee are:

1. To consider the appointment of the external auditors, the audit fees and any questions on their resignation or dismissal.
2. To review the external auditors' scope of work and audit plans for the financial year.
3. To review the scope, functions and resources of the internal audit and risk management functions.
4. To review the internal audit programme and monitor its implementation.
5. To review the internal audit reports and follow-up on the actions taken to implement the recommendations of the internal auditor.
6. To review the year-end financial statements, prior to the approval by the Board of Directors.
7. To review and recommend to the Board for approval of the quarterly results.
8. To review the related party transactions and conflict of interest situations within the Company or Group.
9. To review Risk Management Reports.
10. To review ethics concern (whistle blowing) case, if any.
11. To perform other related duties as directed by the Board of Directors.

MEETINGS HELD IN 2015

Date	25 February	8 April	13 May	19 August	18 November
Abdul Talib Baba	Y	Y	Y	Y	Y
Wong Fook Hon	Y	Y	Y	Y	Y
Dato' Ab Rashid Mat Adam	Y	Y	Y	Y	Y

Key: Y – Attended

SUMMARY OF ACTIVITIES

1. Reviewed the quarterly financial results of the Group before recommending to the Board for approval prior to the announcements to Bursa Securities.
2. Reviewed the annual financial statements and recommended to the Board for adoption.
3. Reviewed related party transactions.
4. Reviewed internal audit plan, functions and resources.
5. Reviewed internal audit reports and risk management reports particularly in ensuring that the management addressed and resolved issues highlighted in the reports.
6. Participated in training programmes on related areas.
7. Reviewed with the external auditors, the audit plan, evaluation of the system of internal controls, audit report and assistance given by the Company's officers to the auditors.
8. Reviewed and evaluated the performance of the external auditors and made recommendations to the Board on their fees and their reappointment.
9. Attended independent meetings with external auditors.

SUMMARY OF AUDIT AND RISK MANAGEMENT FUNCTIONS:

1. Perform secretarial functions to the ARMC.
2. Prepare annual audit plan.
3. Perform field audit and assessment to comply with policies and procedures, and operating effectiveness and controls.
4. Assess the adequacy and effectiveness of internal control systems within the Group.
5. Present reports on audits assignment.
6. Maintain effective audit programmes.
7. Conduct follow up audits to ensure effective and timely resolution of audit issues.
8. Maintain up-to-date Group's risk profile.
9. Follow-up on mitigation controls for all risks.
10. Present reports on risk profile status and movements.
11. Planning and co-ordination of ISO Quality audit.
12. Perform any ISO related tasks relating to surveillance and recertification of the ISO. Certification as per SIRIM QAS requirement.
13. Provide full cooperation to the external auditors in carrying out their audit.
14. Perform any other functions as instructed by the ARMC and the Board of Directors.
15. Involved in Business Continuity Planning (BCP) and Disaster Recovery (DR) planning, execution and monitoring activities.

AUDIT & RISK MANAGEMENT COST

The total costs incurred by Audit and Risk Management Department in discharging its functions and responsibilities in 2015 amounted to RM291,147.00 against RM337,500.00 in 2014 comprising of mainly salaries, training and travelling expenses.

Nomination and Remuneration Committee

CHAIRPERSON
VOON SENG CHUAN
Independent Non-Executive Director

MEMBERS
WONG FOOK HON
Independent Non-Executive Director

IR. DR. MUHAMAD FUAD ABDULLAH
Independent Non-Executive Director

SECRETARY
ROSMAWATI HARON
Manager of Human Resources

TERMS OF REFERENCE FOR THE NOMINATION AND REMUNERATION COMMITTEE

SIZE AND COMPOSITION

The Committee shall be appointed by the Board of Directors of Mesiniaga from amongst their members and shall consist of not less than three members, exclusively of non-executive directors, a majority of whom must be independent.

The Chairperson of the Committee shall be an Independent Director.

FREQUENCY OF MEETINGS

Meetings shall be held at least once a year. The quorum for a meeting shall be at least two Directors.

SECRETARY

The Secretary of the Nomination and Remuneration Committee shall be the Head of Human Resources. Minutes of meetings shall be recorded.

