ANNUAL REPORT 2015

wireless

M N C Wireless Berhad

(635884-T)

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Wong Kok Seong
Chairman, Senior Independent Non–Executive Director

Tan Chor How Christopher
Chief Executive Officer and Executive Director

Pang Siaw Sian
Executive Director

Thu Soon Shien
Independent Non–Executive Director

Kua Khai Shyuan
Non–Independent Non–Executive Director

COMPANY SECRETARIES

Teo Mee Hui (MAICSA 7050642)
Lim Lee Kuan (MAICSA 7017753)

REGISTERED OFFICE

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : +603 2382 4288
Fax : +603 2382 4170

HEAD OFFICE, PRINCIPAL PLACE OF BUSINESS AND R&D CENTRE

100–3.011, Block J, 129 Offices, Jaya One
No 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7491 1880
Fax : +603 7491 1899
Email : info@mnc.com.my
Website : www.mnc.com.my

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : +603 2084 9000
Fax : +603 2094 9940; 2095 0292

PRINCIPAL BANKER

CIMB Bank Berhad
83 Medan Setia 1
Plaza Damansara
Bukit Damansara
50490 Kuala Lumpur
Tel : +603 2087 3000
Fax : +603 2710 2840

AUDITORS

Siew Boon Yeong & Associates
Chartered Accountants
9–C Jalan Medan Tuanku
Medan Tuanku
50300 Kuala Lumpur
Tel : +603 2693 8837
Fax : +603 2693 8836

STOCK EXCHANGE

ACE Market of Bursa Malaysia Securities Berhad

Stock Name : MNC
Stock Code : 0103

Corporate Structure

M N C Wireless Berhad

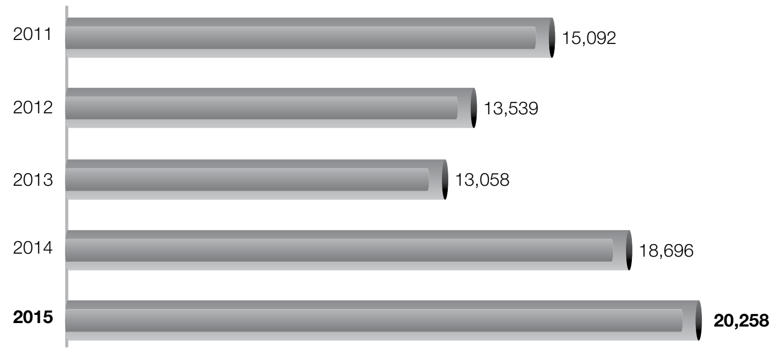
The public listed entity with technology, R&D,
Product innovation, development & distribution centre

DIGITAL KUNG-FU SDN BHD	MOBLIFE.TV SDN BHD	WOWLOUD SDN BHD	JOORS ASIA SDN BHD
100%	100%	100%	100%

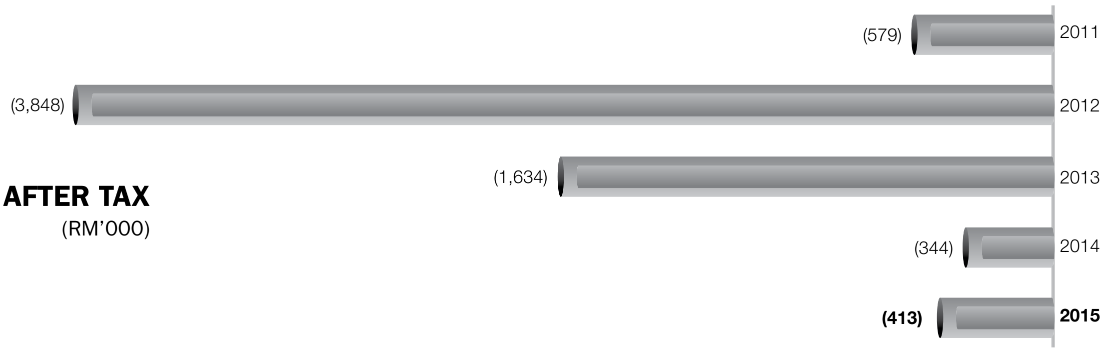
Group Financial Review

	2011	2012	2013	2014	2015
Revenue (RM'000)	15,092	13,539	13,058	18,696	20,258
Loss After Tax (RM'000)	(579)	(3,848)	(1,634)	(344)	(413)
Shareholders' Equity (RM'000)	10,244	6,395	5,800	5,436	5,012
Net Asset per share (sen)	10.8	6.8	6.1	5.8	5.3
Loss per share (sen)	(0.61)	(4.07)	(1.73)	(0.36)	(0.44)

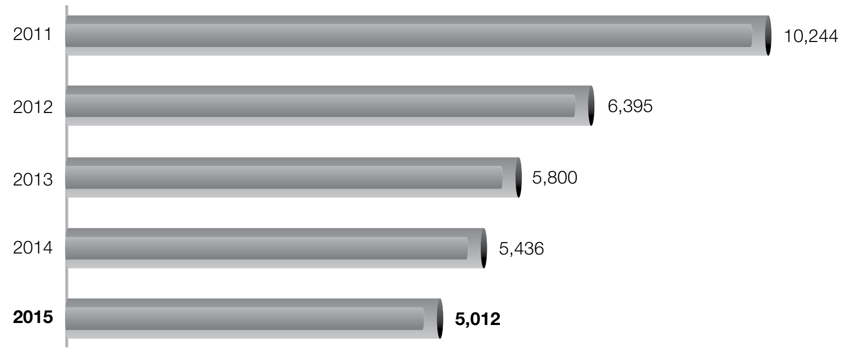
REVENUE
(RM'000)



LOSS AFTER TAX
(RM'000)



SHAREHOLDER'S EQUITY
(RM'000)



Notice of Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of M N C Wireless Berhad will be held at Maharaja Suite, Pulai Pavillion, Pulai Spring Resort, 20km, Jalan Pontian Lama, 81110 Pulai, Johor on Wednesday, 25 May 2016 at 11.00 a.m., for the purpose of considering the following businesses:

A G E N D A

ORDINARY BUSINESS

1. To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2015. **Please refer to Explanatory Note 1**

2. To re–elect Thu Soon Shien who retires in accordance with Article 92 of the Articles of Association of the Company and being eligible, offer himself for election. **Ordinary Resolution 1**

3. To re–elect Tan Chor How Christopher who retires in accordance with Article 97 of the Articles of Association of the Company and being eligible, offer himself for election. **Ordinary Resolution 2**

4. To approve the payment of Directors' fees of RM85,500 for the financial year ended 31 December 2015. **Ordinary Resolution 3**

5. To re–appoint Messrs. Siew Boon Yeong & Associates, as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following Ordinary Resolution, with or without modification: **Ordinary Resolution 5**

   Authority to Issue Shares

   "THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

7. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

LIM LEE KUAN (MAICSA 7017753)
TEO MEE HUI (MAICSA 7050642)
Company Secretaries

Kuala Lumpur
Dated this **29th** day of **April, 2016**

Notice of Twelfth Annual General Meeting (Cont'd)

NOTES:

1. For the purpose of determining a member who shall be entitled to attend this Twelfth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 51(6) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 17 May 2016. Only a depositor whose name appears on the Record of Depositors as at 17 May 2016 shall be entitled to attend the said meeting and to speak or vote thereat.

2. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy / proxies to attend and vote for him/her. The member may attend and vote in person at the meeting after lodging the proxy form but however such attendance shall not automatically revoke the proxy's authority unless an intimation in writing has been made to the Company at the Registered Office at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

3. A member shall be entitled to appoint at least one (1) and up to two (2) proxies to attend at the meeting. Where a member appoints more than one (1) proxy, the proxies shall not be valid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty–eight (48) hours before the time for holding the meeting or any adjournment thereof.

EXPLANATORY NOTE

1. Item 1 of the Agenda– Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2015

   The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of the shareholders and hence this item is not put forward for voting.

2. Ordinary Resolution 5
   Authority to Issue Shares

   The proposed resolution is primarily to give flexibility to the Board of Directors to issue shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The Previous Mandate shall be utilised for the Proposed private placement of up to 10% of the Issued and Paid Up share capital as annouced on 27 May 2015. For further information, please refer to the Statement of Accompanying Notice of AGM on page 7 of this Annual Report.

   The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

- **General Mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad**

  The Company has obtained the mandate from the members for issue of securities at the last Annual General Meeting held on 26 May 2015. Bursa Malaysia Securities Berhad ("Bursa Securities") has, vide its letter dated 24 June 2015, approved the listing of and quotation for up to 9,447,350 new shares to be issued pursuant to the Proposed Private Placement of up to 10% of the issued and paid–up share capital of the Company ("Proposed Private Placement") on the ACE Market of Bursa Securities.

  The Company had subsequently applied for and approved by Bursa Securities the extension of time of six (6) months to 23 June 2016 to complete the implementation of the Proposed Private Placement.

  The Company has not completed the Proposed Private Placement as at the date of issuance of this Annual Report. Accordingly, no proceeds were raised at this juncture.

Directors' Profiles

WONG KOK SEONG
Chairman and Senior Independent Non–Executive Director
Malaysian, aged 46

Mr Wong Kok Seong was appointed to the Board as an Independent Non–Executive Director on 8 April 2015 and was later appointed as the Chairman of the Board on 19 May 2015. He was identified as the Senior Independent Non–Executive Director on 26 May 2015. He is also the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee. Mr Wong is a Chartered Accountant and holds a Masters of Business Administration from Open University, United Kingdom. He is a member of the Malaysian Institute of Accountants (MIA) and also a Fellow Member of the Association of Chartered Certified Accountants (FCCA).

Having spent 15 years in the United Kingdom, Mr Wong has gained extensive exposure with a United Kingdom accounting firm, Appleby & Wood, where he was an audit partner from 1999 to 2005. His experience extended to multinational companies where he was appointed as Finance Director for several UK–based companies. During his tenure there, he was responsible for the preparation of business plans, budgets and organisational financial statements, due diligence, accounting & taxation, management, project financing and implementation.

On his return to Malaysia in 2006 and upon obtaining his audit license, he joined an audit firm Messrs Hasnan THL Wong & Partners, and is currently its Managing Partner. He is also made a partner in another audit firm in Malaysia. Over the last few years, he has extensively been involved in a wide range of businesses, such as cross border trading, manufacturing and property development. His experience includes accounting & taxation, due diligence, management consultancy, project financing and implementation.

Mr Wong is also an Independent Non–Executive Director of Bio Osmo Berhad, PNE PCB Berhad and Trive Property Group Berhad (formerly known as ETI Tech Corporation Berhad), where he helms the Audit Committee Chairmanship in all three of the Companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has not been convicted for any offence within the past ten (10) years other than traffic offences, if any and has no conflict of interest with the Company.

He has attended four (4) Board Meetings of the Company during the financial year 2015 as he was appointed to the Board on 8 April 2015.

TAN CHOR HOW CHRISTOPHER
Chief Executive Officer and Executive Director
Malaysian, aged 36

Mr Tan Chor How Christopher was appointed to the Board as Chief Executive Officer and Executive Director on 1 June 2015. Christopher is a graduate with a Bachelor of Commerce (Accounting) degree from The University of Adelaide, South Australia and completed his Certified Credit Professional – Business Credit certification from Institute Bank – Bank Malaysia (IBBM) in 2005. He has over 11 years banking career with international banks, spanning across Commercial/Consumer Banking Divisions and Branch Management in Malaysia. He was mainly involved in business development, portfolio management and sales management, providing financing and liquidity management solutions, for companies operating across diverse industries ranging from property development, infrastructure works, renewable energy, O&G, IT, marine, trading, manufacturing etc. In addition, Christopher has experience with Branch Management (Sales Channel, Operations and Compliance) and consumer banking product and services (deposits, mortgage, banc assurance, credit cards, personal loans etc).

Christopher does not hold any directorship in other public company and does not have any family relationship with any Director and/or major shareholder of the Company. He has not been convicted for any offence within the past ten (10) years other than traffic offences, if any and has no conflict of interest with the Company.

He has attended two (2) Board Meetings of the Company during the financial year 2015 as he was appointed to the Board on 1 June 2015.

Directors' Profiles (Cont'd)

KUA KHAI SHYUAN
Non–Independent Non–Executive Director
Malaysian, aged 32

Mr Kua Khai Shyuan was first appointed to the Board as an Executive Director on 8 April 2015 and was subsequently re–designated to Non–Independent Non–Executive Director on 10 August 2015. He is a member of the Audit Committee. Mr Kua graduated from Curtin University of Technology in 2006 with a Bachelor's Degree in Commerce Management and Marketing. In 2007, he was holding the position as Regional Manager for Malaysia Region in a Multinational healthcare company where he is responsible for the management of the overall mobile sales team as well as the supply chain management of the company's products range. In 2009, he joined a Malaysian based company specializing in the fabrication of plastic moulds and plastic injection molding as the Head of Marketing Division.

He currently serves as the Executive Director in DGB Asia Berhad and Trive Property Group Berhad (formerly known as ETI Tech Corporation Berhad) where his role includes assisting the Group Managing Director in charting the overall strategy and direction of the Group as well as customer relationship management.

Mr Kua does not have any family relationship with any Director and/or major shareholder of the Company. He has not been convicted for any offence within the past ten (10) years other than traffic offences, if any and has no conflict of interest with the Company.

He has attended four (4) Board Meetings of the Company during the financial year 2015 as he was appointed to the Board on 8 April 2015.

PANG SIAW SIAN
Executive Director
Malaysian, aged 28

Ms Pang Siaw Sian was first appointed to the Board as an Independent Non–Executive Director on 8 April 2015 and was subsequently re–designated to Executive Director on 26 May 2015. She holds a Bachelor of Arts (Hons) in International Hospitality Management from Bournemouth University in United Kingdom.

