

# WILLOWGLEN

## 2014 Annual Report

[www.willowglen.com.my](http://www.willowglen.com.my)

**WILLOWGLEN MSC BERHAD** (462648-V)

No. 17 Jalan 2/149B  
Taman Sri Endah  
Bandar Baru Sri Petaling  
57000 Kuala Lumpur

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WILLOWGLEN MSC BERHAD



# Contents

Notice of Annual General Meeting	2
Statement Accompanying Notice of Annual General Meeting	9
Financial Highlights & Group Structure	10
Corporate Information	12
Profile of Directors	13
Audit Committee Report	19
Chairman's Statement	25
Corporate Social Responsibility Disclosure	32
Corporate Governance Statement	34
Statement on Risk Management & Internal Control	42

# Financial Statements

Directors' Report	46
Statements of Financial Position	51
Statements of Profit or Loss and Other Comprehensive Income	53
Statements of Changes in Equity	55
Statements of Cash Flows	58
Notes to the Financial Statements	61
Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses	123
Statement by Directors	124
Statutory Declaration	125
Independent Auditors' Report	126
Additional Compliance Information	128
Properties	129
Shareholdings Statistics	131
Form of Proxy	
Questions from Shareholders	

## Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at the Grand Lotus, Level 2, Swiss-Garden Residences, 117 Jalan Pudu, 55100 Kuala Lumpur, Malaysia on Wednesday, 29 April 2015 at 10.00 a.m. for the following purposes:-

### AGENDA

#### As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note i)
2. To declare a final dividend of 20% tax-exempt for the financial year ended 31 December 2014. (Resolution 1)
3. To re-elect the following Directors who retire pursuant to Article 93 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
  - (a) Wong Ah Chiew (Resolution 2)
  - (b) Mohd Isa Bin Ismail (Resolution 3)
4. To approve the payment of Directors' fees of RM90,000.00 for the financial year ended 31 December 2014. (Resolution 4)
5. To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 5)

#### As Special Business

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:-

6. Retention Of Mr. Wang Shi Tsang And Encik Alfian Bin Tan Sri Mohamed Basir As Independent Non-Executive Directors

"THAT Wang Shi Tsang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012." (Resolution 6)

“THAT Alfian Bin Tan Sri Mohamed Basir who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.”  
(Resolution 7)

7. Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

“THAT, subject always to the Companies Act, 1965 (“the Act”), the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”  
(Resolution 8)

8. Proposed Renewal Of Shareholders’ Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

“THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into the categories of Recurrent Transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those Related Parties as specified in Section 2.1.3 of the Circular dated 6 April 2015 subject further to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public; and
- (b) disclosure is made in the Annual Report of a breakdown of the aggregate value of transactions conducted pursuant to the Shareholders’ Mandate during the financial year, amongst others, based on the following information :-
  - (i) the type of Recurrent Transactions made; and
  - (ii) the names of the Related Parties involved in each type of Recurrent Transactions made and their relationships with the Company;

## Notice of Annual General Meeting (cont'd)

AND THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or
- (b) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.” (Resolution 9)

9. Proposed Renewal Of Authorisation To Enable Willowglen MSC Berhad To Purchase Its Own Shares Up To 10% Of The Issued And Paid-Up Ordinary Share Capital Of The Company Pursuant To Section 67A Of The Companies Act, 1965

“THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company at the time of the purchase(s); and
- (c) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder and to deal with the shares so purchased in such other manner as may be permitted by the relevant legislations and regulations.

AND THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next Annual General Meeting after the date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary and/or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities, and all other relevant governmental and/or regulatory authorities.” (Resolution 10)

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

#### **NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

**NOTICE IS ALSO HEREBY GIVEN THAT** a final dividend of 20% tax-exempt for the financial year ended 31 December 2014, if approved by shareholders, will be payable on 28 May 2015 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 15 May 2015. A Depositor shall qualify for entitlement only in respect of:

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 May 2015 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## Notice of Annual General Meeting (cont'd)

By Order of the Board

Leong Keng Yuen (MIA 6090)  
Chua Siew Chuan (MAICSA 0777689)  
Pan Seng Wee (MAICSA 7034299)  
Company Secretaries

Kuala Lumpur  
6 April 2015

Notes:

1. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors as at 22 April 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. When a member appoints more than one (1) proxy, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. A proxy need not be a member of the Company and the provision of Section 149 (1)(a),(b),(c) and (d) of the Companies Act, 1965, shall not apply to the Company.
3. 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 its holds.
4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar's Office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
5. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation under its Common Seal or the hand of its attorney duly authorised.
6. Explanatory Notes:-
  - i. Item 1 of the Agenda

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 for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

- ii. Ordinary Resolution 6

### Retention of Mr. Wang Shi Tsang as Independent Non-Executive Director

Mr. Wang Shi Tsang was appointed as an Independent Non-Executive Director of the Company on 27 June 2002 and has reached a cumulative nine (9) years term limit. In accordance with the Malaysian Code on Corporate Governance 2012, the Board of Directors of the Company, after having assessed the independence of Mr. Wang Shi Tsang and after having been recommended and assessed by the Nomination Committee, regards him to be independent based amongst others, the following justifications and recommends that Mr. Wang Shi Tsang be retained as an Independent Director of the Company :



- the aforementioned Independent Non-Executive Director fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director was able to exercise independent judgement and act in the best interests of the Company.
- there was no potential conflict of interest that the aforementioned Independent Non-Executive Director could have with the Company as he had not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.
- the aforementioned Independent Non-Executive Director does not derive any remuneration and benefits apart from Directors' fees and meeting expenses.

iii. Ordinary Resolution 7

Retention of Encik Alfian Bin Tan Sri Mohamed Basir as Independent Non-Executive Director

Encik Alfian Bin Tan Sri Mohamed Basir was appointed as an Independent Non-Executive Director of the Company on 9 October 2003 and has reached a cumulative nine (9) years term limit. In accordance with the Malaysian Code on Corporate Governance 2012, the Board of Directors of the Company, after having assessed the independence of Encik Alfian Bin Tan Sri Mohamed Basir and after having been recommended and assessed by the Nomination Committee, regards him to be independent based amongst others, the following justifications and recommends that Encik Alfian Bin Tan Sri Mohamed Basir be retained as an Independent Director of the Company :

- the aforementioned Independent Non-Executive Director fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director was able to exercise independent judgement and act in the best interests of the Company.
- there was no potential conflict of interest that the aforementioned Independent Non-Executive Director could have with the Company as he had not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.
- the aforementioned Independent Non-Executive Director does not derive any remuneration and benefits apart from Directors' fees and meeting expenses.



## Notice of Annual General Meeting (cont'd)

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### iv. Ordinary Resolution 8

#### Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 8 is a new general mandate sought from the shareholders, if passed, will give the Directors of the Company authority to allot and issue new ordinary shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors may in their discretion deem expedient in the best interest of the Company, subject to compliance with the relevant regulatory requirements. This authority, unless earlier revoked or varied by the shareholders of the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The authority to issue shares pursuant to Section 132D of the Companies Act, 1965 will provide flexibility and expediency to the Company for any possible fund raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements which the Directors of the Company consider to be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting to approve such issuance of shares.

### v. Ordinary Resolution 9

#### Proposed Resolution for Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue Or Trading Nature

The proposed Ordinary Resolution, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for the Group's day-to-day operations. This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

### vi. Ordinary Resolution 10

#### Proposed Renewal of Authorisation to Enable Willowglen MSC Berhad to Purchase Its Own Shares Up To 10% of The Issue And Paid-Up Ordinary Share Capital of The Company Pursuant to Section 67A of The Companies Act, 1965

The proposed Ordinary Resolution, if passed, will provide a renewed mandate for the Company to purchase its own shares up to 10% of the issued and paid-up ordinary share capital of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

# Statement Accompanying Notice of Annual General Meeting

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## 1. Directors who are standing for re-election at the Seventeenth Annual General Meeting of the Company

- (a) Wong Ah Chiew
- (b) Mohd Isa Bin Ismail

## 2. Details of the attendance of Directors at Board Meetings

There are four (4) Board of Directors' Meetings held during the financial year ended 31 December 2014.

Board of Directors	No. of Meetings Attended
Alfian Bin Tan Sri Mohamed Basir	3/4
Wong Ah Chiew	4/4
Simon Wong Chu Keong	4/4
Wang Shi Tsang	4/4
Mohd Isa Bin Ismail	3/4
Au Chun Choong	4/4

## 3. Place, Date and Time of the Seventeenth Annual General Meeting

The Seventeenth Annual General Meeting of the Company will be held at the Grand Lotus, Level 2, Swiss-Garden Residences, 117 Jalan Pudu, 55100 Kuala Lumpur on Wednesday, 29 April 2015 at 10.00 a.m.