PURPOSE OF THE COMMITTEE

The Nomination and Remuneration Committee is empowered to review and make recommendations for membership of the Board. The Committee also review the performance and remuneration of Executive Directors and make recommendations to the Board on an Annual Basis. In relation to the remuneration of the Non-Executive Directors, the Committee reviews the remuneration package by comparing with peer companies and make recommendations to the Board.

The functions and duties of the Nomination and Remuneration Committee are:

1. Overseeing the selection and assessment of directors;
2. Ensuring that board composition meets the needs of the company;
3. Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors;
4. Assessing and recommending to the Board the candidature of directors, appointment of directors to board committees, review of board's succession plans and training programmes for the Board;
5. Establishing formal and transparent remuneration policies and procedures to attract and retain directors;
6. Reviewing the performance of Executive Directors based on KPIs; and
7. To perform other related duties as directed by the Board of Directors.

MEETINGS HELD IN 2015

Date	5 March	18 November
VOON SENG CHUAN	Y	Y
WONG FOOK HON	Y	Y
IR. DR. MUHAMMAD FUAD ABDULLAH	Y	Y

Key: Y – Attended

SUMMARY OF ACTIVITIES

1. Review the performance of the Executive Directors;
2. Formulate the KPI for the Managing Director for Year 2015; and
3. Recommended the remuneration package for the Executive Directors.

Other Information Required by the Listing Requirements of Bursa Securities

UTILISATION OF PROCEEDS

No funds were raised by the Company from any corporate proposal during the financial year.

SHARE BUYBACK

During the financial year, the Company did not enter into any share buy back transactions.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options issued and exercised throughout the year 2015 and the Company did not implement any other options, warrants or convertible securities.

AMERICAN DEPOSITORY RECEIPT (ADR)/ GLOBAL DEPOSITORY RECEIPT (GDR)

During the financial year, the Company did not enter into any ADR/ GDR transactions.

SANCTIONS AND/OR PENALTIES

There were no sanctions or penalties imposed on the Company and its Subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

NON-AUDIT FEES

An amount of RM42,000 was paid for tax services provided by PwC Taxation Services Sdn. Bhd.

VARIATION IN RESULTS

There was no significant difference between the audited and unaudited results.

PROFIT GUARANTEE

The Company has never provided any profit guarantee.

MATERIAL CONTRACTS

There were no material contracts by the Company and its subsidiaries involving directors or substantial shareholders' interest during the financial year.

CONTRACTS RELATING TO LOAN

There were no contracts relating to a loan by the Company during the financial year.

CONFLICT OF INTEREST

Unless otherwise disclosed, the directors were not aware of any conflict of interest among the directors with the Company, existing at the end of the financial year 2015.

EMPLOYEE SHARE OPTION SCHEME

The Company did not implement any employee share options scheme in the Financial Year 2015.

INTERNAL AUDIT EXPENSES

The costs incurred for the internal audit function in respect of FY2015 was RM291,147.

Financial Statements

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

	Group RM'000	Company 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	18,356	18,650

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.

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:

	Number of ordinary shares of RM1.00 each			
	At 01.01.2015 '000	Bought '000	Sold '000	At 31.12.2015 '000
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.

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.

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

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 59 to 119 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 120 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 59 to 119 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

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 59 to 119, 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.

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 120 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.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

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

Kuala Lumpur
31 March 2016

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 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:					
Item that will not be reclassified to profit and loss:					
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 66 to 119 are an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
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 ventures	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
		55,649	66,667	55,415	66,276
Current assets					
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
		112,994	148,118	87,926	129,164
TOTAL ASSETS		168,643	214,785	143,341	195,440

Statements of Financial Position

As at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the company					
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
		111,240	130,317	98,046	116,244
Non-controlling interests	15	10,507	10,314	0	0
Total equity		121,747	140,631	98,046	116,244
Non-current liabilities					
Post-employment benefit obligations	24	1,691	2,204	1,691	2,204
Finance lease liabilities	25	574	879	574	879
		2,265	3,083	2,265	3,083
Current liabilities					
Trade and other payables	22	39,923	42,666	38,322	47,708
Borrowings	23	4,708	28,405	4,708	28,405
		44,631	71,071	43,030	76,113
		46,896	74,154	45,295	79,196
TOTAL EQUITY AND LIABILITIES		168,643	214,785	143,341	195,440