Ms Pang started her career with a public listed company in 2010 as a Personal Assistant to a Managing Director where she supports top–level executive in strategic planning, market analysis, research and business plan to address future prospects of the company. She later pursued her career with a financial institution in 2012 as the Regional Sales Manager in Mortgage Division. With her exceptional results, she was awarded with the recognition as the Nationwide Best Award in 2013. She expanded customers and business partners database to overseas by proactively involved in major properties development events. She has also provided credit assessment and professional advices on customer's investments decisions.

Ms Pang does not hold any directorship in other public company and does not have any family relationship with any Director and/or major shareholder of the Company. She has not been convicted for any offence within the past ten (10) years other than traffic offences, if any and has no conflict of interest with the Company.

She has attended three (3) Board Meetings of the Company during the financial year 2015 as she was appointed to the Board on 8 April 2015.

Directors' Profiles (Cont'd)

THU SOON SHIEN
Independent Non–Executive Director
Malaysian, aged 34

Mr Thu Soon Shien was appointed to the Board as an Independent Non–Executive Director on 8 April 2015. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He is a member of the Malaysian Institute of Accountants (MIA) and a member of the Association of Chartered Certified Accountants, UK (ACCA). Mr Thu is an accountant by profession with more than ten (10) years of experience.

He started his career in 2004 as a junior associate with an established audit firm and is currently an Audit Principal in Messrs Hasnan THL Wong & Partners. He has extensive experience in carrying out audit work for major companies in manufacturing, construction, property development, servicing and trading sectors amongst others. He was also involved in various corporate advisory services which includes due diligence and share valuations as well as taxation, company secretarial and internal audit.

Mr Thu is also a Director of Trive Property Group Berhad (formerly known as ETI Tech Corporation Berhad) and an alternate Director of PNE PCB Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company. He has not been convicted for any offence within the past ten (10) years other than traffic offences, if any and has no conflict of interest with the Company.

He has attended four (4) Board Meetings of the Company during the financial year 2015 as he was appointed to the Board on 8 April 2015.

Chairman's Statement

ON BEHALF OF THE BOARD OF DIRECTORS OF M N C WIRELESS BERHAD ("MNC" OR "THE GROUP"), I PRESENT TO YOU OUR ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015.

The year under review has been a year of streamlining of operations and fine tuning necessary procedures to ensure that the Group gears itself to face the competition, on the back of a challenging economic environment, both locally and globally. Having said that, we are now in a better position to take advantage of the opportunities that arises given our more focused, efficient and leaner team.

COMPANY'S PERFORMANCE

For the year under review, under the stewardship of the current Management, the Group registered higher Sales of RM20.2 million compared to RM18.7 million recorded in the previous financial year.

This was mainly attributed to closer collaborative efforts with business partners in improving operational engagement of mobile/ wireless application services and multimedia related services, with better implementation of marketing activities, driving both revenue and profits of the Group.

The Group registered higher profit before tax of RM1.8 million as compared to a loss before tax of RM339,000 in the previous financial year, on the back of increasing revenue of its profitable business segments and further streamlining of operational cost, servicing established clientele operating across diverse industries, which is expected to continue with sustainable growth momentum for the Group.

BUSINESS AND OPERATIONAL REVIEW

The Group's on–going efforts of growing its core businesses, while enhancing its infrastructure with improving operational efficiency has started to bear fruits, evidenced by its improving financial performance compared to the previous financial year. This is despite operating in an ever increasing challenging economic environment.

Our enterprise based mobile messaging platform, Go!SMS, continued to register healthy growth levels on the back of increased efficiencies of its messaging platform.

Our reverse billing platform services, Go!CPA, which supports premium billing through SMS, MMS and WAP, continued to register healthy growth on the back of continuous efforts to further enhance our infrastructure with mobile network operators.

Our digital marketing segment, with the launch of various new mobile and web applications which are intended to assist our clients in brand building coupled with increasing revenue, has also continued to register encouraging growth.

CORPORATE DEVELOPMENT

The Company has obtained approval from Bursa Malaysia Securities Berhad ("Bursa Securities"), vide its letter dated 24 June 2015, of the Proposed Private Placement of up to 9,447,350 of new ordinary shares of RM0.10 each representing up to ten percent (10%) of the issued and paid–up share capital of the Company. Bursa Securities, has vide its letter dated 11 December 2015, approved the Company's application for an extension of time of six (6) months from 24 December 2015 to 23 June 2016 to complete the implementation of the Proposed Private Placement, which have not been issued yet pending the identification of investor(s) by the Board.

The Company also obtained approval from Bursa Securities, vide its letter dated 17 November 2015, for the following:

(i) admission to the Official List of Bursa Securities and the listing of and quotation for up to 207,841,700 Warrants to be issued pursuant to the Proposed Rights Issue With Warrants;
(ii) listing of and quotation for up to 311,762,550 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
(iii) listing of and quotation for up to 207,841,700 new MNC Shares to be issued pursuant to the exercise of the Warrants; and
(iv) listing of and quotation for such number of new MNC Shares representing up to thirty percent (30%) of the total issued and paid–up share capital of MNC (excluding treasury shares) during the duration of the Employee Share Option Scheme("ESOS") to be issued and allotted pursuant to the Proposed ESOS.

The above Proposals were tabled and approved by the shareholders of the Company at the Extraordinary General Meeting held on 21 December 2015.

OUTLOOK AND GROUP PROSPECTS

The demand for mobile and digital applications, with multimedia related services will continue to grow as more businesses embraces this increasing trend of digital marketing environment, from strategic business planning, to increasing productivity levels and reaching out to its customers to improve both, top line and bottom line financial performance.

For the outlook of the Group, we will continue to develop the team in offering mobile and digital marketing with bespoke IT solutions, in line with market trends to our existing clients who have been supporting us through this journey, with increasing client acquisition activities.

Future sustainable growth for the Group will also come from on–going strategic partnerships and initiatives as outlined under the recently approved corporate development exercise, as we further expand downstream into related business activities, namely mobile gaming applications, provision of authentication tool for online transactions, supply of advertising display panels & increasing market presence in Penang and Johor, Malaysia, respectively.

APPRECIATION

On behalf of the Board of Directors of MNC, I would like to take this opportunity to express our sincere appreciation to all our fellow colleagues for their relentless efforts & commitment. Not forgetting our valued customers and business partners and associates for their continuous support towards the Group. Together, we strive to deliver the best possible results to our stakeholders.

Thank you.

Wong Kok Seong
Chairman

Statement of Corporate Governance

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of MNC Wireless Berhad ("the Board") is fully committed in maintaining high standards of corporate governance and the effective application of the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") and the Listing Requirements of the ACE Market ("Listing Requirements"). Good corporate governance is fundamental to the Group in discharging its corporate responsibilities and accountability to preserve and enhance shareholders' value.

The Board is pleased to provide the following statement, which outlines the extent to which the principles and best practices of the Code were applied throughout the financial year ended 31 December 2015.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Roles & Responsibilities

There is a clear separation of functions between the Board and Management. The Board has overall responsibility for management oversight, setting strategic direction and promoting ethical conduct in business dealings. This includes responsibility for reviewing and adopting the Company's strategic plan, reviewing and approving annual budgets, overseeing the conduct of business operations, identifying principal risks and ensuring the implementation of appropriate internal controls and risk management systems.

The Board has delegated the day to day management of the Group to the Executive Directors and their management team. The Executive Directors are responsible for the management of the Group as a whole which include the development of strategy, defining the Key Performance Indicators and reviewing the performance of the Group's businesses against approved budgets. The Non–Executive Directors provide independent advice and sound judgment based on their skill, experience and knowledge during deliberations of the Board within and outside its Board meetings.

Access to Information and Advice

All Directors have unrestricted access to all information pertaining to the Group. The Directors may interact directly with, or request further explanation, information or updates, on any aspect of the Company's business concerns from the Management to enable the Board to discharge its duties in relation to the matters being deliberated.

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors on a timely manner to enable the Directors to peruse, obtain addition information and/or seek further clarification on the matters to be tabled at a meeting. The proceedings and resolutions passed at each Board meeting are minuted and kept in the statutory minute book at the registered office of the Company.

In furtherance of their duties, whenever independent professional advice is required by the Directors, external experts may be engaged at the Company's expense.

Qualified and competent Company Secretaries

The Board has direct access to the advice and the services of a qualified and competent Company Secretary, who is responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with.

Board Charter and Code of Conduct

The Board has adopted a Board Charter and Code of Conduct on 10 April 2014 to guide the Directors, Management and employees in the conduct of the businesses and governance of the affairs of the Group. The Board Charter sets out the respective roles and responsibilities of the Board and the Management to ensure accountability. The Board Charter would act as a source reference for members of the Board and management team with regard to their role and responsibilities in the governance of the Group. The Code of Conduct together with the Employees Handbook guide the Directors, Management and employees with regard to policies and ethical standards to be adhere to in the conduct of the daily affairs and business of the Group.

A copy of the Board Charter and Code of Conduct is published in the corporate website of the Company at www.mnc.com.my. The Board would ensure that the Code of Conduct and Employee Handbook be reviewed and updated regularly to meet the Company's needs and to address the changing conditions of its business environment.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Whistle Blowing Policy

The Board has adopted a Whistle Blowing Policy on 26 August 2014 for the Group as a measure to promote the highest standard of corporate governance. The Whistle Blowing policy outlines the avenues for Directors, employees and stakeholders to raise concerns or disclose in good faith any improper conduct within the Group and to enable prompt corrective actions and measures to resolve them effectively.

A copy of the Whistle Blowing Policy is published in the corporate website of the Company.

2. STRENGTHEN COMPOSITION

Board Committee

The Group has three Board Committees to assist the Board and each committee is governed by their Terms of Reference. All Board Committees consists of Non–Executive Directors and the responsibilities and functions of the Committees are set out below:

(i) Audit Committee

The Audit Committee is primarily responsible for matters relating to the integrity of the financial accounting function and system of controls. The Audit Committee ensures that financial statements are prepared in accordance to applicable financial reporting standards and good practices are adopted in the review and disclosure of the affairs of the Company and of the Group. The Audit Committee is also responsible for overseeing the setting up and maintenance of a sound system of controls and monitors the effectiveness of these controls through regular internal audit reviews.

The composition and key functions of the Audit Committee are presented in the Audit Committee Report on pages 21 to 23 of this Annual Report.

(ii) Nomination Committee

The Board has established a Nomination Committee which comprise exclusively of Independent Non–Executive Directors to identify, assess and recommend to the Board suitable nominees for appointment to the Board and Board Committees. The composition of the Nomination Committee is set out as follows:

Wong Kok Seong (re-designated as Chairman of the Nomination Committee on 26 May 2015)	Chairman, Senior Independent Non–Executive Director
Gerald Nicholas Tan Eng Hoe *(resigned w.e.f. 13 May 2015)*	Chairman, Independent Non–Executive Director
Thu Soon Shien	Member, Independent Non–Executive Director

The primary functions of the Nomination Committee are as follows:

- identify the desired mix of expertise, competencies and experiences for an effective Board;
- review the Board structure, size, composition and skill mix and make recommendations to the Board with regard to any adjustments that are deemed necessary or appropriate;
- identify candidates and review all nominations for the appointment of suitable candidates to fill skill gaps;
- recommend to the Board, candidates for appointment to Board Committees;
- recommend the re–appointment of members of the Board, and to determine the selection criteria thereof;
- ensure that all Board appointees undergo appropriate induction programmes; and
- make annual assessment of the performance and effectiveness of the Board as a whole, the committee of the Board, contribution of each individual director including the Independent Non–executive Directors.

2. STRENGTHEN COMPOSITION (CONT'D)

(iii) Remuneration Committee

The Remuneration Committee which was established to assist the Board in establishing formal and transparent remuneration policies and procedures comprises the following members:

Wong Kok Seong	Chairman, Senior Independent Non–Executive Director
Thu Soon Shien	Member, Independent Non–Executive Director
Gerald Nicholas Tan Eng Hoe *(resigned w.e.f. 13 May 2015)*	Member, Independent Non–Executive Director

The responsibilities of the Remuneration Committee include the following:

- to seek comparative information on remuneration and conditions of services in comparable organisations;
- to review directors' fees to ensure that they are at sufficiently competitive levels;
- to recommend and advise the Board on the terms of appointment and remuneration of its members;
- to establish a formal and transparent procedure for developing policy on remuneration packages of individual directors; and
- to consider severance payments that represent public interest and avoid any inappropriate use of public funds.

Annual Assessment of Directors

The Nomination Committee carries out the evaluation process annually for accessing the effectiveness of the Board Committees and the Board as a whole and for accessing the contribution of each individual Director. The Directors are to complete a questionnaire regarding the effectiveness of the Board and an assessment of their own performance. The assessment and comments by all Directors will then be summarised and discussed at the Nomination Committee meeting and reported at a Board Meeting.

For the financial year ended 31 December 2015, the Nomination Committee has assessed the effectiveness of the Board as a whole, the Committees of the Board, contribution of each Director and Independence of Independent Directors. Besides, the Nomination Committee also evaluated the hiring of the Chief Executive Officer and Executive Director before recommending the same to the Board for approval.

Remuneration Policies & Procedures

Fair remuneration is critical to attract, retain and motivate directors. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Committee. The Executive Directors play no part in determining their own remuneration whilst the Non–Executive Directors abstain from discussion on their own directors' fees.