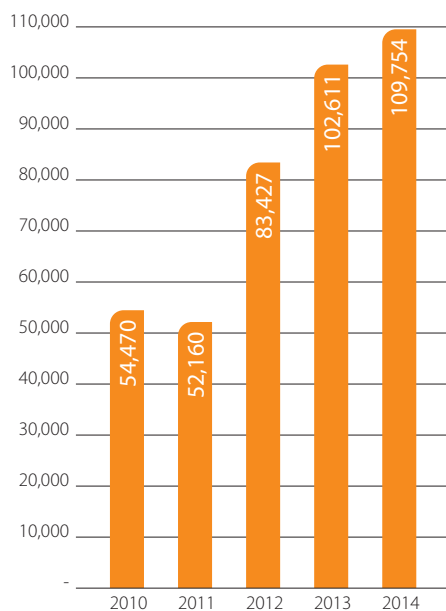
## 4. Details of Directors who are standing for re-election

Further details of Directors who are standing for re-election are set out in the Profile of Directors of the Annual Report.

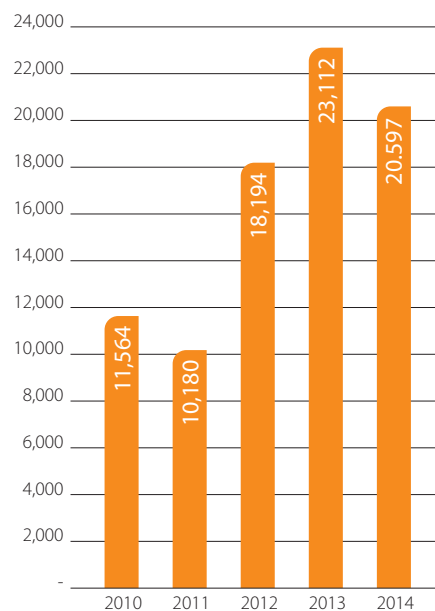
## Financial Highlights & Group Structure

### FIVE-YEAR GROUP FINANCIAL SUMMARY (RM'000)

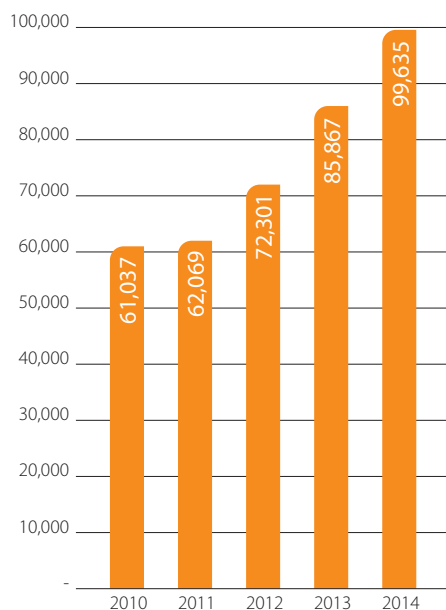
	2010	2011	2012	2013	2014
Revenue	54,470	52,160	83,427	102,611	109,754
Profit Before Tax	11,564	10,180	18,194	23,112	20,597
Profit Attributable To Owners Of The Parent	9,322	8,507	15,376	19,359	17,414
Total Assets	68,371	68,214	84,251	104,539	119,033
Total Liabilities	7,022	5,956	11,919	18,372	18,696
Total Equity Attributable To Owners Of The Parent	61,037	62,069	72,301	85,867	99,635
Basic Earnings Per Ordinary Share (sen)	3.77	3.49	6.32	7.95	7.15
Dividends Per Share (including special dividend) (sen)	3.00	3.00	2.50	3.00	2.00
Net Assets Per Share (sen)	24.86	25.58	29.70	35.30	40.90



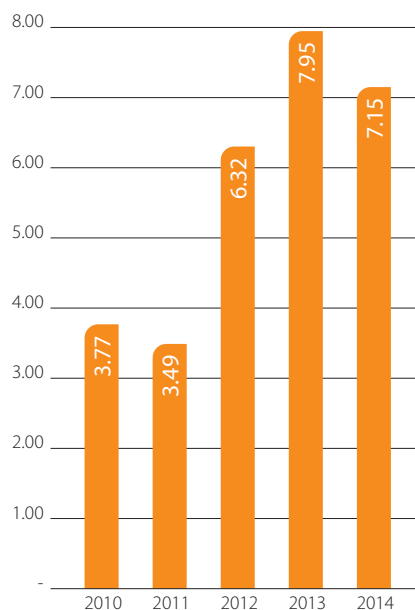
Revenue (RM'000)



Profit Before Tax (RM'000)



**Total Equity Attributable To Owners Of The Parent (RM'000)**



**Basic Earnings Per Ordinary Share (sen)**

## Group Structure

As at 9 March 2015

### Willowglen MSC Berhad

	100%	Willowglen (Malaysia) Sdn Bhd
	100%	Willowglen Technology Sdn Bhd
	100%	Willowglen Services Pte Ltd
	70%	Sentinel Systems Sdn Bhd
	50.08%	PT Willowglen Indonesia
	100%	WG Tech Sdn Bhd
	100%	Willowglen Limited

## Corporate Information

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# Board of Directors

Alfian Bin Tan Sri Mohamed Basir (Chairman and Independent Non-Executive Director)

Wong Ah Chiew (Group Managing Director)

Simon Wong Chu Keong (Executive Director)

Wang Shi Tsang (Senior Independent Non-Executive Director)

Mohd Isa Bin Ismail (Independent Non-Executive Director)

Au Chun Choong (Independent Non-Executive Director)

### Audit Committee

Wang Shi Tsang (Chairman)

Alfian Bin Tan Sri Mohamed Basir

Mohd Isa Bin Ismail

### Nomination & Remuneration Committee

Alfian Bin Tan Sri Mohamed Basir (Chairman)

Wang Shi Tsang

Mohd Isa Bin Ismail

### Secretaries

Leong Keng Yuen

Chua Siew Chuan

Pan Seng Wee

### Auditors

Baker Tilly Monteiro Heng

Baker Tilly MH Tower

Level 10, Tower 1, Avenue 5

Bangsar South City

59200 Kuala Lumpur

### Stock Exchange Listing

Main Market of

Bursa Malaysia Securities Berhad

### Registered Office

No. 17 Jalan 2/149B

Taman Sri Endah, Bandar Baru Sri Petaling

57000 Kuala Lumpur

Tel: 03-90571228 Fax: 03-90571218

### Head Office

No. 17 Jalan 2/149B

Taman Sri Endah, Bandar Baru Sri Petaling

57000 Kuala Lumpur

Tel: 03-90571228 Fax: 03-90571218

Email: [corpinfo@willowglen.com.my](mailto:corpinfo@willowglen.com.my)

Website: [www.willowglen.com.my](http://www.willowglen.com.my)

### Share Registrars

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House

Block D13, Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel: 03-78418000 Fax: 03-78418008

### Principal Bankers

CIMB Bank Berhad

RHB Bank Berhad

United Overseas Bank (Malaysia) Berhad

## Profile of Directors

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**ENCIK ALFIAN BIN TAN SRI MOHAMED BASIR**, aged 41, a Malaysian, is the **CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 9 October 2003.

He is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

Encik Alfian is a Chartered Accountant and a Member of Malaysian Institute of Accountants. He graduated from the University of Malaya with a Bachelor of Accounting (Hons) Degree.

Encik Alfian's career began at Ernst & Young, Kuala Lumpur, a global accounting firm. Specialising in the financial sector, he gained a wealth of experience managing large financial audits and special due diligence assignments, in conjunction with the consolidation of the local banking sector, at various local financial institutions such as the former Bank Bumiputra Malaysia Berhad and the Utama Banking Group. His experience also extends internationally, including assignments at the Central Bank of Mongolia and other commercial banks in Mongolia.

Due to his keen interest in the ICT sector, he left Ernst & Young in 2001 to set up an ICT and management consulting firm, TradeRoof Sdn Bhd. Since then, he had ventured further into the ICT and telecommunications industry, being involved in a number of technology-based companies. He is currently the Chief Executive Officer of Blue Horus Solutions Group, a regional Mobile Telecommunications-based solutions provider with operations in Malaysia and Cambodia. He is also a Director of Alanya Marine Ventures Sdn Bhd, a company involved in the oil and gas industry. In addition, he also currently sits on the Board of various other private limited companies.

Encik Alfian was appointed as a Non-Independent and Non-Executive Director of WTK Holdings Berhad, an investment holding company on 27 February 2015.

Encik Alfian does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Encik Alfian has no conviction for any offences within the past ten years.

He attended three (3) out of four (4) Board Meetings held in the financial year ended 31 December 2014.

## Profile of Directors (cont'd)

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**MR. WONG AH CHIEW**, aged 67, a Malaysian, is the **GROUP MANAGING DIRECTOR** of the Company. He joined the Board of Directors on 20 May 1998 as First Director of the Company and resigned on 30 July 1998. On 19 June 2000, he was re-appointed to the Board of Directors and subsequently appointed as Group Managing Director on 1 August 2013.