The notes on pages 66 to 119 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2015

		Attributable to owners of the parent						
		Issued and fully paid ordinary shares of RM1.00 each						
Group	**Note**	**Number of shares 000**	**Nominal value RM'000**	**Share premium (Note 27) RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total RM'000**
At 1 January 2014		60,402	60,402	4,126	102,000	166,528	10,697	177,225
Transactions with owners:								
Dividends paid to shareholders:								
- 31 December 2013	11	0	0	0	(6,040)	(6,040)	0	(6,040)
Dividend paid to non-controlling interest		0	0	0	0	0	(980)	(980)
		60,402	60,402	4,126	95,960	160,488	9,717	170,205
Loss for the financial year		0	0	0	(30,591)	(30,591)	597	(29,994)
Other comprehensive income for the financial year	24	0	0	0	420	420	0	420
At 31 December 2014		60,402	60,402	4,126	65,789	130,317	10,314	140,631
At 1 January 2015		60,402	60,402	4,126	65,789	130,317	10,314	140,631
Transactions with owners:								
Dividend paid to non-controlling interest		0	0	0	0	0	(980)	(980)
		60,402	60,402	4,126	65,789	130,317	9,334	139,651
Loss for the financial year		0	0	0	(19,529)	(19,529)	1,173	(18,356)
Other comprehensive income for the financial year	24	0	0	0	452	452	0	452
At 31 December 2015		60,402	60,402	4,126	46,712	111,240	10,507	121,747

The notes on pages 66 to 119 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the Financial Year Ended 31 December 2015

Company	Note	Issued and fully paid ordinary shares of RM1.00 each Number of shares 000	 Nominal value RM'000	 Share premium (Note 27) RM'000	Distributable Retained earnings RM'000	 Total RM'000
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 66 to 119 are an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the financial year		(18,356)	(29,994)	(18,650)	(20,640)
Adjustments for:					
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
(Reversal)/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)

Statements of Cash Flows

For the Financial Year Ended 31 December 2015

	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 66 to 119 are an integral part of these financial statements.

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.

(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'

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 (continued)

Amendments to Published standard and interpretations adopted by the Group and the Company as at 1 January 2015:

- 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"
- 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.

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.

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.

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 recognised 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 FOREIGN CURRENCIES (CONTINUED)

(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.

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.

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.

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.

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.

(c) Subsequent measurement – gains and losses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL ASSETS (CONTINUED)

(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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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.

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.

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

(ii) Interest rate risk

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The interest rate profile of the Group's 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:

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

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.

(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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

(i) Receivables (continued)

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

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

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

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

(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 RM26,550,767 (2014: RM17,049,592) was provided for as the amount due from a subsidiary was assessed to be impaired.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

(iii) Deposits, cash and bank balances

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

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

In view of the sound credit rating of counterparties, management does not expect any counterparties to fail to meet their obligations. The credit quality of the financial institutions in respect of deposits and bank balances (excluding cash balance) are as follows:

	Group		Company	
	2015	2014	2015	2014
	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
	25,423	25,429	9,386	12,081

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.

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			
	Note	Total RM'000	Within 1 year RM'000	1 - 5 year RM'000	More than 5 years RM'000
Group					
Financial Liabilities					
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		45,323	44,690	633	0
Company					
Financial Liabilities					
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		43,722	43,089	633	0

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk (continued)

		2014			
	Note	Total RM'000	Within 1 year RM'000	1 - 5 year RM'000	More than 5 years RM'000
Group					
Financial Liabilities					
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
Company					
Financial Liabilities					
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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(d) Financial instruments by category

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

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
The Group		
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.

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.