The details of the Directors' remuneration for the financial year ended 31 December 2015 are as follows:

	Executive Directors RM	Non–Executive Directors RM
Fees	18,000	67,500
Salaries	182,000	–
Allowances	58,500	49,500
Consultancy fees	72,000	–
	330,500	117,000

2. STRENGTHEN COMPOSITION (CONT'D)

The numbers of Directors whose remuneration fall into the following bands are as follows:

Range of remuneration	Number of Directors Executive	Number of Directors Non–Executive
RM0 – RM50,000	1	6
RM50,001 – RM100,000	2	0
RM100,001 – RM150,000	1	0
	4	6

3. REINFORCE INDEPENDENCE

Assessment & Tenure of Independent Directors

The Nomination Committee has undertaken a review and assessment of the level of independence of the Independent Directors and is satisfied that they are able to discharge their responsibilities in an independent manner. The Independent Directors have also declared their independence of the Board and the Management of the Group to the Board at a Board Meeting during the year.

None of the current independent board members had served as a director for more than nine (9) years. Should the tenure of an Independent Director exceed nine (9) years, shareholders' approval will be sought at a General Meeting for the continuation in office of the directors concerned as an Independent Director or the director concerned will be re–designated as a Non–Independent Director.

Board Balance and Composition

The Board consists of five (5) members, comprising two (2) Executive Directors, two (2) Independent Non–Executive Directors and one (1) Non–Independent Non–Executive Director. The Board currently has one female representation. The members of the Board have been selected based on their skills, knowledge and their ability to add strength to the leadership. The current composition is a balance mix of skills, experience and knowledge in the areas of mobile technology, media, legal, financial and corporate services. Profile of each Director is set out under Directors' Profile of this Annual Report.

The Chairman of the Board is an Independent Non–Executive Director. He is primarily responsible for the proper conduct and maintenance of order of meetings of the Board and the members at general meetings. The Executive Directors are directly involved in the day–to–day management, administration and operations of the Group as a whole.

The distinct and separate roles of the Chairman and Executive Directors, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision–making.

Appointment to the Board and Re–election

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership was accurately reflects the long–term strategic direction and needs of the Company and determine skills matrix to support strategic direction and needs of the Company.

In accordance with the Company's Articles of Association, at least one third (1/3) of the Board shall retire from office and all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re–election. A retiring director shall retain office until the close of the meeting at which he/she retires.

3. REINFORCE INDEPENDENCE (CONT'D)

Appointment to the Board and Re–election (Cont'd)

Further, in accordance to the Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office until the next Annual General Meeting ("AGM") and shall then be eligible for re–election.

Directors over the age of seventy (70) years are required to submit themselves for re–appointment annually in accordance with Section 129 of the Companies Act, 1965.

The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board. Nevertheless, the Board has reviewed and is satisfied with the present set up of the Board in terms of size, the mix of skills and exposure, and composition. However, the Board remains mindful of the diversity guidelines on gender, ethnicity and age as promoted by the Code when considering changes to the Board composition in the future.

4. FOSTER COMMITMENT

In accordance with the Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. In line with the Code whereby the Board should set out expectations on time commitment for its members and protocols for accepting new directorships, each Director is required to notify the Chairman of the Board prior to accepting directorships in other public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction. These ensure that their commitment, resources and time are focused on the affairs of the Group, thereby enabling them to discharge their duties effectively.

Board Meetings

Board meetings are held quarterly with additional meetings held as and when the need arises. There were five (5) Board meetings held during the financial year ended 31 December 2015.

The meeting attendance record of the Directors is as follow:

Directors	Meeting Attendance
*Wong Kok Seong	4/5
*Pang Siaw Sian	3/5
*Thu Soon Shien	4/5
*Kua Khai Shyuan	4/5
Tan Chor How Christopher *(appointed on 1 June 2015)*	2/5
Hoh Ming Fatt *(resigned w.e.f 30 June 2015)*	3/5
Gerald Nicholas Tan Eng Hoe *(resigned w.e.f 13 May 2015)*	2/5
Yeoh Eng Kong *(resigned w.e.f 13 May 2015)*	1/5
Tam Juat Hong *(resigned w.e.f 9 April 2015)*	2/5
Ngoh Tee Song *(resigned w.e.f 9 April 2015)*	2/5

**Appointed on 8 April 2015*

At these meetings, Board direction, strategies, plans and matters critical to the Group were discussed and appropriate actions undertaken. The implementation of business plans are regularly monitored, reviewed and re–assessed to ensure validity and attainment of desired outcomes. The operational and financial performance of the Group together with any material development and issues relating to the business of the Group are discussed and where applicable responded to accordingly.

4. FOSTER COMMITMENT (CONT'D)

Continuing Education Programmes

All Directors of the Company have attended and completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities. In addition to the MAP, Directors are encouraged to attend continuous education programmes and seminars to equip themselves with the knowledge to effectively discharge their duties as Directors.

The following are some of the trainings attended by one or more of the Directors for the year under review:

- Corporate Governance Statement Reporting Workshop
- Roles and Responsibilities of Directors in Relation to Financial Statements
- 2016 Budget Seminar
- Interview For Approved Company Auditor and Liquidator
- Audit Series: Workshop 5–Auditing of Property Developers and Contractors
- Updates of the 2014 and 2015 IFRS– Compliant MFRSs– Preparing MFRS–Compliant Financial Statements in 2014, 2015 and thereafter
- Transition from PERS to MPERS and A Brief on MFRS

The Board will continue to identify other relevant training programmes that can further enhance their knowledge to enable them to discharge their responsibilities more effectively.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Company via all disclosures and announcements made.

The Board is assisted by the Audit Committee to oversee and scrutinise the process and quality of the financial reporting, includes reviewing and monitoring the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.

Suitability and Independence of External Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, in seeking professional advice and ensuring compliance with the applicable accounting standards and statutory requirements in Malaysia. The Audit Committee provides the external auditors direct access at all times to highlight to the Audit Committee and the Board any issues of concern with regard to significant defects in or non–compliance with the Company's operating procedures or system of controls.

The Audit Committee reviewed the suitability, resources, competency and independence of external auditors and has recommended to the Board the re–appointment of the external auditors which is subject to the approval of shareholders in a general meeting. The Audit Committee also reviewed and recommended the remuneration of the external auditors for approval by the Board.

6. RECOGNISE AND MANAGE RISK

The Board acknowledges its overall responsibilities for maintaining a sound system of internal controls and risk management process to safeguard shareholders' investment and Group's assets.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and they are responsible for conducting reviews and appraisals of the effectiveness of the governance, risk management and internal controls and processes within the Group.

Statement on Risk Management and Internal Controls is set out on pages 24 to 26 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognises the importance of keeping shareholders and investors informed of the Group's business and corporate development. Towards this end, the Board endeavours to make timely disclosure of circulars, quarterly financial results, press release and various announcements on material corporate proposals to Bursa Securities.

The Board is mindful that information which is expected to be material must be announced immediately to Bursa Securities. In ensuring the accuracy and quality of the information disseminated, the Company designates key management persons with appropriate level of competency and authority to prepare and release of material disclosures. The persons responsible for the preparation of the disclosure will conduct due diligence and verification to ensure accuracy and appropriateness of information contained in the disclosure. The Board is ultimately responsible for all public disclosures.

Information on the Group's activities is provided in the Annual Report and Financial Statements which are dispatched to shareholders. The Group also encourages all shareholders and investors to access the Annual Report and announcements online, which are made available at the Bursa Securities website as well as on its interactive website at www.mnc.com.my. There is continuous effort to ensure that the information on the website remains current, updated and relevant to investors.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholder Participation at General Meetings

The AGM is the principal forum for dialogue with shareholders. The notice of AGM and annual reports are dispatch to shareholders at least 21 days before the AGM together with the financial statements and agenda for meeting to enable shareholders sufficient time to peruse the annual report and circulars supporting the resolutions proposed. When possible, the Group takes steps to serve notices for its general meetings earlier than the minimum notice period to encourage shareholders participation at its AGM.

Encourage poll voting

The Board is of view that with the current level of shareholders' attendance at AGMs, voting by way of show of hands continues to be sufficient.

The Board will conduct voting by poll on proposals or resolutions which are of a substantive nature or at the request of a member or members of the Company holding the requisite shareholding(s) pursuant to the provision in the Articles of Association of the Company.

The Board will evaluate and consider adopting electronic voting to ensure accurate and efficient outcomes of the voting process.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

Effective Communication and Proactive Engagements

During the AGM, shareholders have direct access to Board members who are on hand to answer their questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group at the AGM. The Chairman will invite shareholders to raise questions pertaining to the Group's accounts and other items for adoption at the meeting, before putting a resolution to vote. External auditors are also present to provide their professional and independent advice on relevant issues raised.

Any queries or concerns regarding the Group may be conveyed to Mr Wong Kok Seong, the Senior Independent Non–Executive Director of the Company. He can be contacted at Chairman@mnc.com.my.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

The Board considers that the Group has substantially complied with the Best Practices as set out in the Code and Listing Requirements for the financial year ended 31 December 2015.

This statement is made in accordance with the Board Resolution dated on 13 April 2016.

Audit Committee Report

The Board is pleased to present the report of the Audit Committee for the financial year 2015.

COMPOSITION OF AUDIT COMMITTEE

The present members of the Audit Committee are as follows:

Chairman
Wong Kok Seong – Independent Non–Executive Director

Members
Thu Soon Shien – Independent Non–Executive Director
Kua Khai Shyuan – Non–Independent Non–Executive Director *(appointed on 10 August 2015)*
Gerald Nicholas Tan Eng Hoe – Independent Non–Executive Director *(resigned w.e.f 13 May 2015)*

All members of the Audit Committee are financially literate. The Chairman, Mr Wong Kok Seong is a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of Association of Chartered Certified Accountants (FCCA).

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Composition

The Audit Committee shall be appointed by the Board and shall comprise of at least three (3) members, all of whom are Non–Executive Directors with a majority being Independent Directors. All members of the Audit Committee shall be financially literate and at least one (1) member shall be a professional or qualified accountant. Where the composition of the Audit Committee is reduced to less than three (3) members for any reason whatsoever, the Board shall within three (3) months, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Meetings

The Audit Committee shall meet at least four (4) times a year and as and when the need arises. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion. A quorum for the meeting shall consist of two (2) members with the majority of members present must be Independent Directors. Other Directors and employees may attend any particular meeting only at the Committee's invitation.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee include, amongst others, the following:–

(a) To review with the external auditors on the audit plan, report and the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group;

(b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function;

(c) To recommend such measures as to be taken by the Board on the effectiveness of the system of internal control and risk management practices of the Group;

(d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(e) To review with management on audit reports, the implementation of audit recommendations and the interim financial information;

(f) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);

Audit Committee Report (Cont'd)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

Duties and Responsibilities (Cont'd)

(g) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(h) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board;

(i) To consider the appointment and / or re–appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the Board; and

(j) To verify the allocation of options pursuant to a share scheme for employee as being in compliance with the criteria for allocation of options under the share scheme at the end of each financial year.

Authority

The Audit Committee is authorised by the Board to:

(a) have explicit authority to investigate any matters within its terms of reference;

(b) have full and unrestricted access to information and documents it require from all employees of the Group for the purpose of discharging its function and responsibilities;

(c) communicate directly with the external and internal auditors and all employees of the Group;

(d) obtain independent legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise, as it considers necessary;

(e) convene meetings with the external auditors and/or the internal auditors or both, excluding the attendance of the executive board members, at least twice a year, whenever deemed necessary;

(f) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactory resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

AUDIT COMMITTEE MEETINGS

During the financial year ended 31 December 2015, the Audit Committee held a total of five (5) meetings and details of the attendance at meetings are set out below:

Audit Committee Members	Meeting Attendance
Wong Kok Seong *(appointed on 14 April 2015)*	3/5
Thu Soon Shien *(appointed on 14 April 2015)*	3/5
Kua Khai Shyuan *(appointed on 10 August 2015)*	2/5
Gerald Nicholas Tan Eng Hoe *(resigned w.e.f 13 May 2015)*	2/5

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

Since the date of the last report, the Audit Committee carried out the following activities in the discharge of its function and duties:–

(a) reviewed the quarterly financial results of the Group before recommending to the Board of Directors for their approval and release of the Group's results to Bursa Securities;

(b) reviewed the annual audited financial statements of the Group for the financial year 2014 with the previous external auditors Messrs. Crowe Horwath, prior to submission to the Board of Directors for their approval;

(c) reviewed the audit review memorandum for the Group for the financial year 2014 with the previous external auditors Messrs. Crowe Horwath and the audit planning memorandum of the Group for the financial year 2015 with current external auditors Messrs. Siew Boon Yeong & Associates;

(d) reviewed the results of the annual audit, their audit report and Management Letter, together with Management's responses to the findings of the external auditors;

(e) reviewed with the internal auditors on the internal audit report, their recommendations, the adequacy and efficiency of management's response to these recommendations;

(f) reviewed the Statement of Risk Management and Internal Control, Statement of Corporate Governance, Chairman's Statement and the Audit Committee Report for inclusion in the Annual Report 2014; and

(g) met with the external auditors separately without the presence of the Executive Directors and management to make enquiries on any non–compliance disclosures encountered by the external auditors during their audit.

SUMMARY OF ACTIVITES OF THE INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to Wensen Consulting Asia (M) Sdn Bhd, an independent professional consulting firm, which provides support to the Audit Committee in monitoring and managing risks, controls and governance processes of the Group. The main role of the internal audit function is to review the effectiveness and adequacy of the existing internal control policies and procedures and to provide recommendations, if any, for the improvement of the control policies and procedures.

During the financial year under review, the internal auditors have conducted the review on the Group and the Group's subsidiary companies in accordance to the 3–Year Internal Audit Plan, which have been approved by the Audit Committee and reviewed on a yearly basis.