He is a member of the Corporate Announcement & Compliance Committee of the Company.

Mr. Wong holds a Bachelor of Science Degree in Electrical and Electronic Engineering from the University of Strathclyde, Scotland. He started his career in 1973 as Assistant District Engineer with Perak River Hydro Electric Power Co. Ltd, where he worked until 1982.

In 1982, Mr. Wong left the public service to join Dindings Consolidated Sdn Bhd as a Director where he managed the development of the housing and commercial property projects undertaken by the group.

Some of these projects included Taman Dindings, Ayer Tawar; Taman Desa Aman, Teluk Intan; Taman Sri Setapak, Kuala Lumpur; Taman Damai Jaya, Johor and Taman Sri Endah, Kuala Lumpur. Mr. Wong has more than 30 years of experience in property development.

He was the Managing Director of MCB Holdings Berhad, formerly a company listed on Bursa Malaysia Securities Berhad, from 1 August 1992 to 28 November 1997.

Mr. Wong is the father of Mr. Simon Wong Chu Keong, the Executive Director of the Company.

He does not have any conflict of interest other than those disclosed under Notes to the Financial Statements of this Annual Report.

Mr. Wong has no conviction for any offences within the past ten years.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2014.



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**MR. SIMON WONG CHU KEONG**, aged 39, a Malaysian, is the **EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 1 August 2013.

He is a member of the Corporate Announcement & Compliance Committee of the Company.

Mr. Simon Wong holds a Bachelor of Commerce Degree from Murdoch University, Western Australia and a Post Graduate Diploma from the School of Information Systems at Curtin University, Western Australia.

He was a software engineer of the Company from 1998 to 1999.

Following his interest in the field of Information Technology (IT), Mr. Simon Wong then founded and held a director position in a privately owned company providing IT systems and related services.

From 2005 to 2013, he served in the property development and construction divisions within a public listed group and was also a director of several subsidiary companies within the group.

Mr. Simon Wong is the son of Mr. Wong Ah Chiew, the Group Managing Director of the Company.

He does not have any conflict of interest other than those disclosed under Notes to the Financial Statements of this Annual Report.

Mr. Simon Wong has no conviction for any offences within the past ten years.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2014.

## Profile of Directors (cont'd)

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**MR. WANG SHI TSANG**, aged 61, a Malaysian, is the **SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 27 June 2002.

He is a member of the Audit Committee, Corporate Announcement & Compliance Committee, Nomination & Remuneration Committee and Risk Management Committee of the Company.

Mr. Wang holds a Master of Science Degree in Taxation from U.S.A. He is a Fellow of the Malaysian Institute of Taxation, an Associate Member of The Malaysian Institute of Chartered Secretaries & Administrators and a Certified Financial Planner. He is also a tax agent both under the Income Tax Act, 1967 (as amended) and the Goods and Services Tax Act 2014, as approved by the Minister of Finance.

Mr. Wang had served the Inland Revenue Department (now known as the Inland Revenue Board) from 1977 to 1991. He held the post of Assistant Director prior to joining the corporate sector. From 1 September 1991 to 28 August 2012 he worked in the Corporate Affairs Department of a large listed company dealing with both corporate and tax matters. Since 29 August 2012 he has been acting as Senior Manager-Tax in the same company's Finance Department and is responsible for problem-solving and trouble-shooting in tax matters and to prepare the company for Goods and Services Tax.

Mr. Wang does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Mr. Wang has no conviction for any offences within the past ten years.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2014.

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**ENCIK MOHD ISA BIN ISMAIL**, aged 51, a Malaysian, is an **INDEPENDENT NON-EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 29 December 2006.

He is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

Encik Mohd Isa holds a Diploma in Accountancy from the University Technology MARA (1984).

He was a Financial Analyst and Cost Analyst of Motorola Semiconductor Sdn Bhd for eight (8) years until 1993 and a Dealer's Representative in K & N Kenanga Bhd (now known as Kenanga Investment Bank Berhad) for one (1) year. In 1995, he was appointed as a Director of Greatwall Plastic Industries Bhd and he resigned in 1997.

Currently, he is an Independent Non-Executive Director of Len Cheong Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of Nautical Equities Sdn Bhd and Shoraka Capital Sdn Bhd, which are involved in provision of consultancy services.

Encik Mohd Isa does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Encik Mohd Isa has no conviction for any offences within the past ten years.

He attended three (3) out of four (4) Board Meetings held in the financial year ended 31 December 2014.

## Profile of Directors (cont'd)

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**MR. AU CHUN CHOONG**, aged 63, a Malaysian, is an **INDEPENDENT NON-EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 1 August 2013.

He is a Fellow of the Association of Chartered Certified Accountants, London, United Kingdom and a member of the Malaysian Institute of Accountants.

He has vast experience in tax and finance in public accounting firms.

He was attached to the Inland Revenue Department in Perak for several years. He left public service in 1980 and joined several public accounting firms as tax manager and financial consultant.

He was the Independent Non-Executive Director of PJ Development Holdings Berhad from 30 December 1989 to 31 July 2013.

Mr. Au is a Non-Executive Director of Luxchem Corporation Berhad, an investment holding company with its subsidiaries involved in distribution of industrial chemicals and materials.

Mr. Au does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Mr. Au has no conviction for any offences within the past ten years.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2014.

# Audit Committee Report

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Chairman : WANG SHI TSANG (Senior Independent Non-Executive Director)

Members : ALFIAN BIN TAN SRI MOHAMED BASIR (Independent Non-Executive Director)

MOHD ISA BIN ISMAIL (Independent Non-Executive Director)

## Summary of Terms of Reference

### 1.0 Objectives

Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities in compliance with the relevant rules and regulations governing listed companies relating to risk management and accounting and reporting practices.

### 2.0 Size and Composition

Comprise exclusively at least three (3) Non-Executive Directors the majority of which must be Independent Non-Executive Directors, with at least one (1) of the Independent Non-Executive Directors of the Audit Committee is a member of the Malaysian Institute of Accountants or fulfils such requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

### 3.0 Chairman of the Audit Committee

An Independent Non-Executive Director shall be elected as Chairman from among its members.

In the event the elected Chairman is not able to attend a meeting, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.

### 4.0 Meetings of the Audit Committee

Meet not less than four (4) times a year with a minimum quorum of two (2).

### 5.0 Duties and Rights

5.1 The duties of the Audit Committee shall include the following:-

## Audit Committee Report (cont'd)

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- 5.1.1 To review the following and report the same to the Board of Directors;
- with the external auditors, the audit plan;
  - with the external auditors, their evaluation of the internal controls and management information systems;
  - with the external auditors, their audit report;
  - the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
  - the quarterly and annual financial statements of the Group, focusing particularly on:
    - any changes in accounting policies and practices;
    - significant adjustments arising from the audit;
    - the going concern assumption; and
    - compliance with accounting standards and other legal requirements;
  - any management letter sent by the external auditors to the Company and the management's response to such letter;
  - the assistance given by the Company's officers to the external auditors;
  - all areas of significant financial risks and the arrangements in place to manage those risks;
- 5.1.2 To consider the appointment/re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal, including a formal evaluation of the external auditors at least once a year;
- 5.1.3 To recommend the nomination of a person or persons as external auditors;
- 5.1.4 To discuss with the external auditors before the audit commences, their audit plan including the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved;
- 5.1.5 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- 5.1.6 To do the following in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function;
  - take cognisance of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his reasons for resigning;

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

Where the internal audit function is outsourced, the duties with regard to staffing of the internal audit function shall be modified and the service provider shall inform the Audit Committee on all relevant material changes in staffing.

To review the Risk Management Committee's reports and assist in ensuring that an appropriate risk management framework is in place and controls to manage the risks are appropriate;

- 5.1.7 To consider any related party transaction and potential conflict of interest situation that may arise within the Group or Company;
- 5.1.8 To consider the major findings of internal investigations and management's response; and
- 5.1.9 To consider other matters delegated by the Board of Directors.

## 5.2 The Audit Committee shall:-

- 5.2.1 Have explicit authority to investigate any matter within its terms of reference;
- 5.2.2 Have the resources which it needs to perform its duties;
- 5.2.3 Have full and unrestricted access to any information pertaining to the Company and its subsidiaries;
- 5.2.4 Have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
- 5.2.5 Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;
- 5.2.6 Be able to invite outsiders with relevant experience to attend its meetings if necessary; and
- 5.2.7 Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

- 5.3 Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.



## Audit Committee Report (cont'd)

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### **6.0 Audit Committee Reports**

An Audit Committee report and a Statement on Risk Management and Internal Control shall be prepared at the end of each financial year that complies with regulatory guidelines for inclusion in the annual report of the Company.

### **7.0 Rights of Auditors**

The external auditors and internal auditors have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required by the Audit Committee.