5 REVENUE

	Group		Company	
	2015	2014	2015	2014
	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
	204,907	256,341	190,123	240,364

6 STAFF COST (INCLUDING DIRECTORS' EMOLUMENTS)

	Group		Company	
	2015	2014	2015	2014
	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
	79,860	79,585	63,641	53,351

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

7 LOSS BEFORE TAXATION

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Audit	199	194	140	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	618	4,003	657	3,995
Impairment of amount due from subsidiaries	0	0	9,501	9,670

8 FINANCE COST

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

9 TAXATION

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

9 TAXATION (CONTINUED)

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

	Group		Company	
	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.

10 LOSS PER SHARE

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

	Group	
	2015	2014
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)	(32.33)	(50.65)

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

11 DIVIDENDS

	Group and Company	
	2015	2014
	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	0	6,040

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

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Machines RM'000	Office equipment, furniture and fittings RM'000	Motor vehicle RM'000	Total RM'000
Cost						
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
Accumulated depreciation						
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
Net book value						
At 31 December 2015	23,442	18,935	0	9,585	25	51,987
Cost						
At 1 January 2014	26,262	35,836	1,169	53,352	283	116,902
Additions	0	0	0	5,912	0	5,912
Assets written off	0	0	0	(2)	0	(2)
At 31 December 2014	26,262	35,836	1,169	59,262	283	122,812
Accumulated depreciation						
At 1 January 2014	0	12,757	1,169	40,183	198	54,307
Charge for the financial year	0	718	0	6,292	30	7,040
At 31 December 2014	0	13,475	1,169	46,475	228	61,347
Net book value						
At 31 December 2014	26,262	22,361	0	12,787	55	61,465

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Building RM'000	Machines RM'000	Office equipment, furniture and fittings RM'000	Motor vehicle RM'000	Total RM'000
Cost						
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
Accumulated depreciation						
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
Net book value						
At 31 December 2015	23,442	18,935	0	8,569	27	50,973
Cost						
At 1 January 2014	26,262	35,836	1,169	29,287	283	92,837
Additions	0	0	0	5,616	0	5,616
Transfer from subsidiary	0	0	0	6,222	0	6,222
At 31 December 2014	26,262	35,836	1,169	41,125	283	104,675
Accumulated depreciation						
At 1 January 2014	0	12,757	1,169	25,106	196	39,228
Charge for the financial year	0	718	0	3,832	30	4,580
At 31 December 2014	0	13,475	1,169	28,938	226	43,808
Net book value						
At 31 December 2014	26,262	22,361	0	12,187	57	60,867

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

13 INTANGIBLE ASSETS

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

Company	Internally developed software RM'000	Total RM'000
Cost		
At 1 January 2015	329	329
Additions	0	0
Reclassification	(329)	(329)
At 31 December 2015	0	0
Accumulated depreciation		
At 1 January 2015	0	0
Charge for the financial year	0	0
At 31 December 2015	0	0
Net book value		
At 31 December 2015	0	0

13 INTANGIBLE ASSETS (CONTINUED)

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

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

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).

14 INVESTMENT PROPERTY

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

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

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

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.

15 INVESTMENT IN SUBSIDIARIES

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

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

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

Names of subsidiaries	Principal activities	Group's effective interest 2015 %	Group's effective interest 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.

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

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

Summarised statement of comprehensive income

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

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	2014
	RM'000	RM'000
Cash flow from operating activities		
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	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	80	0	80	0
Share of post-acquisition reserves	8	0	0	0
	88	0	80	0

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

16 INVESTMENT IN JOINT VENTURES (CONTINUED)

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.

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 RM'000	2014 RM'000	2015 RM'000	2014 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

17 DEFERRED TAX ASSETS (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Subject to income tax:				
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
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
At net realisable value:				
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

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.

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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
	76,827	113,252	72,389	108,751
Less: Impairment of receivables	(1,043)	(4,555)	(1,043)	(4,516)
	75,784	108,697	71,346	104,235

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.

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.

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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)
	0	0	0	0

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	618	4,003	657	3,995
Written off	(4,130)	0	(4,130)	0
At 31 December	1,043	4,555	1,043	4,516

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	1,477	821

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
	1,685	905
Less: Unearned finance income	(208)	(84)
	1,477	821
Current (Note 19)	446	554
Non-current	1,031	267
	1,477	821

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.