The scopes of the review include human resource management process and fixed assets management process. In the previous financial year, the internal auditors reviewed, business development process, credit risk evaluations, accounting & finance management and cash flow management. The report by the internal auditors were deliberated by the Audit Committee and recommendations made to the Board and/or the management were acted upon.

The cost incurred for the internal audit function of the Group for the financial year ended 31 December 2015 was RM10,000.

REVIEW OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company has not implemented any ESOS.

Statement on Risk Management & Internal Control

INTRODUCTION

Pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Securities for the ACE Market and Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies, the Board of Directors of M N C ("the Board") is pleased to provide the following statement which outlines the policies, key elements and scope of risk management and internal control of the Group for the financial year under review.

ROLES AND RESPONSIBILITIES

The Board recognises its overall responsibility for maintaining the adequacy and effectiveness of the Group's risk management and system of internal controls which covers financial, operations and compliance with relevant regulations, policies and procedures. This includes the establishment of an appropriate risk management and internal control framework and review the adequacy and effectiveness of those systems on an on–going basis.

The Board has delegated the implementation of the policies on risk management and internal control to the Management who remains accountable to the Board to ensure that the Group's risk management and internal control system are operating adequately and effectively. The Management shall be responsible for identifying and assessing the risks faced by the Group, identifying the changes to risk and in the design and operation of suitable internal controls to mitigate the risks identified. Towards this responsibility, the Management has established satisfactory internal control system with risk management embedded in the internal control system.

In view of the inherent limitations that exist in any system of internal controls, the system of internal controls and risk management within the Group are designed to manage rather than eliminate the risk of failure to meet its corporate objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatements, losses or fraud.

RISK MANAGEMENT FRAMEWORK

The Board recognises that effective risk management is critical to enhance shareholders value and promote good corporate governance. The Group's risk management which is embedded in the internal control system is an ongoing process and is established for identifying, evaluating and managing significant risks faced by the Group in achieving its objectives and strategies. The identification, evaluation, reporting, monitoring and review of the key risks within the Group are executed by the Group's Management team who meets regularly to ensure that the risks faced by the Group are monitored and properly addressed. Significant risks identified are subsequently brought to the attention of the Board at the scheduled Board meetings. This serves as the on–going process of identifying, assessing and managing risks faced by the Group and has been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

This process is regularly reviewed by the Board via the Audit Committee ("AC") at the quarterly Board meeting with the assistance of the outsourced internal auditors to further review and improve the existing internal control processes within the Group. The Group will continue to focus on the key risks and corresponding controls to ensure that they are able to respond effectively to the changing business and competitive environment.

Statement on Risk Management & Internal Control (Cont'd)

INTERNAL CONTROL STRUCTURE

The key elements of the Group's control environment include:

(i) Organisation Structure

The current organisation structure for the Group is incorporated with clear lines of accountability that sets out the authority delegated to the Board and Management. The Board is supported by various established committees in discharging its responsibilities that includes the AC, Nomination Committee and Remuneration Committee.

(ii) AC

The AC which comprises majority of Independent Non–Executive Directors is governed by clearly defined terms of references. The AC shall meet each quarter and continue to have full access to the internal and external auditors and all employees of the Group. Further details of the activities undertaken by the AC during the financial year are set out in the AC Report on pages 21 to 23 of this Annual Report.

(iii) Internal Audit Function

The Group has outsourced its internal audit function to an independent professional consulting firm who assists the Board and the AC in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. For the financial year under review, the internal auditors have conducted various assignments and made recommendations to enhance the effectiveness of the control processes of the Group in accordance with the Internal Audit Plan approved by the AC. A summary of findings and recommendations are discussed at the AC meetings and the status of implementation of the actions agreed by Management is tracked and reported to the AC.

(iv) Financial and Operational Information

The Group has defined procedures and controls to ensure the reporting of complete and accurate financial information, taking into consideration the Malaysian Financial Reporting Standards. The annual financial statements and quarterly reports are reviewed by the Board and the AC before the announcement to Bursa Securities.

The annual budget which contain financial and operating targets and performance indicators are reviewed and approved by the Executive Directors together with the Senior Management before being presented to the Board for final review and approval. Upon approval of the budget, the Group's performance is tracked and measured against the approved budget on a quarterly basis.

(v) Limit of Authority

Authorisation limit that sets out the appropriate authorisation limits of respective levels of management are in place to ensure all transactions are properly authorised before they are undertaken. The authorisation limit is reviewed regularly to ensure that they continue to be relevant and effective. The Executive Directors approve all changes to the authorisation limit.

(vi) Information and Communication

The Board and Management receive timely, relevant and reliable reports on the business progress against objectives and the key risks to enable them to make appropriate decisions. Regular management meetings are held to identify, discuss and resolve business and operational issues and to improve efficiency.

(vii) Performance Management

The Group has in place a proper control environment which emphasises on quality and performance of its employees through the development of a competency based human resources process. Training programmes, career development and appraisal systems are implemented for employees to ensure continuity and to ensure employees are competent in carrying out their duties.

Statement on
Risk Management & Internal Control (Cont'd)

CONCLUSION BY THE BOARD OF DIRECTORS

For the year under review, the Board is satisfied with the adequacy and effectiveness of the Group's internal control system with embedded risk management. There were no major weaknesses identified that would hamper the operations and lead to major financial impact of the Group that would require disclosure in the Group's Annual Report. The Executive Directors have provided assurance to the Board that the Group's risk management and internal control system, in all material aspects are operating adequately and effectively. The Board will continue to take necessary measures to strengthen its risk management and internal control system.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement on Risk Management & Internal Control has been reviewed by the external auditors for the inclusion in the 2015 Annual Report. 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 & Internal Control is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement on Risk Management & Internal Control is made on the recommendation of the AC to the Board and as per the Board's resolution dated 11 March 2016.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Group from any corporate proposal during the financial year.

2. SHARE BUY–BACKS

During the financial year under review, the Group did not have any mandate from shareholders to carry out any share buy–backs transaction.

3. OPTIONS OR CONVERTIBLE SECURITIES

The Group did not issue any options or convertible securities during the financial year under review.

4. DEPOSITORY RECEIPT PROGRAMME

The Group did not sponsor any Depository Receipt Programme during the financial year under review.

5. SANCTIONS AND/OR PENALTIES

During the financial year under review, there was no sanction or penalty imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

6. NON–AUDIT FEES

There was no non–audit fee paid by the Group to the External Auditors for the financial year under review.

7. VARIATIONS IN RESULTS

There was no variation of 10% or more from any profit estimate, forecast or projection or unaudited results previously made or released by the Company.

8. PROFIT GUARANTEE

There was no profit guarantee received by the Company during the financial year under review.

9. MATERIAL CONTRACTS

There was no material contract entered into by the Group in which involved the interest of Directors and/or major shareholders during the financial year under review.

Additional Compliance Information (Cont'd)

10. CORPORATE SOCIAL RESPONSIBILITY

The Group is committed towards adopting and engaging in Corporate Social Responsibility ("CSR") for the interest of all the stakeholders. For the year under review, the Group has contributed to economic and social development while improving the quality of the local community at large through various events. One of the contributions includes the support of charitable foundations with SP Setia Berhad.

The Group has also demonstrated responsibility in the workplace through the support of human capital development for its employees in the form of continuous training and development to enhance its employees' career and personal development. The Group do not condone any form of prejudice or discrimination in the workplace and as part of its Code of Ethics & Conduct, the Group adopts a policy that all employees are treated fairly and equally without regard to race, creed, religion, gender, nationality, age or disability.

In the marketplace, the Group maintains high level of corporate governance through transparent reporting and compliance with applicable laws and regulations as well as ethical procurement practices. Moving forward, the Group will continue to support more CSR initiatives towards the local community at large as part of its commitment to be a responsible corporate citizen.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

There was no shareholders' mandate obtained in respect of RRPT during the financial year ended 31 December 2015.

Statement of Directors' Responsibilities

The Directors are required by the Companies Act 1965, to prepare the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia, which give a true and fair view of the financial position of the Group and of the Company at the end of each financial year.

In preparing these financial statements for the financial year ended 31 December 2015, the Directors have considered the following:–

- that appropriate accounting policies have been adopted and applied consistently;
- that reasonable and prudent judgment and estimates were made;
- that the approved accounting standards in Malaysia have been applied; and
- that the financial statements has been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group and of the Company, to prevent and detect fraud and any irregularities.

Analysis of Shareholdings
as at 1 April 2016

Authorised Share Capital	:	RM100,000,000 comprising of 1,000,000,000 ordinary shares of RM0.10 each
Issued and Paid–up Capital	:	RM9,447,350 comprising of 94,473,500 ordinary shares of RM0.10 each
Class of shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one vote for each share held
Number of shareholders	:	884

Size of Holdings	No. of holders	Total holdings	Percentage (%)
1–99	15	500	negligible
100–1,000	512	111,900	0.12
1,001–10,000	123	670,900	0.71
10,001–100,000	174	6,635,100	7.02
100,001–4,723,674*	57	62,877,500	66.56
4,723,675 and above**	3	24,177,600	25.59
TOTAL	884	94,473,500	100.00

Notes:
* *less than 5% of issued holdings*
** *5% and above of issued holdings*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(According to the Register of Substantial Shareholders as at 1 April 2016)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Metronic Global Berhad	17,714,100	18.75	–	–
Tan Mee Hua	6,463,500	6.84	–	–

DIRECTORS' SHAREHOLDINGS
(According to the Register of Directors' Shareholdings as at 1 April 2016)

	Direct Interest		Indirect Interest	
Name of Director	No. of shares	%	No. of shares	%
Kua Khai Shyuan	–	–	–	–
Pang Siaw Sian	–	–	–	–
Tan Chor How Christopher	–	–	–	–
Thu Soon Shien	–	–	–	–
Wong Kok Seong	–	–	–	–

Analysis of Shareholdings as at 1 April 2016 (Cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 1 APRIL 2016

No	Investor Name	No. of Shares	%
1.	Metronic Global Berhad	12,549,400	13.28
2.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Mee Hua	6,463,500	6.84
3.	Metronic Global Berhad	5,164,700	5.47
4.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Herbert Tucakovic	4,687,500	4.96
5.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Li Sin	4,687,500	4.96
6.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Kim Liang	4,687,500	4.96
7.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Jien Shiung	4,687,500	4.96
8.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kua Khai Loon	4,588,500	4.86
9.	Chen Choon Lee	4,567,900	4.84
10.	RHB Capital Nominees (Tempatan) Sdn Bhd DSC Systems (M) Sdn Bhd	4,414,800	4.67
11.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Pang Chow Huat	3,385,200	3.58
12.	Wong Mie Lee	3,263,000	3.45
13.	Chew Hun Seng	3,020,900	3.20
14.	Sanichi Technology Berhad	2,386,900	2.53
15.	Lim Meng Hui	1,569,000	1.66
16.	UOBM Nominees (Asing) Sdn Bhd Exempt An For Sanston Financial Group Limited	1,397,000	1.48
17.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lian Hong	1,126,000	1.19
18.	M & A Nominee (Asing) Sdn Bhd Exempt An For Sanston Financial Group Limited (Account Client)	1,032,000	1.09
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Hong	1,000,000	1.06
20.	Robert Tan	1,000,000	1.06
21.	Lee Meow Lim @ Lee Meow Yee	700,000	0.74

Analysis of Shareholdings as at 1 April 2016 (Cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 1 APRIL 2016 (CONT'D)

No	Investor Name	No. of Shares	%
22.	Julie Quah	672,600	0.71
23.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gerald Nicholas Tan Eng Hoe	600,000	0.64
24.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Chin Hock	555,000	0.59
25.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Peter Wong	501,000	0.53
26.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Salehah Binti Sulaiman	500,000	0.53
27.	Vasantha a/p M.Kumarappan	450,000	0.48
28.	Law Kee Ming	429,600	0.45
29.	Yong Sai Lin	423,500	0.45
30.	Choong Hooi Hong	405,000	0.43

List of Properties

No.	Location	Description/ Existing Use	Tenure	Date of Revaluation	Land Area (Square meter)	Age of Building	Net Carrying Value as at 31.12.2015 RM
1.	Parcel No. S–3A–6, Lot P.T.1, Jalan Universiti, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan held under the Master Title HS(D) 230759, PT 12 (formerly known as Pajakan Negeri 12707, Lot 82 Seksyen 13) Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan	Office Suites/ Rented	Leasehold (99 years end 28 May 2105)	31 December 2013	245	2 years	RM 1,857,777
2.	Parcel No. S–3–6, Lot P.T.1, Jalan Universiti, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan held under the Master Title HS(D) 230759, PT No. 12 (formerly known as Pajakan Negeri 12707, Lot 82 Seksyen 13) Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan	Office Suites/ MNC Wireless Berhad's corporate office.	Leasehold (99 years end 28 May 2105)	31 December 2013	245	2 years	RM1,857,777
3.	Parcel No. S–3–7, Lot P.T.1, Jalan Universiti, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan held under the Master Title HS(D) 230759, PT No. 12 (formerly known as Pajakan Negeri 12707, Lot 82 Seksyen 13) Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan	Office Suites/ MNC Wireless Berhad's corporate office.	Leasehold (99 years end 28 May 2105)	31 December 2013	204.2	2 years	RM1,544,888

FINANCIAL STATEMENTS

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 principal activities of the Company are sales and marketing, and research and development of wireless, mobile and multimedia solutions and content and investment holding. The principal activities of the subsidiary companies are as set out in Note 6 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

	Group RM	Company RM
Loss attributable to:		
Owners of the Company	(389,757)	(361,121)

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares and debentures by the Company during the financial year.