### **8.0 Functional Independence**

The Audit Committee shall function independently of the other Directors and Officers of the Group and of the Company. Such other Directors and Officers may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

### **9.0 Reporting of Breaches to the Exchange**

Where an Audit Committee is of view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

### **10.0 Retirement and Resignation**

Sufficient written notice is required from Audit Committee member who wish to retire or resign so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

### **11.0 Review of the Audit Committee**

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with the terms of reference.

## Meetings

The Audit Committee held four (4) meetings during the financial year ended 31 December 2014.

Details of attendance of the members at the Audit Committee meetings are as follows:-

Directors	Attendance of Meetings
Wang Shi Tsang	4/4
Alfian Bin Tan Sri Mohamed Basir	3/4
Mohd Isa Bin Ismail	3/4

Minutes of meetings of the Audit Committee are circulated to all members of the Audit Committee and the Board.

## Summary of Activities

During the year under review, the following were among the activities carried out by the Audit Committee:-

1. Reviewed with the external auditors their annual audit plan;
2. Reviewed with the external auditors the results of the annual audit, their management letter and management's response and confirmed there was no private issue;
3. Reviewed the adequacy of the scope, functions and resources of the Outsourced Internal Audit ("OIA") function, and that it has the necessary authority to carry out its work;
4. Reviewed and discussed the internal audit reports. The Audit Committee was briefed on the internal audit findings, recommended corrective action plans and Management's response to ensure the weaknesses, where applicable, have been addressed and rectified;
5. Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - compliance with accounting standards and other legal requirements;
6. Reviewed the related party transactions and conflict of interest situations that may arise within the Group or the Company and the procedures to track and approve such transactions;

## Audit Committee Report (cont'd)

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7. Reviewed the adequacy of risk management process to identify significant risks that may materially affect the achievement of the Group's strategic business and operational objectives and that the control system is in place to monitor and manage these risks;
8. Had private sessions with the external auditors without the presence of management staff and the Executive Board members;
9. Reviewed the recurrent related party transactions ("RRPT") of a revenue or trading nature within the Group prior to its recommendation to the Board for approval for inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' Mandate for RRPT; and
10. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.

Subsequent to the financial year ended 31 December 2014, the Audit Committee also evaluated the performance and independence of the external auditors and recommended that they be re-appointed for the ensuing year.

### Internal Audit Function

The Group has outsourced the internal audit function to an external party to assist the Audit Committee in ensuring the adequacy and effectiveness of the Group's risk management and internal control systems.

During the year under review, the OIA carried out its duties according to the approved audit plan, and areas of concern which require further improvement were highlighted in the audit reports and discussed in the Audit Committee meetings.

The OIA had conducted a control assessment survey on the Group, a risk and internal control review on the accounts and finance, human resource, procurement and marketing function of the Group's Singapore operations. They have also conducted a review on the controls over tendering of projects, customers' service after project completion, accounts receivable, payroll and HR records management, related party transactions and funds management of the Malaysian operations.

The cost incurred during the year under review for the OIA was RM 21,770.00.

The Board had via the Audit Committee evaluated the effectiveness of the internal audit by reviewing the results of its work in the Audit Committee meetings.

### Statement on Share Issuance Scheme

There was no Share Issuance Scheme in placed during the financial year ended 31 December 2014.

# Chairman's Statement



## Our Vision

- To be a leading company providing Innovative SCADA, Integrated Security and InfoComm Solutions.

## Our Mission

- To provide cost effective system solutions with state - of - the - art products and quality services.
- To continually develop customer relationship by meeting their needs and enhancing partnership.
- To consistently apply our Core Values into all our operations.

## Our Core Values

### Customer Focus

- We work in partnership with our customers.
- We listen to our customers to improve our products, services and deliveries.
- We fulfill our commitments to our customers.

### Commitment & Ownership

- We strive to achieve our company Vision, Mission and Objectives.
- We are committed to quality in our products and services.
- We take ownership of our jobs.

### Teamwork

- We believe in open communication, sharing of knowledge and experience to enhance our performance.
- We work as a team.
- We work synergistically to increase productivity, to improve trust and working relationships.

### Leadership

- We provide leadership so that our team members realise their highest personal and career potentials.
- We lead by example.
- We value opinions of our team members even though they may be different from ours.
- We are honest, trust-worthy and ethical in our actions at all times.

## Chairman's Statement (cont'd)

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# Dear valued shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and its Group of companies for the financial year ended 31 December 2014.

## Financial Review

For the financial year under review, the Group's revenue increased by 6.96% to RM109.75 million from RM102.61 million last financial year. We recorded lower profit after tax of RM17.20 million as compared to RM19.29 million in 2013 due to higher R&D expenses and manpower cost.

The Group's main markets continue to be Singapore and Malaysia. The Singapore and Malaysia operations contributed to 73% and 27% of the Group's revenue respectively. The Indonesia operations are still at development stage and will focus on providing SCADA and security solutions to the data centers, utilities and oil and gas market.

The Group's basic earnings per ordinary share is 7.15 sen as compared to 7.95 sen in 2013. Our net assets per share has increased to 40.90 sen from 35.30 sen in 2013.

## Dividend

In recognition of the confidence and support from our shareholders, the Board is pleased to recommend a first and final tax exempt dividend of 20% per share for the financial year ended 31 December 2014 for our shareholders' approval at the forthcoming Annual General Meeting. The entitlement and payment dates for the dividend will be on 15 May 2015 and 28 May 2015 respectively.

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## Industry Trend and Development

The SCADA (Supervisory Control and Data Acquisition) market has been showing a promising growth trend in recent years due to end user restructuring of business processes to improve efficiency and accuracy, to reduce staff cost and the requirement for real-time information that can be integrated from geographically dispersed assets. End users are also utilizing SCADA systems for a wide range of more complex operational applications and linking these to business processes to reduce infrastructure cost and to increase ease of maintenance and integration.

One of the key challenges of SCADA is Cyber-security. The move from proprietary technologies to more standardized and open solutions together with the increased number of connections between SCADA systems, office networks and the Internet has made SCADA more vulnerable to network attacks.

Technology continues to evolve in the monitoring and security market and innovation is always critical. As the market leader, our R&D team continues to develop new features to be incorporated in our products.

## Research and Development (“R&D”)

For 2014, the R&D group continued to leverage its decades of R&D expertise on new and customized products and solutions.

Therefore in 2014, the R&D division has embarked on a two-year major product upgrades and development of a new series of RTU and our core WillowLynx software. This is part of our long term plan to continuously supply the users with up-to-date hardware, software and solutions that comply with increasingly demanding industry requirements.

WillowLynx development will focus on simplifying user interface and configuration. This will enable the users to design better solutions at lower engineering cost. In the advent of mobile devices, we have developed new mobile solutions as an extension to WillowLynx. Customised for mobile devices, it presents a clear, simple and direct interface to all SCADA data in a secured environment. It supports all mobile platform including Apple, Android and Microsoft. Now both executives and operators can monitor process and operations anywhere at any time.

The new RTU will have quadrupled processing power, large dedicated memory for application and data logging and faster communication ports. It runs a newer version of operating system which supports all new security features.

## Chairman's Statement (cont'd)

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### Research and Development ("R&D") (continued)

The new RTU and WillowLynx architecture are designed for easy upgrades while maintaining backward compatibility with older systems.

Our R&D expenses in 2014 stood at about RM2.16 million.

### Prospects For The Year 2015

The demand for SCADA systems in the transportation and water and waste water treatment industries will continue to drive sales of the Group. For transportation, there will be opportunities for us in providing our systems and solutions to the Mass Rapid Transit, Light Rail Transit and High Speed Rail Systems.

We are in the process of setting up a Johor office to explore new business opportunities in the southern region areas such as the Iskandar Development Region, Nusajaya and Pengerang as well as to provide better services to our existing customers in the region. The office is expected to be fully operational by May 2015.

In Singapore, there will be more business opportunities due to population growth which leads to more demand in the water or waste water treatment, power transmission / distribution, gas transmission, integrated security monitoring of infrastructure in power sub-station and the transportation industry. Requirement for maintenance of newly installed SCADA systems also creates more opportunities for us.

The Indonesia operations are still at development stage and we are putting extra efforts to promote and seek business opportunities to develop our brand name in Indonesia.

### Human Capital Development

The Group nurtures employees to provide them with the relevant knowledge and technical skills. Right employees with the right skills are crucial in the execution of our strategies and to expand our business and market.

We constantly look out for strong performers to be groomed into future leaders. With this in mind, a performance management system has been put in place to meet challenges, promote innovation and develop top performing teams.



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## Acknowledgement and Appreciation

On behalf of the board, I wish to thank the Management and staff for their dedication and commitment to the Group.

The Group would like to extend our sincere appreciation and gratitude to our valued customers, business associates, partners, shareholders and regulatory authorities for their confidence and continued support.