21 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	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	21,502	24,202	9,394	12,089

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	
	2015	2014	2015	2014
	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
	39,923	42,666	38,322	47,708

22 TRADE AND OTHER PAYABLES (CONTINUED)

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

	Group		Company	
	2015	2014	2015	2014
	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
	39,923	42,666	38,322	47,708

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.

23 BORROWING

	Group and Company	
	2015	2014
	RM'000	RM'000
Unsecured and interest bearing:		
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.

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:

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

24 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

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

	Group and Company	
	2015	2014
	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)
	158	164
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	3,321	3,690

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

	Group and Company	
	2015	2014
	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	1,691	2,204

24 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

Plan assets are comprised as follows:

	Group and Company			
	2015		2014	
	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	3,321	100	3,690	100

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

	Group and Company	
	2015	2014
	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	1,691	2,204

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%

24 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

	2015 RM'000
Maturity profile of defined benefit obligation	
Weighted average duration	31.8 years
Expected benefit payments over the next 10 years	
2015	0
2016	1,300
2017	73
2018	90
2019	129
2020	152
2021 to 31 December 2025	1,211

	2014 RM'000
Maturity profile of defined benefit obligation	
Weighted average duration	31.2 years
Expected benefit payments over the next 10 years	
2015	1,240
2016	79
2017	104
2018	127
2019	169
2020 onwards	1,407

24 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

(b) Defined benefit plan (continued)

Significant actuarial assumptions and sensitivity analysis

	Core assumption	Sensitivity analysis	Effect on defined benefit obligation RM'000
Discount rate	5.9%	1.0% decrease	1,762
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 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.

25 FINANCE LEASE LIABILITIES

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

	Group and Company	
	2015 RM'000	2014 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
	1,020	2,795
Future finance charges on finance leases	(118)	(237)
Present value of the finance lease liability	902	2,558
Current (Note 22)	328	1,679
Non-current	574	879
	902	2,558

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

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

27 SHARE PREMIUM

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

Share premium is not distributable as cash dividends.

28 SIGNIFICANT RELATED PARTY DISCLOSURES

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

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

	Company 2015 RM'000	Company 2014 RM'000
Subsidiary companies		
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	13,821	17,560

28 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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

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

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.

(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	
	2015	2014	2015	2014
	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
	2,301	1,826	2,301	1,826

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.

Revenue 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.

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	
	2015	2014	2015	2014
	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
	46,712	65,789	33,518	51,716

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.

Properties Owned by the Group

As at 31 December 2015

Address	Description	Usage	Tenure	Terms of Tenant's Leases or Under Leases	Approximate Age	Net Book Value (RM'000)
HS(D) 65056, PT 12204, Mukim of Damansara, District of Petaling, Selangor (Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor)	Commercial land comprising a 15-storey office building	Office building	Freehold	Nil	Twenty two (22) years	33,790
Lot 1047, Sek. 13, District of Timur Laut, Georgetown, Pulau Pinang (Mutiara Mesiniaga, No. 56, Jalan Larut, 10050 Georgetown, Pulau Pinang)	Commercial land comprising a 4-storey office building	Office building	Freehold	Nil	Fifteen (15) years	8,587
No. A-07-01, A-07-02, A-07-03, Worldwide @ 7, Jalan Lazuardi 7/29, Seksyen 7, 40000 Shah Alam, Selangor	Commercial land comprising a 3 1/2-storey commercial building	Commercial building	Leasehold	99 years	Twelve (12) years	1,346

Shareholding Statistics

Shareholding Structure as at 31 MARCH 2016
Authorised Share Capital: RM100,000,000
Issued and Paid-up Capital: RM60,402,000
Class of Shares: There is only one class of shares, namely Ordinary Shares of RM1.00 each