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

DIRECTORS

The directors in office since the date of the last report are:

Kua Khai Shyuan	
Pang Siaw Sian	
Thu Soon Shien	
Wong Kok Seong	
Tan Chor How Christopher	(appointed on 01.06.2015)
Yeoh Eng Kong	(resigned on 13.05.2015)
Gerald Nicholas Tan Eng Hoe	(resigned on 13.05.2015)
Hoh Ming Fatt	(resigned on 30.06.2015)

Directors'
Report (Cont'd)

DIRECTORS' INTERESTS

None of the directors holding office at the end of the year had any interest in shares in the Company and its related corporations during the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit *(other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 27 of the financial statements, or the fixed salary of a full–time employee of the Company)* by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that 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 there were no known bad debts to be written off and that no allowance for doubtful debts was necessary; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render it necessary to write off any bad debts or to provide for allowance for doubtful debts in the financial statements or the values attributed to current assets misleading; and

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

No contingent or other liability of the Group and of the Company 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 of the Company to meet their obligations when they fall due.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in *Note 32* to the financial statements.

Directors' Report (Cont'd)

AUDITORS

The auditors, Messrs Siew Boon Yeong & Associates, Chartered Accountants, have expressed their willingness to continue in office.

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

WONG KOK SEONG
Director

TAN CHOR HOW CHRISTOPHER
Director

Kuala Lumpur,
Date: 13 April 2016

Statement by Directors
Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the directors, the financial statements set out on pages 41 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the results and cash flows of the Group and of the Company for the year ended on that date.

The information set out on page 91 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in Kuala Lumpur on

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 13 April 2016

WONG KOK SEONG

TAN CHOR HOW CHRISTOPHER

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Tan Chor How Christopher, being the director primarily responsible for the financial management of M N C Wireless Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 41 to 90 are 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.

Subscribed and solemnly
declared in Kuala Lumpur on
this 13 April 2016

TAN CHOR HOW CHRISTOPHER

Before me
KAPT. (B) JASNI BIN YUSOFF
W465
Commissioner for Oaths

Independent Auditors' Report to the Members of M N C Wireless Berhad
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of M N C Wireless Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 90.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that 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 at 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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
(b) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
(c) Our audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 91 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report
to the Members of M N C Wireless Berhad
(Incorporated in Malaysia) (Cont'd)

Other Matters

1. The financial statements of the Group and the of Company for the financial year ended 31 December 2014 were audited by another firm of Chartered Accountants whose report dated 9 April 2015 expressed an unqualified opinion on those statements.

2. 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 for this report.

SIEW BOON YEONG & ASSOCIATES
[AF: 0660]
Chartered Accountants

DATO' SIEW BOON YEONG
[1321 / 7 / 16 (J)]

Kuala Lumpur,
Date: 13 April 2016

Statements of Financial Position
as at 31 December 2015

	Note	Group 2015 RM	Group Restated 2014 RM	Company 2015 RM	Company Restated 2014 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	*5*	6,032,921	5,586,307	5,630,924	5,585,610
Investment in subsidiary companies	*6*	–	–	–	–
Other investments	*7*	117,985	201,202	117,985	201,202
Development expenditure	*8*	–	–	–	–
Intangible asset	*9*	–	–	–	–
		6,150,906	5,787,509	5,748,909	5,786,812
CURRENT ASSETS					
Trade receivables	*10*	4,650,992	4,741,319	2,106,411	3,021,976
Other receivables, deposits and prepayments	*11*	485,013	303,314	461,173	272,493
Amount owing by subsidiary companies	*12*	–	–	–	2,111,237
Fixed deposits with licensed banks	*13*	286,350	270,569	226,544	212,609
Cash and bank balances		2,297,111	4,793,450	1,214,666	4,235,052
		7,719,466	10,108,652	4,008,794	9,853,367
TOTAL ASSETS		13,870,372	15,896,161	9,757,703	15,640,179

Statements of Financial Position (Cont'd) as at 31 December 2015

		Group		Company	
			Restated		Restated
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	*14*	9,447,350	9,447,350	9,447,350	9,447,350
Share premium	*15*	2,231,412	2,231,412	2,231,412	2,231,412
Fair value reserve	*16*	(30,969)	(20,000)	(30,969)	(20,000)
Revaluation reserve	*17*	1,016,609	1,027,904	1,016,609	1,027,904
Accumulated losses		(7,640,008)	(7,250,252)	(6,865,425)	(6,504,304)
TOTAL EQUITY		5,024,393	5,436,414	5,798,977	6,182,362
LIABILITIES					
NON-CURRENT LIABILITIES					
Term loans	*18*	2,773,849	2,933,789	2,773,849	2,933,789
Deferred tax liabilities	*19*	338,702	342,551	338,702	342,551
		3,112,551	3,276,340	3,112,551	3,276,340
CURRENT LIABILITIES					
Trade payables	*20*	3,786,504	6,285,170	462,011	5,541,527
Other payables and accruals	*21*	1,740,366	747,856	191,715	489,569
Amount owing to subsidiary companies	*12*	–	–	30,978	–
Term loans	*18*	156,841	150,381	156,841	150,381
Current tax liabilities		49,717	–	4,630	–
		5,733,428	7,183,407	846,175	6,181,477
TOTAL LIABILITIES		8,845,979	10,459,747	3,958,726	9,457,817
TOTAL EQUITY AND LIABILITIES		13,870,372	15,896,161	9,757,703	15,640,179

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

Statements of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2015

	Note	Group 2015 RM	Group Restated 2014 RM	Company 2015 RM	Company Restated 2014 RM
REVENUE	22	20,258,231	18,695,822	10,615,357	15,352,087
COST OF SALES		(14,485,629)	(13,832,667)	(7,681,494)	(11,902,600)
GROSS PROFIT		5,772,602	4,863,155	2,933,863	3,449,487
OTHER OPERATING INCOME		249,646	366,627	238,554	439,843
SALES AND DISTRIBUTION COSTS		(15,152)	(676,487)	(15,152)	(33,525)
ADMINISTRATIVE EXPENSES		(4,044,737)	(4,748,041)	(2,959,541)	(4,201,878)
PROFIT/(LOSS) FROM OPERATIONS		1,962,359	(194,746)	197,724	(346,073)
FINANCE COSTS	23	(91,500)	(144,694)	(91,500)	(144,694)
PROFIT/(LOSS) BEFORE TAXATION	24	1,870,859	(339,440)	106,224	(490,767)
INCOME TAX EXPENSE	25	(2,260,616)	(4,626)	(467,345)	(2,871)
LOSS AFTER TAXATION		(389,757)	(344,066)	(361,121)	(493,638)
OTHER COMPREHENSIVE INCOME:					
Items that may be reclassified subsequently to profit or loss					
- fair value changes of available-for-sale financial assets		(10,969)	(20,000)	(10,969)	(20,000)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(400,726)	(364,066)	(372,090)	(513,638)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(389,757)	(344,066)		
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(400,726)	(364,066)		
LOSS PER SHARE (sen)					
- Basic	26	(0.41)	(0.36)		
- Diluted	26	N/A	N/A		

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

Statements of Changes in Equity
for the year ended 31 December 2015

	Attributable To Owners Of The Company					
	Non-Distributable					
Group	Share Capital RM	Share Premium RM	Fair Value Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Total Equity RM
Balance at 1 January 2014	9,447,350	2,231,412	–	1,039,200	(6,917,482)	5,800,480
Loss after taxation	–	–	–	–	(344,066)	(344,066)
Other comprehensive loss for the financial year, net of tax						
- fair value changes of available-for-sale financial assets	–	–	(20,000)	–	–	(20,000)
Total comprehensive loss for the financial year	–	–	(20,000)	–	(344,066)	(364,066)
Realisation of revaluation reserve	–	–	–	(11,296)	11,296	–
Balance at 31 December 2014	9,447,350	2,231,412	(20,000)	1,027,904	(7,250,252)	5,436,414
Loss after taxation	–	–	–	–	(389,757)	(389,757)
Other comprehensive loss for the financial year, net of tax						
- fair value changes of available-for-sale financial assets	–	–	(10,969)	–	–	(10,969)
Total comprehensive loss for the financial year	–	–	(10,969)	–	(389,757)	(400,726)
Realisation of revaluation reserve	–	–	–	(11,295)	–	(11,295)
Balance at 31 December 2015	9,447,350	2,231,412	(30,969)	1,016,609	(7,640,009)	5,024,393

Statements of Changes in Equity (Cont'd) for the year ended 31 December 2015

Company	Share Capital RM	Share Premium RM	Fair Value Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Total Equity RM
	← Attributable To Owners Of The Company →					
	← Non-Distributable →					
Balance at 1 January 2014	9,447,350	2,231,412	–	1,039,200	(6,021,962)	6,696,000
Loss after taxation	–	–	–	–	(493,638)	(493,638)
Other comprehensive loss for the financial year, net of tax - fair value changes of available-for-sale financial assets	–	–	(20,000)	–	–	(20,000)
Total comprehensive loss for the financial year	–	–	(20,000)	–	(493,638)	(513,638)
Realisation of revaluation reserve	–	–	–	(11,296)	11,296	–
Balance at 31 December 2014	9,447,350	2,231,412	(20,000)	1,027,904	(6,504,304)	6,182,362
Loss after taxation	–	–	–	–	(361,121)	(361,121)
Other comprehensive loss for the financial year, net of tax - fair value changes of available-for-sale financial assets	–	–	(10,969)	–	–	(10,969)
Total comprehensive loss for the financial year	–	–	(10,969)	–	(361,121)	(372,090)
Realisation of revaluation reserve	–	–	–	(11,295)	–	(11,295)
Balance at 31 December 2015	9,447,350	2,231,412	(30,969)	1,016,609	(6,865,425)	5,798,977

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

Statements of Cash Flows
for the year ended 31 December 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	1,870,859	(339,440)	106,224	(490,767)
Adjustments for:				
Allowance for impairment losses on:				
- amount owing by subsidiary companies	–	–	138,650	213,395
- trade receivables	–	62,888	–	62,888
Amortisation of intangible asset	–	102,000	–	102,000
Amortisation of development expenditure	–	729,376	–	729,376
Bad debts written off	–	84,261	–	84,261
Depreciation	229,666	326,458	186,626	310,825
Development expenditure written off	–	312,016	–	312,016
Impairment loss on quoted shares	21,286	–	21,286	–
Intangible asset written off	–	127,500	–	127,500
Interest expenses	91,500	144,694	91,500	144,694
Property, plant and equipment written off	–	35,524	–	25,880
Gain on disposal of property, plant and equipment	–	(757)	–	(757)
Gain on disposal of quoted shares	(79,987)	(327,261)	(79,987)	(327,261)
Gain on foreign exchange - unrealised	(36,088)	–	(36,088)	–
Interest income	(27,530)	(20,609)	(22,479)	(16,666)
Reversal of allowance for impairment losses on:				
- amount owing by subsidiary companies	–	–	–	(95,159)
- trade receivables	(27,500)	–	(27,500)	–
Operating profit before working capital changes	2,042,206	1,236,650	378,232	1,182,225
(Increase)/decrease in receivables	(28,913)	(1,154,177)	789,344	(2,009,624)
(Decrease)/increase in payables	(2,841,156)	2,529,448	(5,377,370)	2,658,452
Increase in amount owing by subsidiary companies	–	–	2,142,215	755,772
Cash (used in)/generated from operations	(827,863)	2,611,921	(2,067,579)	2,586,825
Interest paid	(91,500)	(144,694)	(91,500)	(144,694)
Tax paid	(889,914)	(5,523)	(476,730)	(6,720)
Net cash (used in)/generated from operating activities	(1,809,277)	2,461,704	(2,635,809)	2,435,411

Statements of Cash Flows (Cont'd) for the year ended 31 December 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	27,530	13,912	22,479	9,969
Purchase of property, plant and equipment	(676,280)	(174,275)	(231,940)	(174,275)
Proceeds from disposal of property, plant and equipment	–	1,029	–	1,029
Proceeds from disposal of quoted investment	130,949	1,047,261	130,949	1,047,261
Net cash (used in)/generated from investing activities	(517,801)	887,927	(78,512)	883,984
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loans	(153,480)	(94,325)	(153,480)	(94,325)
(Advances to)/repayment from subsidiary companies	–	–	(138,650)	95,443
Net cash (used in)/generated from financing activities	(153,480)	(94,325)	(292,130)	1,118
Net (decrease)/increase in cash and cash equivalents	(2,480,558)	3,255,306	(3,006,451)	3,320,513
Cash and cash equivalents at beginning of year	4,864,019	1,608,713	4,247,661	927,148
Cash and cash equivalents at end of year	2,383,461	4,864,019	1,241,210	4,247,661
Cash and cash equivalents comprise:				
Fixed deposits with licensed banks	286,350	270,569	226,544	212,609
Cash and bank balances	2,297,111	4,793,450	1,214,666	4,235,052
	2,583,461	5,064,019	1,441,210	4,447,661
Less: Fixed deposits pledged as securities	(200,000)	(200,000)	(200,000)	(200,000)
	2,383,461	4,864,019	1,241,210	4,247,661

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

Notes to the Financial Statements
31 December 2015

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are sales and marketing, and research and development of wireless, mobile and multimedia solutions and content and investment holding. The principal activities of the subsidiary companies are as set out in Note 6. There were no significant changes in the nature of these activities during the financial year.

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

The address of the registered office of the Company is 10th floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

The address of the principal place of business of the Company is 100-3.011, Block J, 129 Offices, Jaya One, No. 72A, Jalan University, 46200 Petaling Jaya, Selangor.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia (“RM”), which is also the Company’s and its subsidiary companies’ functional currency.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), 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 accounting policies below.