ALFIAN BIN TAN SRI MOHAMED BASIR  
Chairman

## SCADA Projects



- 1 Railway Utilities Monitoring
- 2 Gas Transmission & Distribution Pipeline Monitoring
- 3 Oil & Gas
- 4 Sewerage Treatment Process Control and Plant Monitoring
- 5 Power Transmission Monitoring

- 6 Port Facilities Monitoring
- 7 Process Control and Plant Monitoring
- 8 Building Services Monitoring
- 9 Reservoir Monitoring

## Integrated Monitoring System (IMS) Projects



- 1 Building Integrated Security & Motoring Solution
- 2 Security System Command Centre
- 3 Turnstile Security System & Visitor Management System
- 4 Perimeter Fencing Monitoring

# Corporate Social Responsibility Disclosure

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The Group believes that effective corporate social responsibility can deliver benefits to its businesses and, in turn, to its shareholders, by enhancing reputation and business trust, relationship with regulators, staff motivation and attraction to talent, customer preference and loyalty, the goodwill of local communities and long term shareholder value.

The Group will always endeavour to discharge its corporate social responsibility diligently to the environment, the marketplace, its employees, the shareholders, the community and other stakeholders alike.

## Community

The Group recognises its responsibility to contribute to the capabilities of tomorrow's workforce. Since 2002, we provide industrial training opportunities to students from various colleges and universities.

The Group continues its effort in caring for the people in need and has supported the local charities with donations during the financial year.

## Environment

Although the Group does not operate in an environmentally sensitive business, we recognise its duty to minimise its impact on the environment. The Group has identified opportunities to reuse and recycle or minimise the resources it consumes as the Group believes in caring for the environment through efficient utilisation and recycling of resources. The Group also encourages the adoption of energy efficient electronics, LED lighting and electrical appliances.

The Group also ensures compliance with any change in the environmental laws and regulations, as well as promoting awareness among our staff to minimise the usage of electricity, water and paper. During the financial year, the management encourages staff to recycle paper and reduce the storage of paper and documents. We educate the staff on the importance of energy conservation such as instilling good habit of switching off lights and air-conditioning during lunch time or when they are out from the office. The staff is also encouraged to fully maximise the benefits of ICT (eg. email, etc)

## Marketplace

Every employee of the Group is expected to maintain the highest standards of propriety, integrity and ethical conduct in all their business relationships and the Group is held to the same standard in its compliance with all applicable legal and regulatory requirements.

We ensure that stakeholders are kept informed of the Group's performance and have open channels for dialogues during our general meetings and feedback on our corporate website.

The Group will also support the market with good products, engaging in ethical procurement practices, and maintaining quality of its service and business offerings.



## Workplace

The Group considers its people as the most valuable asset. We believe training and development is important in developing and upgrading skills, knowledge and attitudes to ensure optimal performance. All new staff is given induction training and we constantly provide in-house and external training programmes to enhance and increase employees' job-related skills, knowledge and experience.

We offer our staff an attractive benefits package, including Personal Accident Insurance and Medical Plan. The Group organises social gatherings periodically to maintain harmony and build better rapport between employees. The Group believes that each and every staff of the workforce can contribute something, either big or small to the Company. We also continually reward and recognise employees for their outstanding efforts and performance during the financial year.

We strive to maintain a safe and healthy working environment for all the employees because creating a safe working environment and ensuring safe practices in all aspects is the paramount duty of the Group. Preventive actions are taken to mitigate risks such as allocating First Aid Kit boxes in office premises and employing security guards.

The Group does not have any specific diversity policy for the workforce in terms of gender, ethnicity and age group. The recruitment and selection process of the Group's workforce is mainly dependent on aspects such as the nature of the job, the skills and experience required for the job.

As at 9 March 2015, the breakdown of the Group's employees by gender, ethnicity and age group in percentage is as follows :-

EXECUTIVE STAFF										
Age range	20>30		30>40		40>50		50>60		>60	
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Malay	11.19%	2.99%	5.22%	0.75%	1.49%	-	-	-	-	-
Chinese	8.21%	4.48%	18.61%	3.73%	4.48%	0.75%	-	2.24%	1.49%	0.75%
India	2.24%	-	2.24%	-	-	-	-	-	-	-
Others	0.75%	-	2.99%	0.75%	-	-	-	-	-	-
NON-EXECUTIVE STAFF										
Age range	20>30		30>40		40>50		50>60		>60	
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Malay	8.21%	4.48%	7.46%	-	-	-	0.75%	-	-	-
Chinese	-	0.75%	0.75%	-	-	-	-	0.75%	-	-
India	-	-	-	0.75%	-	0.75%	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>30.60%</b>	<b>12.70%</b>	<b>37.27%</b>	<b>5.98%</b>	<b>5.97%</b>	<b>1.50%</b>	<b>0.75%</b>	<b>2.99%</b>	<b>1.49%</b>	<b>0.75%</b>

# Corporate Governance Statement

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The Board is committed to achieve and maintain a high standard of corporate governance in order to protect and enhance the shareholders' value and corporate performance in the Group. The Board fully subscribes to the Principles and Recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

The Board is pleased to present this Statement which outlines the key aspects of how the Company has applied the Principles and Recommendations of MCCG 2012 and the governance standards in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad during the financial year ended 31 December 2014.

## 1. Directors

### 1.1 The Board

The Board has overall responsibility for strategic planning and direction, setting the corporate goals, organising resources, monitoring the achievement of the goals and evaluating whether the Company's business is being properly managed.

The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities. The Board supports the highest standards of corporate governance and the application of the Principles and Recommendations in the framework issued by MCCG 2012.

### 1.2 Board Charter and Code of Ethics

The Board Charter outlines the roles and responsibilities of the Board. The charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available at the Company's website.

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

### 1.3 Board Balance

The Board consists of six (6) members, comprising the Independent Non-Executive Chairman, the Group Managing Director, the Executive Director, the Senior Independent Non-Executive Director and two (2) other Independent Non-Executive Directors.

The current Board composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market (LR). More than one third (1/3) of the Board is represented by Independent Non-Executive Directors who are independent of management, thereby ensuring independence in the Board deliberations and decision-making.

The Profile of the Directors is set out in this Annual Report.

The Directors combined in them have expertise and experience in various fields such as economics and investment, public services, accounting, taxation and legal. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group.

The Chairman ensures the orderly conduct and effective running of the Board while the Managing Director manages the Group's day-to-day activities in achieving corporate and business objectives.

The Independent Directors provide unbiased views and impartiality to the Board discussions and decision making and ensure that the interests of all shareholders are fairly represented at Board deliberations. Annual assessment is carried out on the Independent Directors by the Nomination & Remuneration Committee.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all the Directors before the beginning of every year.

#### **1.4 Re-appointment as Independent Non-Executive Directors**

Recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

The Nomination & Remuneration Committee and Board have assessed the independence of Wang Shi Tsang and Alfian Bin Tan Sri Mohamed Basir, who each has served on the Board as Independent Non-Executive Directors for more than nine (9) years and recommend that they be re-appointed as Independent Non-Executive Directors as they continue to bring independent and objective judgement to board deliberations and continue to meet the following criteria for independence in discharging their roles and functions as Independent Non-Executive Directors of the Company :-

- 1.4.1 fulfilled the criteria under the definition of Independent Director pursuant to the LR;
- 1.4.2 vast experience in respective industries which could provide the Board with a diverse set of experience, expertise and independent judgement;
- 1.4.3 actively participate in board deliberations and decision making in an objective manner;
- 1.4.4 devoted sufficient time and attention to their responsibilities as an Independent Non-Executive Director of the Company; and
- 1.4.5 exercised due care in the interest of the Company and shareholders during tenure as an Independent Non-Executive Director of the Company.



## Corporate Governance Statement (cont'd)

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### 1.5 Supply of Information

All Directors have full access to information concerning the Company and the Group. Board papers and reports which include quarterly and annual financial statements and corporate information are distributed to the Directors prior to the Board Meeting and to enable Directors to obtain further information, where necessary, in order to be properly briefed before meeting.

The Directors also have access to the advice and services of the Company Secretary, senior management staff as well as independent professional advisers including the external auditors.

### 1.6 Appointment to the Board

The Nomination & Remuneration Committee was established on 15 November 2002. The members of the Nomination & Remuneration Committee who served during the financial year ended are set out in the Corporate Information of this Annual Report.

The Committee is empowered by its terms of reference and its primary function is to recommend new candidates for directorship to the Board, recommend Directors to fill the seats on the Board Committees, assess the effectiveness of the Board, Board Committees and its members, assist the Board in reviewing the required mix of skills and experience and other qualities of the Board and ascertain a fair and comparable remuneration package for Executive Directors.

### 1.7 Re-election of Directors

In accordance with the Company's Articles of Association, one third (1/3) of the Directors shall retire by rotation annually, provided always that all Directors shall retire from office at least once in every three (3) years. Retiring Directors can offer themselves for re-election.

### 1.8 Directors' Training

All the Directors have complied with the Mandatory Accreditation Program requirement within the timeframe stipulated by the LR. The Directors are mindful that they should continue to attend seminars and courses to keep abreast with developments in the market place as well as new regulations and statutory requirements.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues that would best enable them to enhance their knowledge and contributions to the Board.