Analysis of Shareholdings as at 31 MARCH 2016

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	52	1.80	1,389	0.00
100 – 1,000	1,062	36.76	961,372	1.59
1,001 – 10,000	1,432	49.57	6,179,402	10.23
10,001 – 100,000	303	10.49	8,543,400	14.15
100,001 – 3,020,100 (Less than 5% of issued shares)	35	1.21	15,676,316	25.95
3,020,101 and above (5% and above of issued shares)	5	0.17	29,040,121	48.08
Total	2,889	100.00	60,402,000	100.00

Substantial Shareholders (Excluding Bare Trustees and Deemed Interests) as at 31 MARCH 2016

No.	Names	Direct Shareholdings	%
1	AMANAHRAYA TRUSTEE BERHAD <SKIM AMANAH SAHAM BUMIPUTERA>	11,335,249	18.77
2	FATHIL SULAIMAN ISMAIL	6,397,939	10.59
3	SAFIAH SULAIMAN ISMAIL	3,662,053	6.06

Directors Direct and Deemed Interests as at 31 MARCH 2015

No.	Names	Direct Shareholdings	Deemed Interest	%
1	DATUK WAN MOHAMED FUSIL WAN MAHMOOD	1,565,940	2,160,000	6.17
2	MOHD PUZI AHAMAD	1,918,940	2,000,000	6.49
3	FATHIL SULAIMAN ISMAIL	6,397,939	0	10.59
4	VOON SENG CHUAN	308,500	0	0.51
5	ABD TALIB BABA	0	0	0.00
6	WONG FOOK HON	1,000	0	0.00
7	DATO' AB RASHID MAT ADAM	0	0	0.00
8	IR. DR. MUHAMAD FUAD ABDULLAH	0	0	0.00

30 Largest Shareholders as at 31 MARCH 2016

No.	Name	Holdings	(%)
1	AMANAHRAYA TRUSTEES BERHAD <SKIM AMANAH SAHAM BUMIPUTERA>	11,335,249	18.77
2	FATHIL SULAIMAN ISMAIL	6,397,939	10.59
3	SAFIAH SULAIMAN ISMAIL	3,662,053	6.06
4	HOR YEE @ HO CHEONG FATT	2,828,940	4.68
5	PHARIDA SULAIMAN @ PHILOMENA SULAIMAN	2,699,976	4.47
6	CIMB ISLAMIC TRUSTEE BERHAD <MOHD PUZI AHAMAD>	2,000,000	3.31
7	MOHD PUZI AHAMAD	1,918,940	3.18
8	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <DEUTSCHE BANK AG SINGAPORE FOR YEOMAN 3-RIGHTS VALUE ASIA FUND (PTSL)>	1,810,000	3.00
9	WAN MOHAMED FUSIL WAN MAHMOOD	1,565,940	2.59
10	CITIGROUP NOMINEES (ASING) SDN BHD <UBS AG FOR NEON LIBERTY WEI JI MASTER FUND LP>	1,184,200	1.96
11	CIMB ISLAMIC TRUSTEE BERHAD <WAN MOHAMED FUSIL WAN MAHMOOD>	1,000,000	1.66
12	WONG TA NOOY @ WONG KENG YONG	1,000,000	1.66
13	SRI SUSAYATI RAMLAN	620,000	1.03
14	ALLINCEGROUP NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR WAN MOHAMED FUSIL WAN MAHMOOD>	550,000	0.91
15	CHOY CHOONG YEEN	481,500	0.80
16	LIM POH TIONG	469,000	0.78
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR WAN MOHAMED FUSIL WAN MAHMOOD (473685)>	400,000	0.66
18	TOH KAM CHOY	396,000	0.66
19	LIM POH TIONG	360,000	0.60
20	NEOH CHOO EE & COMPANY, SDN BHD	354,100	0.59
21	VOON SENG CHUAN	308,500	0.51
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR WONG PHOOI YIN (E-TAI)>	301,200	0.50
23	NOR HASLINA MD. DAHARI	267,600	0.44
24	AFFIN HWANG NOMINEES (ASING) SDN. BHD. <DBS VICKERS SECS (S) PTE LTD FOR LIM MEE HWA>	250,000	0.41
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD <CIMB BANK FOR WAN MOHAMED FUSIL WAN MAHMOOD (MY1107)>	210,000	0.35
26	GOH SEE WEE	200,000	0.33
27	LIM SENG GWEE	200,000	0.33
28	SIEW KIM MAN	196,000	0.32
29	PROCRAFT SDN BHD	194,100	0.32
30	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR LOO SWEE LIN>	183,600	0.30

Notice of 34th Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of the Company will be held at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya on Thursday, 2 June 2016 at 2.30pm for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2015 together with the Report of Directors and the Independent Auditors Report thereon.