On 1 January 2015, the Group and the Company adopted the following Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2015:

Amendments to MFRS 119 Employee Benefits - Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle
The adoption of the above Amendments to MFRSs did not have any material impacts to the financial statements.

MFRSs and Amendments to MFRSs that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs and Amendments to MFRSs that have been issued but not yet effective:

MFRSs/Amendments to MFRSs	Effective for annual periods beginning on or after
MFRS 14 - Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 12 Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure Initiative	1 January 2016

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31 December 2015

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRSs and Amendments to MFRSs that have been issued but are not yet effective (Cont'd)

The Group and the Company have not adopted the following MFRSs and Amendments to MFRSs that have been issued but not yet effective: (Cont'd)

MFRSs/Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 116 Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 Property, Plant and Equipment - Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127 Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 141 Agriculture - Agriculture: Bearer plants	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

<u>MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)</u>

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) (Cont'd)

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related Issues Committee Interpretations.

The adoption of the above MFRSs will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting these MFRSs.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Basis Of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis Of Consolidation (Cont'd)

(i) Acquisition method of accounting for non-common control business combinations (Cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) Merger accounting for common control business combinations

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

(iii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidation of financial position, separately from equity attributable to owners of the Company.

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

(b) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

Buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, recognised after the date of the revaluation.

Buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, Plant And Equipment (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets at the following annual rates:

	%
Computers and related equipment	20 - 40
Furniture, fittings and equipment	10
Motor vehicles	20
Renovation	20

Buildings are depreciated in equal instalments over the lease period of 90 years.

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to the statements of profit or loss and other comprehensive income in determining profit from operations.

(c) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to statements of profit or loss and other comprehensive income.

(d) Intangible Assets – Research And Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

i. its ability to measure reliably the expenditure attributable to the assets under development;
ii. the product or process is technically and commercially feasible;
iii. its future economic benefits are probable;
iv. its ability to use or sell the developed assets; and
v. the availability of adequate technical, financial and other resources to complete the assets under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditures initially recognised as an expense is not recognised as assets in the subsequent period.

The product development expenditure is amortised on a straight-line basis over a period of three years when the products are ready for sales or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

Notes to
the Financial Statements (Cont'd)
31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible Asset

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible asset are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(f) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Notes to
the Financial Statements (Cont'd)
31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Financial Assets at Fair Value Through Profit or Loss (Cont'd)*

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's rights to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

Financial liabilities are recognised in the statements of financial position when, and only when the Group and the Company have become a party to the contractual provision of the financial instrument.

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Notes to
the Financial Statements (Cont'd)
31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

(ii) Financial Liabilities (Cont'd)

- *Financial Liabilities at Fair Value Through Profit or Loss*

  Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges or a derivative that is a financial guarantee contract.

- *Other Financial Liabilities*

  Other financial liabilities are non-derivatives financial liabilities. Other liabilities are subsequently measured at amortised cost using the effective interest method.

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

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

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

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

(g) Impairment

(i) Impairment Of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

Notes to
the Financial Statements (Cont'd)
31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment (Cont'd)

(i) Impairment Of Financial Assets (Cont'd)

An impairment loss in respect of held-to-maturity investments and loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment Of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the statements of profit or loss and other comprehensive income immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statements of profit or loss and other comprehensive income immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of profit or loss and other comprehensive income, a reversal of that impairment loss is recognised as income in the statements of profit or loss and other comprehensive income.

(h) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Provisions For Liabilities (Cont'd)

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(i) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(j) Foreign Currency Translation

Transactions And Balances

Foreign currency monetary assets and liabilities have been translated into Ringgit Malaysia ("RM") at the rates of exchange ruling at the end of the reporting period. Transactions in foreign currencies have been converted at rates ruling at the transaction dates. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss. Non-monetary assets and liabilities are translated using exchange rates that existed when the values determined.

(k) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
b. has an interest in the entity that gives it significant influence over the entity; or
c. has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

Notes to
the Financial Statements (Cont'd)
31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Revenue Recognition

(i) Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's and the Company's activities. Revenue from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs of the goods can be estimated reliably and there is no continuing management involvement with the goods, net of returns and trade discounts.

(ii) Revenue from services is recognised when services are performed.

(iii) Interest income is recognised on an accrual basis using the effective interest method.

(iv) Rental income is accounted for using straight line basis over leased terms.

(m) Income Tax Expense

Income taxes for the year comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been 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 tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in the statements of profit or loss and other comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(n) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

Notes to
the Financial Statements (Cont'd)
31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee Benefits (Cont'd)

(ii) Defined Contribution Plan

The Group's and the Company's contributions to defined contribution plans regulated and managed by the government, are charged to the statements of profit or loss and other comprehensive income in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(o) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress, until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended.

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

(p) Earnings Per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

(q) Cash And Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Operating Segments

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(c) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Contingent Liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group for matters in the ordinary course of business.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to
the Financial Statements (Cont'd)
31 December 2015

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Buildings RM	Computers RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost/Valuation						
At 1 January 2014						
Cost	3,994,400	2,928,370	479,662	–	296,724	7,699,156
Valuation	1,385,600	–	–	–	–	1,385,600
	5,380,000	2,928,370	479,662	–	296,724	9,084,756
Additions	–	10,080	48,950	–	115,245	174,275
Disposal	–	–	(303)	–	–	(303)
Written off	–	(387,709)	(357,073)	–	(296,724)	(1,041,506)
At 31 December 2014						
Cost	3,994,400	2,550,741	171,236	–	115,245	6,831,622
Valuation	1,385,600	–	–	–	–	1,385,600
	5,380,000	2,550,741	171,236	–	115,245	8,217,222
Additions	–	102,275	24,653	444,340	105,012	676,280
Written off	–	(14,630)	–	–	–	(14,630)
At 31 December 2015						
Cost	3,994,400	2,638,386	195,889	444,340	220,257	7,493,272
Valuation	1,385,600	–	–	–	–	1,385,600
	5,380,000	2,638,386	195,889	444,340	220,257	8,878,872

Notes to
the Financial Statements (Cont'd)
31 December 2015

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings RM	Computers RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Accumulated depreciation						
At 1 January 2014						
Cost	–	2,665,687	359,516	–	285,267	3,310,470
Valuation	–	–	–	–	–	–
	–	2,665,687	359,516	–	285,267	3,310,470
Charge for the year						
Cost	44,382	210,995	30,797	–	24,888	311,062
Valuation	15,396	–	–	–	–	15,396
	59,778	210,995	30,797	–	24,888	326,458
Disposal	–	–	(31)	–	–	(31)
Written off	–	(386,576)	(326,536)	–	(292,870)	(1,005,982)
At 31 December 2014						
Cost	44,382	2,490,106	63,746	–	17,285	2,615,519
Valuation	15,396	–	–	–	–	15,396
	59,778	2,490,106	63,746	–	17,285	2,630,915
Charge for the year						
Cost	44,382	78,206	17,233	42,343	32,106	214,270
Valuation	15,396	–	–	–	–	15,396
	59,778	78,206	17,233	42,343	32,106	229,666
Written off	–	(14,630)	–	–	–	(14,630)
At 31 December 2015						
Cost	88,764	2,553,682	80,979	42,343	49,391	2,815,159
Valuation	30,792	–	–	–	–	30,792
	119,556	2,553,682	80,979	42,343	49,391	2,845,951
Net carrying amount						
At 31 December 2015						
Cost	3,905,636	84,704	114,910	401,997	170,866	4,678,113
Valuation	1,354,808	–	–	–	–	1,354,808
	5,260,444	84,704	114,910	401,997	170,866	6,032,921
At 31 December 2014						
Cost	3,950,018	60,635	107,490	–	97,960	4,216,103
Valuation	1,370,204	–	–	–	–	1,370,204
	5,320,222	60,635	107,490	–	97,960	5,586,307

Notes to
the Financial Statements (Cont'd)
31 December 2015

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Buildings RM	Computers RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
Cost/Valuation					
At 1 January 2014					
Cost	3,994,400	2,764,231	150,987	114,023	7,023,641
Valuation	1,385,600	–	–	–	1,385,600
	5,380,000	2,764,231	150,987	114,023	8,409,241
Additions	–	10,080	48,950	115,245	174,275
Disposal	–	–	(303)	–	(303)
Written off	–	(238,200)	(42,743)	(114,023)	(394,966)
At 31 December 2014					
Cost	3,994,400	2,536,111	156,891	115,245	6,802,647
Valuation	1,385,600	–	–	–	1,385,600
	5,380,000	2,536,111	156,891	115,245	8,188,247
Additions	–	102,275	24,653	105,012	231,940
At 31 December 2015					
Cost	3,994,400	2,638,386	181,544	220,257	7,034,587
Valuation	1,385,600	–	–	–	1,385,600
	5,380,000	2,638,386	181,544	220,257	8,420,187

Notes to
the Financial Statements (Cont'd)
31 December 2015

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Buildings RM	Computers RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
Accumulated depreciation					
At 1 January 2014					
Cost	–	2,502,149	56,214	102,566	2,660,929
Valuation	–	–	–	–	–
	–	2,502,149	56,214	102,566	2,660,929
Charge for the year					
Cost	44,382	210,394	15,765	24,888	295,429
Valuation	15,396	–	–	–	15,396
	59,778	210,394	15,765	24,888	310,825
Disposal	–	–	(31)	–	(31)
Written off	–	(237,067)	(21,850)	(110,169)	(369,086)
At 31 December 2014					
Cost	44,382	2,475,476	50,098	17,285	2,587,241
Valuation	15,396	–	–	–	15,396
	59,778	2,475,476	50,098	17,285	2,602,637
Charge for the year					
Cost	44,382	78,206	16,536	32,106	171,230
Valuation	15,396	–	–	–	15,396
	59,778	78,206	16,536	32,106	186,626
At 31 December 2015					
Cost	88,764	2,553,682	66,634	49,391	2,758,471
Valuation	30,792	–	–	–	30,792
	119,556	2,553,682	66,634	49,391	2,789,263
Net carrying amount					
At 31 December 2015					
Cost	3,905,636	84,704	114,910	170,866	4,276,116
Valuation	1,354,808	–	–	–	1,354,808
	5,260,444	84,704	114,910	170,866	5,630,924
At 31 December 2014					
Cost	3,950,018	60,635	106,793	97,960	4,215,406
Valuation	1,370,204	–	–	–	1,370,204
	5,320,222	60,635	106,793	97,960	5,585,610

Notes to
the Financial Statements (Cont'd)
31 December 2015

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The buildings of the Group and of the Company have been pledged to a licensed bank as securities for banking facilities granted to the Group and to the Company.

(b) The strata title of the buildings is in the process of being issued to the Company by the relevant authority.

(c) If the buildings were measured using the cost model, the net carrying amount would be as follows:

	Group and Company 2015 RM	2014 RM
Buildings		
Cost	3,994,400	3,994,400
Less: Accumulated depreciation	(159,776)	(79,888)
Net carrying amount	3,834,624	3,914,512

(d) Included in motor vehicles of the Group is a motor vehicle held in trust by a director with net carrying amount of RM284,906 (2014: Nil).

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2015 RM	2014 RM
Unquoted shares in Malaysia, at cost		
At 1 January/31 December	2,290,545	2,290,545
Less: Accumulated impairment losses		
At 1 January/31 December	(2,290,545)	(2,290,545)
	–	–

Details of the subsidiary companies, all of which were incorporated in Malaysia, are as follows:

Name of subsidiary companies	Effective equity interest 2015 %	2014 %	Principal activities
Moblife.TV Sdn. Bhd. ("Moblife")	100	100	Consultation, sales, marketing and implementation of m-business solutions for business to business and business to consumer enterprise applications and the management of content resources for business to business and business to consumer enterprise applications.
Digital Kung-Fu Sdn. Bhd.	100	100	Providing web design and hosting services, research and development in digital communication and advertising services.
Wowloud Sdn. Bhd.	100	100	Providing legal music streaming subscription service.
Joors Asia Sdn. Bhd.	100	100	Dormant.

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Impairment losses on investment in subsidiary companies

The Company assessed the recoverable amount of investment in subsidiary companies and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of each subsidiary company, being a cash-generating unit on its own, is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the respective subsidiary companies as at the end of the reporting period.

7. OTHER INVESTMENTS

	Group and Company	
	2015	**2014**
	RM	**RM**
Quoted shares in Malaysia, at cost	131,222	220,448
Less: Accumulated impairment losses	(54,439)	(60,448)
	76,783	160,000
Unquoted shares outside Malaysia, at cost	41,202	41,202
	117,985	201,202
Market value of quoted shares	76,783	160,000
Accumulated impairment losses:		
At 1 January	60,448	300,448
Addition	21,286	–
Disposals	(27,295)	(240,000)
At 31 December	54,439	60,448

Investment in quoted shares of the Group and of the Company are designated as available-for-sale financial assets and are measured at fair value.

Investment in unquoted shares of the Group and of the Company are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to lack of marketability of the shares.

Impairment losses on investment in quoted shares

The Group and the Company assessed the fair value of investment in quoted shares and determined that an impairment loss should be recognised as the fair value is lower than the carrying amount. The fair value of investment in quoted shares is determined based on the fair value of the quoted shares as at the end of the reporting period.