The training programme, seminar and/or conferences attended by the Directors during the financial year are as follows:-

- 1.8.1 Internet of Things & M2M Conference & Exhibition
- 1.8.2 Managing Generation Y
- 1.8.3 National Tax Conference 2014

- 1.8.4 Managing the Impact of GST on Employee Benefits (Re-Run)
- 1.8.5 2015 Budget Seminar
- 1.8.6 MIA International Accountants Conference 2014
- 1.8.7 GST Customized Workshop

## 1.9 Board Committees

In order to ensure the Board's effectiveness as well as to comply with certain fiduciary duties, the Board has delegated certain responsibilities to the following committees, which operate within clearly defined terms of reference:-

### 1.9.1 Audit Committee

The composition, summary of the terms of reference and summary of activities of the Audit Committee is included in the Audit Committee Report of this Annual Report.

### 1.9.2 Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises the Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors.

The Committee recommends to the Board on the assessment and appointment of new Directors, meets to discuss and review the assessment of other committees and their members in a periodic review of the members' performance and their contribution to their respective committees and make recommendations to the Board. In addition to the annual review of the performance of each Director, the Committee also assesses the independence of the Independent Directors. The Committee also carries out annual reviews and recommends to the Board the remuneration, compensation and benefits package of the Executive Directors.

During the financial year 2014, the Nomination & Remuneration Committee assisted the Board on the following functions:-

- 1.9.1.1 assessed the effectiveness of the Board as a whole and the Board Committees;
- 1.9.1.2 reviewed and assessed the performance of all individual Directors and the independence of Directors;
- 1.9.1.3 reviewed the independency of the Independent Directors;
- 1.9.1.4 review of required mix of skills, experience and other qualities required for the Board to function completely and effectively;
- 1.9.1.5 reviewed the training programmes attended by the Directors during the financial year;
- 1.9.1.6 recommended to the Board the re-election of Directors who will retire at the forthcoming AGM of the Company; and
- 1.9.1.7 recommended to the Board on the retention of independent directors who had served the Company for more than nine (9) years term.

## Corporate Governance Statement (cont'd)

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Following the annual review, the Nomination & Remuneration Committee agreed that the Board, the Board Committees and each individual Director had performed effectively and the composition of the Board is appropriate and well balanced in terms of size, mix of skills and experience.

The annual assessment of each individual Director enables the Board to ensure that each of the Board members including the Managing Director has the character, experience, integrity, competence and time to effectively discharge their respective roles.

The Nomination & Remuneration Committee obtained an annual declaration of independence from the Independent Directors confirming that they will continue to maintain their status of independence pursuant to the Listing Requirements. The Board is also satisfied that these Directors remain independent of management, and objective in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

### **1.10 Gender, Ethnicity and Age Group Diversity Policies**

The Board is cognisant of the gender diversity recommendation promoted by MCCG 2012 pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation.

The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have specific policy on setting target for female candidates in the workforce. The Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board, the Nomination & Remuneration Committee will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board.

## 2. Directors' Remuneration

The remuneration of the Executive Director is structured so as to link rewards to corporate and individual performance in order to attract, retain and motivate the Executive Director to run the Group successfully. For the Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. Remuneration of the Executive Director is considered and recommended by the Nomination & Remuneration Committee. Remuneration of Non-Executive Directors and the Executive Director is approved by the full Board of Directors with directors' fee recommended to the shareholders for approval.

Directors' remuneration for the financial year ended 31 December 2014 is as follows:-

Remuneration Components	Company	
	Executive Directors RM	Non-Executive Directors RM
Directors' fees	30,000	60,000
Salaries and bonus	2,130,000	-
	<b>2,160,000</b>	<b>60,000</b>

The number of Directors in each remuneration band for the financial year is as follows:-

Remuneration Band	Company	
	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4
RM500,001 to RM550,000	1	-
RM1,600,000 to RM1,650,000	1	-

## Corporate Governance Statement (cont'd)

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### 3. Shareholders

#### 3.1 Dialogue between companies and investors

The Board recognises the importance of keeping the shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Group's annual reports, circulars, quarterly results and the various announcements made from time to time.

The Company also maintains a website at [www.willowglen.com.my](http://www.willowglen.com.my), which provides pertinent and updated information on the corporate and business aspects of the Group. Alternatively, they may obtain the Company's latest announcements via Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

#### 3.2 Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with individual shareholders and investors, gathering views and answering questions on all issues relevant to Group's business activities and prospects. The Board encourages full participation by shareholders at every General Meeting of the Company and every opportunity is given to the shareholders to raise questions on any item in the agenda or the Group's operation in general.

The notice and agenda of AGM together with Form of Proxy are given to shareholders at least 21 days before AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxy to attend and vote on their behalf. Each item of special business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

### 4. Accountability and Audit

#### 4.1 Financial Reporting

In its financial reporting to the shareholders and other interested parties by means of annual financial statements and quarterly results announcements, the Board aims to present a balanced and understandable assessment of the Group's financial position and prospects.

#### 4.2 Statement of Directors' Responsibility

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company for that financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2014, appropriate accounting policies have been adopted, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also

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consider that all the relevant approved accounting standards have been followed in the preparation of these statements.

The Directors are also responsible for safeguarding the assets of the Group and of the Company and have taken reasonable steps in the prevention and detection of fraud and other irregularities.

#### **4.3 Internal Control**

The Group's internal audit function is carried out by outsourced external consultants who assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes. Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

#### **4.4 Relationship with External Auditors**

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's external auditors. Representatives of the external auditors were invited for the meeting to brief the Audit Committee on specific issues arising from the annual audit of the Group.

# Statement on Risk Management and Internal Control

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## Introduction

The Board of Directors of Willowglen MSC Berhad is committed to maintain a sound system of internal control and effective risk management practices for good corporate governance. The Board is pleased to provide the following statement, which outlines the risk management and internal control processes of the Group during the year under review.

## Board's Responsibilities

The Board recognizes and affirms its overall responsibility for the Group's system of internal control and risk management as well as reviewing the adequacy and effectiveness of those systems on a regular basis. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, they can only provide reasonable assurance rather than absolute assurance against material misstatement or loss.

The Board has established the Risk Management Committee to oversee the overall risk management process. Senior management contributes to the formulation of operating policies and procedures, including authority limits. The internal audit function checks that such operating policies and procedures have been complied with and also checks on the effectiveness of the internal controls.

The Board, through the Audit Committee, observed that measures were taken on areas identified for improvement, as part of management's continuous efforts to strengthen the Group's internal control.

## Risk Management Framework

A Risk Management Committee ("RMC") was set up to drive the risk management process in identifying principal business risks and ensure the implementation of appropriate controls to manage these risks.

The RMC comprises two (2) representatives of the Board and four (4) members of the management team, whilst each business unit's risk management is led by the respective head of unit. The RMC oversees the potential risks concerning the business and operations to ensure that they are effectively managed and report its concerns to the Board and the Audit Committee. Risk management is a continuous process of identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group.

RMC meets at least three (3) times per annum and the invitees from the respective business units attend the RMC meetings to brief the committee on the significant risks identified so that these risks are constantly monitored and appropriate actions are promptly taken.

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## Control Structure and Environment

The Board is committed to maintain a strong control structure and environment for the proper conduct of the Group's business operations.

The Board has identified human capital management and development as a key area for risk management and the efforts taken are highlighted in the Chairman's Statement.

The following sets out the key elements of the system of internal control of the Group:

- An organisational structure with formally defined lines of responsibility and delegation of authority. Structured authority limits provide a framework of authority and accountability within the Group and this facilitates timely corporate decision making at the appropriate levels in the Group.
- The Group performs annual budgeting and target setting processes including development of business strategies.
- Policies and procedures of operating units within the Group are documented in Standard Operating Procedures manuals. The standard operating procedures are periodically updated to reflect changing risks or to resolve operational deficiencies.
- The Board and Audit Committee have engaged the Outsourced Internal Auditors ("OIA") to carry out the internal audit function. The OIA monitors compliance with policies and procedures and the effectiveness of internal controls. The OIA adopts a risk-based approach in identifying areas of priority and carries out its duties according to the annual internal audit plan approved by the Audit Committee. The OIA also carries out follow up audits. Findings in respect of any material non-compliance are reported to the Audit Committee.
- The Audit Committee reviews the audit reports on internal control and risk issues identified by the OIA and external auditors and ensure Management takes prompt and adequate corrective actions on the reported weaknesses and non-compliances identified in the audits.

## Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Company for the financial year ended 31 December 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the risk management processes and internal controls.



## Statement on Risk Management and Internal Control (cont'd)

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### Conclusion

The system of internal control and risk management are embedded into the operations of the Group, and actions taken to mitigate any weaknesses are carefully monitored.