2. To approve Directors' Fees for the year ended 31 December 2015. **Resolution 1**

3. To re-elect the following directors retiring pursuant to Article 104 of the Company's Articles of Association:-
   a. Mohd Puzi Ahamad; and **Resolution 2**
   b. Voon Seng Chuan **Resolution 3**

4. To re-elect the following directors retiring pursuant to Section 129(6) of the Companies Act, 1965:-
   a. Wong Fook Hon; and **Resolution 4**
   b. Abd Talib Baba **Resolution 5**

5. To re-appoint Messrs PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

BY ORDER OF THE BOARD

JASNI ABDUL JALIL (MACS 01359)
Company Secretary
Subang Jaya
29 April 2016

Note:

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Thirty-Fourth Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 26 May 2016. Only a depositor whose name appears on the Record of Depositors as at 26 May 2016 shall be entitled to attend and vote at the meeting, as well as for the appointment of proxy(ies) to attend and vote on his/her stead.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
4. All forms of proxy must be deposited at the Company's Share Registrar's Office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

Additional Statements

1. As stated in the Notice of Annual General Meeting on page 124 of this Annual Report, the Directors standing for re-election are:-

   Pursuant to Article 104 of the Company's Articles of Association:-
   a. Mohd Puzi Ahamad; and
   b. Voon Seng Chuan

   Pursuant to Section 129(6) of the Companies Act, 1965:-
   a. Wong Fook Hon; and
   b. Abd Talib Baba

   Apart from being subject to retirement pursuant to Section 129(6) of the Companies Act, 1965, Abd Talib Baba would also be completing a cumulative terms of nine (9) years as an Independent Director.

2. Details of Board Meetings and the attendance of Directors at those meetings are as stated on page 32.

3. The Thirty-Fourth Annual General Meeting of the Company will be held at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya on 2 June 2016 at 2.30pm.

4. Details of the Directors standing for re-election are as stated in the Directors' Profile column on pages 15 to 19. Their securities holdings in the Company are as stated on page 122.

BY ORDER OF THE BOARD

JASNI ABDUL JALIL (MACS 01359)
Company Secretary
Subang Jaya
29 April 2016

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Proxy Form

Mesiniaga

I/We ______________________________ of ______________________________

______________ being a member of the abovementioned Company, hereby appoint ______________________

______________ of ______________________________ or failing him ______________

______________________________ of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company, to be held on Thursday, **2 June 2016 at 2.30pm** and at any adjournment thereof. The proxy is to vote on the resolutions set out in the Notice of Meeting as indicated, with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

Resolution	For	Against
To approve Directors' Fees for the year ended 31 December 2015.		
To re-elect the following directors retiring pursuant to Article 104 of the Company's Articles of Association:-		
a. Mohd Puzi Ahamad; and		
b. Voon Seng Chuan		
To re-elect the following directors retiring pursuant to Section 129(6) of the Companies Act, 1965:-		
a. Wong Fook Hon; and		
b. Abd Talib Baba		
To re-appoint Messrs PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration.		

Signature of Shareholder ______________________________

Number of shares held	

Note:

For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Thirty-Fourth Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 26 May 2016. Only a depositor whose name appears on the Record of Depositors as at 26 May 2016 shall be entitled to attend and vote at the meeting as for appointment of proxy(ies) to attend and vote on his/her stead.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney. All forms of proxy must be deposited at the Company's Share Registrar's Office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

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SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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MESINIAGA BERHAD (79244-V)

Menara Mesiniaga, 1A, Jalan SS16/1
47500 Subang Jaya, Selangor Darul Ehsan
Tel: 03-5635 8828 Fax: 03-5636 3838