Notes to
the Financial Statements (Cont'd)
31 December 2015

8. DEVELOPMENT EXPENDITURE

	Group and Company 2015 RM	2014 RM
At cost:		
At 1 January	–	16,322,490
Written off	–	(16,322,490)
At 31 December	–	–
Accumulated amortisation:		
At 1 January	–	(14,156,335)
Amortisation for the year	–	(729,376)
Written off	–	14,885,711
At 31 December	–	–
Accumulated impairment losses:		
At 1 January	–	(1,124,763)
Written off	–	1,124,763
At 31 December	–	–
Net carrying amount		
At 31 December	–	–

9. INTANGIBLE ASSET

	Group and Company 2015 RM	2014 RM
At cost:		
At 1 January	–	1,020,000
Written off	–	(1,020,000)
At 31 December	–	–
Accumulated amortisation:		
At 1 January	–	(790,500)
Amortisation for the year	–	(102,000)
Written off	–	892,500
At 31 December	–	–
Net carrying amount		
At 31 December	–	–

Notes to
the Financial Statements (Cont'd)
31 December 2015

10. TRADE RECEIVABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade receivables	4,686,380	4,804,207	2,141,799	3,084,864
Less: Allowance for doubtful debts	(35,388)	(62,888)	(35,388)	(62,888)
	4,650,992	4,741,319	2,106,411	3,021,976

Movements of the allowance for doubtful debts (individually impaired):

	Group and Company 2015 RM	Group and Company 2014 RM
At 1 January	62,888	100,000
Addition	–	62,888
Reversal	(27,500)	–
Written off	–	(100,000)
At 31 December	35,388	62,888

The Group's and the Company's normal trade credit terms granted to trade receivables ranged from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Other receivables	245,317	225,906	235,317	215,906
Tax recoverable	–	1,129	–	1,129
Deposits	69,925	55,665	56,085	40,025
Prepayments	169,771	20,614	169,771	15,433
	485,013	303,314	461,173	272,493

Notes to
the Financial Statements (Cont'd)
31 December 2015

12. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Company 2015 RM	2014 RM
Amount owing by subsidiary companies		
- trade	–	545,360
- non-trade	1,225,121	2,652,348
	1,225,121	3,197,708
Less: Allowance for doubtful debts	(1,225,121)	(1,086,471)
	–	2,111,237
Amount owing to subsidiary companies		
- non-trade	(30,978)	–

Movements of the allowance for doubtful debts (individually impaired):

	Company 2015 RM	2014 RM
At 1 January	1,086,471	968,235
Additions	138,650	213,395
Reversal	–	(95,159)
At 31 December	1,225,121	1,086,471

The trade amount is subject to the normal trade credit terms ranged from 30 to 90 days (2014: 30 to 90 days).

The non-trade balances are unsecured, interest-free and repayable on demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

Group and Company

The fixed deposits with licensed banks earn effective interest at 3.30% (2014: 3.15%) per annum.

Included in fixed deposits with licensed banks is an amount of RM200,000 (2014: RM200,000) being fixed deposits pledged for banking facilities granted to the Group and to the Company.

Notes to
the Financial Statements (Cont'd)
31 December 2015

14. SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		RM	RM
Ordinary shares of RM0.10 each:				
Authorised:				
At 1 January	250,000,000	250,000,000	25,000,000	25,000,000
Created during the year	750,000,000	–	75,000,000	–
At 31 December	1,000,000,000	250,000,000	100,000,000	25,000,000
Issued and fully paid:				
At 1 January/31 December	94,473,500	94,473,500	9,447,350	9,447,350

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

15. SHARE PREMIUM

Group and Company

Share premium represents premium arising from issuance of shares, net of its related expenses. Share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

16. FAIR VALUE RESERVE

Group and Company

Fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets until they are derecognised or impaired.

17. REVALUATION RESERVE

Group and Company

The revaluation reserve represents the increase in the fair value of buildings of the Group and of the Company, net of deferred tax.

Notes to
the Financial Statements (Cont'd)
31 December 2015

18. TERM LOANS

	Group and Company 2015 RM	2014 RM
Shown under current liabilities		
Within 1 year	156,841	150,381
Shown under non-current liabilities		
Between 1 to 2 years	164,448	156,691
Between 2 to 5 years	542,766	670,769
After 5 years	2,066,635	2,106,329
	2,773,849	2,933,789
	2,930,690	3,084,170

The term loans are denominated in RM and are secured as follows:

i. first legal charge over the buildings of the Group and of the Company as mentioned in *Note 5*; and

ii. pledged of fixed deposits with licensed banks as mentioned in *Note 13*.

The term loans bears effective interest rate at 2.00% (2014: 2.00%) below the banks' base lending rates per annum.

The repayment terms of the term loans are as follows:

Term loan 1: Repayable in 180 monthly instalments of RM8,472, effective from January 2014.

Term loan 2: Repayable in 180 monthly instalments of RM7,355, effective from January 2014.

Term loan 3: Repayable in 180 monthly instalments of RM9,088, effective from January 2014.

19. DEFERRED TAX LIABILITIES

	Group and Company 2015 RM	2014 RM
At 1 January	342,551	346,400
Transfer from statements of profit or loss and other comprehensive income *(Note 25)*	(3,849)	(3,849)
At 31 December	338,702	342,551

The deferred tax liabilities are from the revaluation of buildings.

20. TRADE PAYABLES

Group and Company

The normal trade credit terms granted by trade payables to the Group and to the Company ranged from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

21. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	268,280	101,286	131,715	54,478
Accruals	1,472,086	646,570	60,000	435,091
	1,740,366	747,856	191,715	489,569

Group

Included in accruals is an amount of RM1,335,000 (2014: Nil) being accruals of tax under provided in respect of the previous years of assessment.

22. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Mobile applications	16,104,945	14,840,453	10,074,083	14,840,453
Wireless and multimedia related services	4,153,286	3,855,369	541,274	511,634
	20,258,231	18,695,822	10,615,357	15,352,087

23. FINANCE COSTS

	Group and Company	
	2015 RM	2014 RM
Term loan interest	91,500	144,694

Notes to
the Financial Statements (Cont'd)
31 December 2015

24. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(loss) before taxation is stated *after charging:*				
Allowance for doubtful debts on:				
- amount owing by subsidiary companies	–	–	138,650	213,395
- trade receivables	–	62,888	–	62,888
Amortisation of intangible asset	–	102,000	–	102,000
Amortisation of development expenditure	–	729,376	–	729,376
Auditors' remuneration				
- current year's provision	55,000	48,000	35,000	30,000
- under provision in respect of prior year	4,000	–	–	–
Bad debts written off	–	84,261	–	84,261
Depreciation	229,666	326,458	186,626	310,825
Development expenditure written off	–	312,016	–	312,016
Impairment loss on quoted shares	21,286	–	21,286	–
Intangible asset written off	–	127,500	–	127,500
Loss on foreign exchange				
- realised	24,056	–	24,056	–
Property, plant and equipment written off	–	35,524	–	25,880
Rental of equipment	85,017	8,916	85,017	3,508
Rental of premises	45,512	271,411	45,512	166,980
Staff costs *(Note 27)*	2,819,215	2,568,459	1,847,541	1,663,811
and crediting:				
Gain on disposal of quoted shares	79,987	327,261	79,987	327,261
Gain on disposal of property, plant and equipment	–	757	–	757
Gain on foreign exchange				
- unrealised	36,088	–	36,088	–
Interest income	27,530	20,609	22,479	16,666
Rental income	71,200	–	71,200	–
Reversal of allowance for doubtful debts:				
- amount owing by subsidiary companies	–	–	–	95,159
- trade receivables	27,500	–	27,500	–

Notes to
the Financial Statements (Cont'd)
31 December 2015

25. INCOME TAX EXPENSE

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Malaysian income tax:				
- current year's provision	457,749	3,333	–	2,869
- under provision in respect of prior years	1,818,011	5,142	482,489	3,851
Realisation of revaluation reserve	(11,295)	–	(11,295)	–
Transfer to deferred tax liabilities *(Note 19)*	(3,849)	(3,849)	(3,849)	(3,849)
	2,260,616	4,626	467,345	2,871

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Profit/(loss) before taxation	1,870,859	(339,440)	106,224	(490,767)
Income tax expense at Malaysian statutory tax rate of 25% (2014: 25%)	467,715	(85,000)	26,556	(123,000)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	327,769	315,908	237,580	334,184
- income not subject to tax	(850,613)	(58,025)	(796,142)	(81,815)
- temporary differences not recognised during the year	532,696	–	532,006	–
- utilisation of previously unrecognised deferred tax assets	(19,818)	(169,550)	–	(126,500)
- realisation of deferred tax liabilities arising from revaluation reserve	(3,849)	(3,849)	(3,849)	(3,849)
	(13,815)	84,484	(30,405)	122,020
• Under provision of taxation in respect of prior years	1,818,011	5,142	482,489	3,851
• Realisation of revaluation reserve	(11,295)	–	(11,295)	–
	2,260,616	4,626	467,345	2,871

Notes to
the Financial Statements (Cont'd)
31 December 2015

25. INCOME TAX EXPENSE (CONT'D)

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation	(90,997)	(697)	(60,997)	–
Excess of accumulated depreciation over corresponding qualifying property, plant and equipment's total capital allowances claimed	–	59,408	–	59,408
Unutilised capital allowances	217,236	3,750	217,236	–
Unabsorbed business losses	5,357,425	3,369,693	2,031,191	–
	5,483,664	3,432,154	2,187,430	59,408

26. LOSS PER SHARE

Basic Loss Per Share

The basic loss per ordinary share as at 31 December 2015 is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2015	2014
Loss attributable to owners of the Company (RM)	(389,757)	(344,066)
Weighted average ordinary shares issued as at 31 December	94,473,500	94,473,500
Basic loss per share (sen)	(0.41)	(0.36)

Diluted Loss Per Share

The diluted loss per share is not applicable as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

27. STAFF COSTS

The staff costs recognised in the statements of profit or loss and other comprehensive income are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries and wages	2,339,348	2,129,002	1,489,424	1,320,818
Defined contribution plan	258,734	233,624	143,906	137,160
Other employee benefit expenses	221,169	205,833	214,211	205,833
	2,819,251	2,568,459	1,847,541	1,663,811

Included in staff costs are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors' remuneration				
- fees	85,500	205,833	85,500	205,833
- other emoluments	267,596	127,500	267,596	127,500

28. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as chief operating decision makers in order to allocate resources to segments and to assess their performances. For management purposes, the Group is organised into business segments based on their products and services provided.

The Group is organised into main operating segments as follows:

(a) Mobile applications

Provision of mobile application platforms for Short Message Services (SMS) to mobile phone users.

(b) Wireless and multimedia related services

Consultations, sales, marketing and implementation of m-business solutions, management of content resources business and other related multimedia services.

For the purpose of making decisions about resource allocation, the Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

Notes to
the Financial Statements (Cont'd)
31 December 2015

28. OPERATING SEGMENTS (CONT'D)

The Executive Directors are of the opinion that all inter-segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

(i) Business Segments

Group 2015	Mobile applications RM	Wireless and multimedia related services RM	Elimination RM	Total RM
Revenue				
External revenue	16,104,945	4,153,286	–	20,258,231
Total revenue	16,104,945	4,153,286	–	20,258,231
Results				
Segment results	1,428,599	506,230	–	1,934,829
Interest income	21,886	5,644	–	27,530
Finance costs	–	–	–	(91,500)
Profit before taxation	1,450,485	511,874	–	1,870,859
Income tax expense	–	–	–	(2,260,616)
Profit/(loss) after taxation	1,450,485	511,874	–	(389,757)
Assets				
Segment assets	9,757,703	4,112,669	–	13,870,372
Liabilities				
Segment liabilities	3,620,024	4,887,253	–	8,507,277
Unallocated liabilities	–	–	–	338,702
Total liabilities	3,620,024	4,887,253	–	8,845,979
Other information				
Capital expenditure	537,631	138,649	–	676,280
Depreciation	182,581	47,085	–	229,666
Impairment loss on quoted shares	21,286	–	–	21,286
Gain on disposal of quoted shares	79,987	–	–	79,987
Gain on foreign exchange - unrealised	36,088	–	–	36,088
Reversal of allowance for doubtful debts on trade receivables	27,500	–	–	27,500

Notes to
the Financial Statements (Cont'd)
31 December 2015

28. OPERATING SEGMENTS (CONT'D)

(i) Business Segments (Cont'd)

Group 2014	Mobile applications RM	Wireless and multimedia related services RM	Elimination RM	Total RM
Revenue				
External revenue	14,840,453	3,855,369	–	18,695,822
Inter-segment revenue	–	5,217,459	(5,217,459)	–
Total revenue	14,840,453	9,072,828	(5,217,459)	18,695,822
Results				
Segment results	(358,113)	142,758	–	(215,355)
Interest income	16,666	3,943	–	20,609
Finance costs	–	–	–	(144,694)
(Loss)/profit before taxation	(341,447)	146,701	–	(339,440)
Income tax expense	–	–	–	(4,626)
(Loss)/profit after taxation	(341,447)	146,701	–	(344,066)
Assets				
Segment assets	13,528,942	2,367,219	–	15,896,161
Liabilities				
Segment liabilities	9,115,266	1,001,930	–	10,117,196
Unallocated liabilities	–	–	–	342,551
Total liabilities	9,115,266	1,001,930	–	10,459,747
Other information				
Capital expenditure	174,275	–	–	174,275
Allowance for impairment loss on trade receivables	62,888	–	–	62,888
Amortisation of intangible asset	102,000	–	–	102,000
Amortisation of development expenditure	729,376	–	–	729,376
Bad debts written off	84,261	–	–	84,261
Depreciation	310,825	15,633	–	326,458
Development expenditure written off	312,016	–	–	312,016
Intangible asset written off	127,500	–	–	127,500
Property, plant and equipment written off	35,524	–	–	35,524
Gain on disposal of quoted shares	327,261	–	–	327,261
Gain on disposal of property, plant and equipment	757	–	–	757

No disclosure on geographical segment information as the Group's transactions outside Malaysia comprise less than 10% of the total revenue.