The Board has received assurance from the Group Managing Director, Executive Director, subsidiaries' Chief Executive Officer and General Manager-Finance & Admin (Group Accountant) that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the existing systems of risk management and internal control are adequate but will continue to take appropriate measures to strengthen the control environment in the face of changing regulations and operating conditions. There was no material control failure or weakness that would have a material adverse effect on the results of the Group during the current financial year.

# Financial Statements

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Directors' Report	46
Statements of Financial Position	51
Statements of Profit or Loss and Other Comprehensive Income	53
Statements of Changes in Equity	55
Statements of Cash Flows	58
Notes to the Financial Statements	61
Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses	123
Statement by Directors	124
Statutory Declaration	125
Independent Auditors' Report	126

## Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

### Principal activities

The Company is principally engaged in the research, development and supply of computer-based control systems. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

### Results

	Group RM'000	Company RM'000
<b>Profit net of tax</b>	17,200	14,775
<b>Other comprehensive income for the financial year, net of tax</b>	1,252	-
<b>Total comprehensive income for the financial year</b>	18,452	14,775
<b>Profit attributable to:</b>		
Owners of the parent	17,414	14,775
Non-controlling interests	(214)	-
	17,200	14,775
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	18,653	14,775
Non-controlling interests	(201)	-
	18,452	14,775

### Dividends

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
First and final tax exempt dividend of 20% on 243,396,600 ordinary shares in respect of the financial year ended 31 December 2013, approved by shareholders at the Annual General Meeting on 30 April 2014 and payable on 28 May 2014	4,868

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 20% per share in respect of the financial year ended 31 December 2014 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

## Reserves and provisions

There were no material transfers to and from reserves and provisions during the financial year other than as disclosed in the financial statements.

## Bad and doubtful debts

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

## Current assets

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

## Valuation methods

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

## Contingent and other liabilities

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liabilities or other liabilities 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

## Change of circumstances

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 of the Group and of the Company, that would render any amount stated in the financial statements misleading.

## Directors' Report (cont'd)

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### Items of an unusual nature

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

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### Issue of shares and debentures

During the financial year, the Company did not issue any shares or debentures.

### Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 30 April 2014, have approved the Company's plan to repurchase its own shares.

During the financial year, the Company repurchased 20,000 of its issued ordinary shares of RM0.10 each from the open market at an average price of RM0.820 per share. The total consideration paid for the repurchased shares including transaction costs was RM16,521/-. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2014, the Group held as treasury shares a total of 4,613,400 of its 248,000,000 issued ordinary shares as disclosed in Note 18 to the financial statements.

### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

### Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:-

Alfian Bin Tan Sri Mohamed Basir  
Wang Shi Tsang  
Wong Ah Chiew  
Mohd Isa Bin Ismail  
Au Chun Choong  
Simon Wong Chu Keong

### Directors' interests

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31 December 2014 are as follows:-

	Number of ordinary shares of RM0.10 each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
The Company <b>Willowglen MSC Berhad</b>				
<b>Direct interest</b>				
Wong Ah Chiew	1,500,000	-	-	1,500,000
<b>Deemed Interest</b>				
Wong Ah Chiew*	76,566,563	-	-	76,566,563
Simon Wong Chu Keong**	75,130,263	-	-	75,130,263

\* Deemed interest held through New Advent Sdn. Bhd., Elegant Preference Sdn. Bhd., Jian Qi Holdings Sdn. Bhd., his spouse and son.

\*\* Deemed interest held through New Advent Sdn. Bhd.

By virtue of their interests in the shares of the Company, Wong Ah Chiew and Simon Wong Chu Keong are also deemed to be interested in the shares of the subsidiaries to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year held any interest in the shares of the Company or its related corporations during the financial year.

#### Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

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

#### Significant events during the financial year

Significant events that occurred during the financial year are disclosed in Note 36 to the financial statements.

## Directors' Report (cont'd)

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### Auditors

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

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WONG AH CHIEW  
Director

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SIMON WONG CHU KEONG  
Director

Kuala Lumpur  
Date : 16 March 2015

## Statements of Financial Position

As at 31 December 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	10,564	7,131	2,979	209
Investment property	6	1,650	1,650	-	-
Intangible asset	7	1,557	-	-	-
Investment in subsidiaries	8	-	-	20,249	18,844
Investment securities	9	-	-	-	-
Deferred tax assets	10	186	175	-	-
<b>Total non-current assets</b>		<b>13,957</b>	<b>8,956</b>	<b>23,228</b>	<b>19,053</b>
<b>Current assets</b>					
Inventories	11	1,636	1,472	-	693
Amount due from contract customers	12	31,609	28,580	-	144
Trade receivables	13	17,891	21,256	276	611
Other receivables, deposits and prepayments	14	2,682	1,149	87	62
Amount due from subsidiaries	15	-	-	15,798	7,365
Tax recoverable		368	108	108	56
Cash and bank balances	16	50,890	43,018	10,078	11,792
<b>Total current assets</b>		<b>105,076</b>	<b>95,583</b>	<b>26,347</b>	<b>20,723</b>
<b>Total assets</b>		<b>119,033</b>	<b>104,539</b>	<b>49,575</b>	<b>39,776</b>



## Statements of Financial Position (cont'd)

As at 31 December 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	17	24,800	24,800	24,800	24,800
Treasury shares	18	(1,670)	(1,653)	(1,670)	(1,653)
Reserves	19	76,505	62,720	25,863	15,956
<b>Total equity attributable to owners of the parent</b>		<b>99,635</b>	<b>85,867</b>	<b>48,993</b>	<b>39,103</b>
Non-controlling interests		702	300	-	-
<b>Total equity</b>		<b>100,337</b>	<b>86,167</b>	<b>48,993</b>	<b>39,103</b>
<b>Non-current liabilities</b>					
Employee benefits	20	54	52	-	-
Provisions	21	79	78	-	-
Deferred tax liabilities	10	118	199	-	-
<b>Total non-current liabilities</b>		<b>251</b>	<b>329</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Amount due to contract customers	12	3,744	7,873	112	82
Provisions	21	387	37	-	-
Trade payables	22	8,641	4,542	124	304
Other payables and accruals	23	1,986	1,751	346	287
Tax payable		3,687	3,840	-	-
<b>Total current liabilities</b>		<b>18,445</b>	<b>18,043</b>	<b>582</b>	<b>673</b>
<b>Total liabilities</b>		<b>18,696</b>	<b>18,372</b>	<b>582</b>	<b>673</b>
<b>Total equity and liabilities</b>		<b>119,033</b>	<b>104,539</b>	<b>49,575</b>	<b>39,776</b>

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

## Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Continuing operations</b>					
Revenue	24	109,754	102,611	3,701	6,982
Cost of sales		(69,347)	(65,844)	(1,234)	(3,863)
<b>Gross profit</b>		<b>40,407</b>	36,767	<b>2,467</b>	3,119
Other operating income		1,025	1,626	16,215	6,959
Administrative expenses		(20,835)	(15,281)	(3,908)	(4,234)
<b>Operating profit</b>	25	<b>20,597</b>	23,112	<b>14,774</b>	5,844
Finance costs		-	-	-	-
<b>Profit before tax</b>		<b>20,597</b>	23,112	<b>14,774</b>	5,844
Income tax expense	26	(3,397)	(3,821)	1	1
<b>Profit net of tax</b>		<b>17,200</b>	19,291	<b>14,775</b>	5,845
<b>Other comprehensive income for the financial year, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Net loss on fair value changes on available for sale financial asset		-	(159)	-	-
Available for sale financial asset - reclassified to profit or loss		-	(97)	-	-
Foreign currency translation		1,252	1,761	-	-
		<b>1,252</b>	1,505	-	-
<b>Total comprehensive income for the financial year</b>		<b>18,452</b>	20,796	<b>14,775</b>	5,845

## Statements of Profit or Loss and Other Comprehensive Income (cont'd)

For the financial year ended 31 December 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Profit attributable to:</b>					
Owners of the parent		<b>17,414</b>	19,359	<b>14,775</b>	5,845
Non-controlling interests		<b>(214)</b>	(68)	-	-
		<b>17,200</b>	19,291	<b>14,775</b>	5,845
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		<b>18,653</b>	20,868	<b>14,775</b>	5,845
Non-controlling interests		<b>(201)</b>	(72)	-	-
		<b>18,452</b>	20,796	<b>14,775</b>	5,845
<b>Earnings per ordinary share attributable to owners of the parent (sen)</b>					
- basic	27	<b>7.15</b>	7.95		
- diluted	27	<b>7.15</b>	7.95		