Notes to
the Financial Statements (Cont'd)
31 December 2015

28. OPERATING SEGMENTS (CONT'D)

(ii) Major Customers

The Group has three (2014: 3) major customers contributing approximately RM14,621,045 (2014: RM14,986,673), representing 72% (2014: 80%) of the Group's total revenue.

29. RELATED PARTY DISCLOSURE

(a) Identities of related parties

(i) The Group has a controlling related party relationship with its subsidiary companies; and

(ii) The directors of the Company who are the key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:

	Company	
	2015 RM	2014 RM
Sales to a subsidiary company	–	5,217,459

Key management compensation

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Key management personnel compensation:				
Short term employee benefits	353,096	450,804	353,096	333,333

Notes to
the Financial Statements (Cont'd)
31 December 2015

30. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(a) Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The net unhedged financial assets of the Group and of the Company not denominated in RM were as follows:-

	Group and Company United States Dollar 2015 RM	 2014 RM
Other receivables, deposits and prepayments		
Currency exposure	110,651	57,214

	Swedish Krona 2015 RM	 2014 RM
Other investments		
Currency exposure	41,202	41,202

Notes to
the Financial Statements (Cont'd)
31 December 2015

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(a) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	2015 RM Increase/ (Decrease)	**2014 RM Increase/ (Decrease)**
Effects on profit after tax/equity		
Strengthened by 10%		
- United States Dollar	11,065	5,721
- Swedish Krona	4,120	4,120
Weakened by 10%		
- United States Dollar	(11,065)	(5,721)
- Swedish Krona	(4,120)	(4,120)

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing borrowings. The Group's and the Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	Group and Company	
	2015 RM Increase/ (Decrease)	**2014 RM Increase/ (Decrease)**
Effects on profit after tax/equity		
Increase of 100 basis points (bp)	(29,307)	(30,842)
Decrease of 100 bp	29,307	30,842

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(c) Equity Price Risk

The Group and the Company are exposed to equity price risk arising from their investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Malaysia Securities Berhad. These instruments are classified as available-for-sale financial assets. The Group and the Company do not have exposure to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% (2014: 10%) increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM7,678 (2014: RM16,000). A 10% (2014: 10%) decrease in market price would have had equal but opposite effect on equity.

(ii) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposures to credit risk arises mainly from trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

The Group and the Company establish an allowance for impairment that represents their estimate of incurred losses in respect of the trade and other receivables as appropriate. The main component of this allowance is a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

Credit Risk Concentration Profile

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Notes to
the Financial Statements (Cont'd)
31 December 2015

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing Analysis

The ageing analysis of the Group's and the Company's trade receivables at the reporting date is as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Not past due	3,397,139	4,308,636	1,822,268	2,726,305
Past due:				
- less than 3 months	838,768	157,479	21,799	72,270
- 3 to 6 months	72,056	52,356	23,664	6,616
- more than 6 months	343,029	222,848	238,680	216,785
	1,253,853	432,683	284,143	295,671
Impaired	35,388	62,888	35,388	62,888
	4,686,380	4,804,207	2,141,799	3,084,864

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 180 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are neither past due nor impaired are regular customers of the Group and of the Company.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

(iii) Liquidity and Cash Flow Risks

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposure to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Notes to the Financial Statements (Cont'd) 31 December 2015

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity and Cash Flow Risks (Cont'd)

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group 2015	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
Trade payables	–	3,786,504	3,786,504	3,786,504	–	–	–
Other payables and accruals	–	1,740,366	1,740,366	1,740,366	–	–	–
Term loans	4.60	2,930,690	4,185,720	298,980	298,980	896,940	2,690,820
		8,457,560	9,712,590	5,825,850	298,980	896,940	2,690,820

Group 2014	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
Trade payables	–	6,285,170	6,285,170	6,285,170	–	–	–
Other payables and accruals	–	747,856	747,856	747,856	–	–	–
Term loans	4.60	3,084,170	3,228,864	298,980	298,980	896,940	1,733,964
		10,117,196	10,261,890	7,332,006	298,980	896,940	1,733,964

Notes to
the Financial Statements (Cont'd)
31 December 2015

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity and Cash Flow Risks (Cont'd)

Company 2015	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
Trade payables	–	462,011	462,011	462,011	–	–	–
Other payables and accruals	–	191,715	191,715	191,715	–	–	–
Amount owing to subsidiary companies	–	30,978	30,978	30,978	–	–	–
Term loans	4.60	2,930,690	4,185,720	298,980	298,980	896,940	2,690,820
		3,615,394	4,870,424	983,684	298,980	896,940	2,690,820

Company 2014	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
Trade payables	–	5,541,527	5,541,527	5,541,527	–	–	–
Other payables and accruals	–	489,569	489,569	489,569	–	–	–
Term loans	4.60	3,084,170	3,228,864	298,980	298,980	896,940	1,733,964
		9,115,266	9,259,960	6,330,076	298,980	896,940	1,733,964

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group is calculated as term loans, trade and other payables plus accruals less cash and cash equivalents. Net debt for the Company is calculated as term loans, trade and other payables and accruals plus amount owing to subsidiary companies less cash and cash equivalents.

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year were as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables	3,786,504	6,285,170	462,011	5,541,527
Other payables and accruals	1,740,366	747,856	191,715	489,569
Amount owing to subsidiary companies	–	–	30,978	–
Term loans	2,930,690	3,084,170	2,930,690	3,084,170
	8,457,560	10,117,196	3,615,394	9,115,266
Less: Cash and cash equivalents	(2,383,461)	(4,864,019)	(1,241,210)	(4,247,661)
Net debt	6,074,099	5,253,177	2,374,184	4,867,605
Total equity	5,024,393	5,436,414	5,798,977	6,182,362
Debt-to-equity ratio	1.21	0.97	0.41	0.79

There were no changes in the Group's and the Company's approaches to capital management during the financial year.

(c) Classification of Financial Instruments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial Assets				
Available-for-sale Financial Assets				
Other investments	117,985	201,202	117,985	201,202
Loans And Receivables				
Trade receivables	4,650,992	4,741,319	2,106,411	3,021,976
Other receivables and deposits	315,242	281,571	291,402	255,931
Amount owing by subsidiary companies	–	–	–	2,111,237
Fixed deposits with licensed banks	286,350	270,569	226,544	212,609
Cash and bank balances	2,297,111	4,793,450	1,214,666	4,235,052
	7,549,695	10,086,909	3,839,023	9,836,805

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial Liabilities				
Other Financial Liabilities				
Trade payables	3,786,504	6,285,170	462,011	5,541,527
Other payables and accruals	1,740,366	747,856	191,715	489,569
Amount owing to subsidiary companies	–	–	30,978	–
Term loans	2,930,690	3,084,170	2,930,690	3,084,170
	8,457,560	10,117,196	3,615,394	9,115,266

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for:

(i) Quoted shares in other investments

Quoted shares in other investments are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

(ii) Unquoted shares in other investments

It was not practicable to estimate the fair value of investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

(iii) Non-current portion of term loans

The non-current portion of term loans are reasonably approximate fair value as they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Notes to
the Financial Statements (Cont'd)
31 December 2015

30. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2015 are as follows:

(i) Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2: fair value is estimated using inputs other than unquoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Group and Company	
	2015	2014
	RM	RM
Level 1		
Quoted shares	76,783	160,000

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2015.

31. CONTINGENT LIABILITIES

In the previous financial year, Inland Revenue Board ("IRB") conducted a tax investigation on the accounts of the Company and one of its subsidiary companies. As at the date of this report, IRB has not finalised the tax investigation.

Pending outcome of the tax investigation, the Group has provided additional tax of approximately RM1.34 million in the accounts *(See Note 21).*

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a. On 27 May 2015, the Company announced a proposal to undertake a private placement for the listing and quotation of up to 9,447,350 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing up to ten percent (10%) of the issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later ("Proposed Private Placement").

b. On 25 June 2015, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Malaysia") had on 24 June 2015 approved the listing and quotation of up to 9,447,350 Placement Shares to be issued pursuant to the Proposed Private Placement.

Notes to
the Financial Statements (Cont'd)
31 December 2015

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

c. On 25 August 2015, the Company announced the following proposals:

(i) proposed renounceable rights issue of up to 311,762,550 new ordinary shares of RM0.10 each in the Company ("Rights Shares") together with up to 207,841,700 free detachable warrants ("Warrants") at an indicative issue price of RM0.15 per Rights Share on the basis of three (3) Right Shares together with two (2) Warrants for every one (1) existing share held on an entitlement date to be determined and announced later ("Proposed Rights Issue with Warrants") based on a minimum subscription level of 33,000,000 Rights Shares together with 22,000,000 Warrants;

(ii) proposed establishment of an employees' share option scheme ("ESOS") of up to thirty per cent (30%) of the prevailing issued and paid-up share capital of the Company (exclude treasury shares) for the eligible employees (including Directors, either an executive Director or a non-executive Director) of the Group (excluding dormant subsidiary companies), after the Proposed Rights Issue with Warrants, who meet the criteria of eligibility for participation in the ESOS as set out in the by-laws containing the rules, terms and condition of the ESOS;

(iii) proposed increase in the authorised share capital of the Company from RM25,000,000 comprising 250,000,000 shares to RM100,000,000 comprising 1,000,000,000 shares ("Proposed IASC"); and

(iv) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed IASC.

These proposals were subsequently approved by Bursa Malaysia on 17 November 2015 as well as the shareholders in an Extraordinary General Meeting on 21 December 2015.

On 5 April 2016, the Company announced that the application for an extension of time of six (6) months from 17 May 2016 to 16 November 2016 to complete the implementation of these proposals has been submitted to Bursa Malaysia.

d. On 22 October 2015, the Company announced that it had entered into a Memorandum of Understanding with Petrowangsa Sdn. Bhd. ("Petrowangsa") for the purpose of entering into a collaboration to provide multimedia advertising and digital solutions to Petrowangsa. Petrowangsa is a Petroliam Nasional Berhad's license holder for various categories of service and supplier code with media advertising (amongst other) being one of them.

e. On 8 December 2015, the Company announced the application for an extension of time of six (6) months from 24 December 2015 to 23 June 2016 to complete the implementation of the Proposed Private Placement. Bursa Malaysia had on 11 December 2015 granted the extension of time to the Company.

Notes to
the Financial Statements (Cont'd)
31 December 2015

33. COMPARATIVE FIGURES

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 were audited by another firm of Chartered Accountants. Certain comparative figures have been reclassified in order to conform with the current year's presentation as follow:

	Group		Company	
	As restated 2014 RM	As previously reported 2014 RM	As restated 2014 RM	As previously reported 2014 RM
Statements of financial position (extract):				
Other receivables, deposits and prepayments	303,314	302,185	272,493	271,364
Tax refundable	–	1,129	–	1,129
Statements of profit or loss and other comprehensive income (extract):				
Other operating income	366,627	359,930	439,843	433,146
Administrative expenses	(4,748,041)	(4,741,344)	(4,201,878)	(4,195,181)

34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 13 April 2016.

Supplementary Information

35. DISCLOSURES OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	2015 RM	2014 RM	2015 RM	2014 RM
Total accumulated losses of the Group and of the Company				
- Realised	(7,301,307)	(7,250,252)	(6,526,723)	(6,504,304)
- Unrealised	(338,702)	–	(338,702)	–
Accumulated losses of the Group and of the Company	(7,640,009)	(7,250,252)	(6,865,425)	(6,504,304)

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M N C WIRELESS BERHAD
(Company No: 635884–T)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

*I/We...*NRIC/ Passport/ Company No...........................

of...

being a member(s) of **M N C WIRELESS BERHAD (635884–T)** hereby appoints

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
*And/or (delete as appropriate)			

or failing *him/her, THE CHAIRMAN OF THE MEETING, as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Maharaja Suite, Pulai Pavillion, Pulai Spring Resort, 20km, Jalan Pontian Lama, 81110 Pulai, Johor on Wednesday, 25 May 2016 at 11.00 a.m. and at any adjournment thereof.

If you wish to appoint other person / persons to be your proxy / proxies, kindly delete the words "or failing him / her, THE CHAIRMAN OF THE MEETING" and insert the name / names of the person / persons desired.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two (2) proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

Ordinary Resolutions		For	Against
1	To re–elect Thu Soon Shien as Director		
2	To re–elect Tan Chor How Christopher as Director		
3	To approve the payment of Directors' fees for the financial year ended 31 December 2015		
4	To re–appoint Messrs.Siew Boon Yeong & Associates as Auditors of the Company		
5	To approve the Authority to Issue Shares		

* Delete if not applicable

Dated this .... day of 2016

Number of shares held:–	
CDS account no.:–	
Telephone no.:–	

....
Signature/Common Seal of Shareholder

Notes:–

1. *For the purpose of determining a member who shall be entitled to attend this Twelfth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 51(6) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 17 May 2016. Only a depositor whose name appears on the Record of Depositors as at 17 May 2016 shall be entitled to attend the said meeting and to speak or vote thereat.*
2. *Every member entitled to attend and vote at the meeting is entitled to appoint a proxy / proxies to attend and vote for him/her. The member may attend and vote in person at the meeting after lodging the proxy form but however such attendance shall not automatically revoke the proxy's authority unless an intimation in writing has been made to the Company at the Registered Office at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.*
3. *A member shall be entitled to appoint at least one (1) and up to two (2) proxies to attend at the meeting. Where a member appoints more than one (1) proxy, the proxies shall not be valid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a* member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty–eight (48) hours before the time for holding the meeting or any adjournment thereof.

fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretary
M N C Wireless Berhad (635884-T)
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P Ramlee
50250 Kuala Lumpur

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M N C Wireless Berhad
(635884-T)

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