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

## Statements of Changes in Equity

For the financial year ended 31 December 2014

	Attributable to Owners of the Parent		Distributable				Total Equity RM'000		
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000		Non- Controlling Interests RM'000	
Group	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 January 2014	24,800	(1,653)	4,440	(7,585)	5,143	60,722	85,867	300	86,167
Foreign currency translation	-	-	-	-	1,239	-	1,239	13	1,252
Total other comprehensive income for the financial year, net of tax	-	-	-	-	1,239	-	1,239	13	1,252
Profit/(loss) net of tax	-	-	-	-	-	17,414	17,414	(214)	17,200
Total comprehensive income for the financial year	-	-	-	-	1,239	17,414	18,653	(201)	18,452
Transactions with owners:									
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	603	603
Repurchase of treasury shares Dividends (Note 28)	-	(17)	-	-	-	-	(17)	-	(17)
	-	-	-	-	-	(4,868)	(4,868)	-	(4,868)
Total transactions with owners	-	(17)	-	-	-	(4,868)	(4,885)	603	(4,885)
At 31 December 2014	24,800	(1,670)	4,440	(7,585)	6,382	73,268	99,635	702	100,337

## Statements of Changes in Equity

For the financial year ended 31 December 2014

Group	←			Attributable to Owners of the Parent					→		
	←			Non-Distributable		Fair Value			Distributable		
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve RM'000	Adjustment Reserve RM'000	Retained Earnings RM'000	Total RM'000	Controlling Interest RM'000	Total Equity RM'000	
At 1 January 2013	24,800	(1,653)	4,440	(7,585)	3,378	256	48,665	72,301	31	72,332	
Available for sale financial asset:-											
- net gain on fair value changes	-	-	-	-	-	(159)	-	(159)	-	(159)	
- reclassified to profit or loss	-	-	-	-	-	(97)	-	(97)	-	(97)	
Foreign currency translation	-	-	-	-	1,765	-	-	1,765	(4)	1,761	
Total other comprehensive income for the financial year, net of tax Profit/(loss) net of tax	-	-	-	-	1,765	(256)	-	1,509	(4)	1,505	
	-	-	-	-	-	-	19,359	19,359	(68)	19,291	
Total comprehensive income for the financial year	-	-	-	-	1,765	(256)	19,359	20,868	(72)	20,796	
Transactions with owners:											
Arising from increase in share capital in subsidiary	-	-	-	-	-	-	-	-	341	341	
Dividends (Note 28)	-	-	-	-	-	-	(7,302)	(7,302)	-	(7,302)	
Total transactions with owners	-	-	-	-	-	-	(7,302)	(7,302)	341	(6,961)	
At 31 December 2013	24,800	(1,653)	4,440	(7,585)	5,143	-	60,722	85,867	300	86,167	

Company	← Non-Distributable →		Distributable		Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Retained Earnings RM'000	
At 1 January 2014	24,800	(1,653)	4,440	11,516	39,103
Profit net of tax and total comprehensive income for the financial year	-	-	-	14,775	14,775
Transactions with owners:					
Repurchase of treasury shares	-	(17)	-	-	(17)
Dividends (Note 28)	-	-	-	(4,868)	(4,868)
Total transactions with owners	-	(17)	-	(4,868)	(4,885)
At 31 December 2014	24,800	(1,670)	4,440	21,423	48,993
At 1 January 2013	24,800	(1,653)	4,440	12,973	40,560
Profit net of tax and total comprehensive income for the financial year	-	-	-	5,845	5,845
Transactions with owners:					
Dividends (Note 28)	-	-	-	(7,302)	(7,302)
Total transactions with owners	-	-	-	(7,302)	(7,302)
At 31 December 2013	24,800	(1,653)	4,440	11,516	39,103

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

## Statements of Cash Flows

For the financial year ended 31 December 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from Operating activities</b>				
Profit before tax	<b>20,597</b>	23,112	<b>14,774</b>	5,844
Adjustments for:-				
Amortisation of intangible assets	<b>283</b>	-	-	-
Bad debts written-off	<b>5</b>	-	-	-
Depreciation of property, plant and equipment	<b>1,123</b>	754	<b>100</b>	60
Dividend income	-	-	<b>(15,374)</b>	(6,254)
Fair value gain on investment property	-	(650)	-	-
Gain on derecognition of investment securities	-	(97)	-	-
Goodwill written-off	-	47	-	-
Interest income	<b>(393)</b>	(460)	<b>(453)</b>	(409)
Property, plant and equipment written-off	<b>2</b>	3	-	-
Unrealised gain on foreign exchange	<b>(222)</b>	(255)	<b>(216)</b>	(251)
<b>Operating profit/(loss) before changes in working capital</b>	<b>21,395</b>	22,454	<b>(1,169)</b>	(1,010)
Changes in working capital:				
Net changes in employee benefit and provisions	<b>353</b>	(88)	-	-
Net changes in inventories	<b>(164)</b>	(223)	<b>693</b>	(217)
Net changes in contract customers	<b>(7,158)</b>	2,099	<b>174</b>	(110)
Net changes in receivables	<b>1,833</b>	(5,780)	<b>310</b>	280
Net changes in payables	<b>4,330</b>	1,081	<b>(121)</b>	438
Net changes in inter-company balances	-	-	<b>(8,433)</b>	974
<b>Cash generated from/(used in) operations carried forward</b>	<b>20,589</b>	19,543	<b>(8,546)</b>	355

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash generated from/(used in) operations brought forward</b>		<b>20,589</b>	19,543	<b>(8,546)</b>	355
Interest received		<b>393</b>	460	<b>453</b>	409
Tax paid		<b>(3,902)</b>	(2,932)	<b>(54)</b>	(55)
<b>Net cash from/(used in) operating activities</b>		<b>17,080</b>	17,071	<b>(8,147)</b>	709
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	8	<b>(1,396)</b>	-	<b>(1,402)</b>	-
Dividend received		-	-	<b>15,374</b>	6,254
Additional investment in subsidiaries		-	-	-	(1,342)
Proceeds from disposal of investment securities		-	2,300	-	-
Purchase of property, plant and equipment		<b>(4,363)</b>	(1,654)	<b>(2,870)</b>	(89)
<b>Net cash (used in)/generated from investing activities</b>		<b>(5,759)</b>	646	<b>11,102</b>	4,823
<b>Cash flows from financing activities:</b>					
Dividends paid	28	<b>(4,868)</b>	(7,302)	<b>(4,868)</b>	(7,302)
Fixed term deposits held as security value		<b>404</b>	(43)	<b>594</b>	(33)
Repurchase of treasury shares		<b>(17)</b>	-	<b>(17)</b>	-
<b>Net cash flows used in financing activities</b>		<b>(4,481)</b>	(7,345)	<b>(4,291)</b>	(7,335)
<b>Net change in cash and cash equivalents carried forward</b>		<b>6,840</b>	10,372	<b>(1,336)</b>	(1,803)



## Statements of Cash Flows (cont'd)

For the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Net change in cash and cash equivalents brought forward</b>		<b>6,840</b>	10,372	<b>(1,336)</b>	(1,803)
Effect of exchange rate changes on cash and cash equivalents		<b>1,436</b>	1,928	<b>216</b>	251
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>40,893</b>	28,593	<b>10,622</b>	12,174
<b>Cash and cash equivalents at the end of the financial year</b>		<b>49,169</b>	40,893	<b>9,502</b>	10,622
<b>Analysis of cash and cash equivalents:</b>					
Fixed deposits placed with licensed banks		<b>34,553</b>	29,321	<b>8,924</b>	9,379
Short term investment		<b>864</b>	2,232	<b>864</b>	2,232
Cash at banks and on hand		<b>15,473</b>	11,465	<b>290</b>	181
	16	<b>50,890</b>	43,018	<b>10,078</b>	11,792
Less: Fixed deposits held as security value		<b>(1,721)</b>	(2,125)	<b>(576)</b>	(1,170)
		<b>49,169</b>	40,893	<b>9,502</b>	10,622

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

## Notes to the Financial Statements

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### 1. General information

The Company is principally engaged in the research, development and supply of computer-based control systems. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

The registered office of the Company is located at No.17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The principal place of business of the Company is located at No. 17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 March 2015.

### 2. Summary of significant accounting policies

#### 2.1 Basis of Preparation

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 of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

## Notes to the Financial Statements (cont'd)

### 2. Summary of significant accounting policies (continued)

#### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

##### (a) Adoption of Amendments/Improvements to MFRSs and New IC Int

The Group and the Company had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

##### Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

##### New IC Int

IC Int 21	Levies
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The adoption of the above amendments/improvements to MFRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

##### **Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements**

The Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS 139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

##### **Amendments to MFRS 132 Financial Instruments: Presentation**

The Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

The Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

#### **Amendments to MFRS 136 Impairment of Assets**

The Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

#### **Amendments to MFRS 139 Financial Instruments: Recognition and Measurement**

The Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

#### **IC Int 21 Levies**

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

#### **(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted**

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

## Notes to the Financial Statements (cont'd)

### 2. Summary of significant accounting policies (continued)

#### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

##### (b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs, are summarised below. The Group and the Company do not anticipate that the application of the above new MFRSs and amendments/improvements to accounting standards and IC Int when they are effective will have a material impact on the financial position and the financial performance of the Group and of the Company.

#### **MFRS 9 Financial Instruments**

MFRS 9 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.

#### **Classification and measurement**

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

### **Impairment**

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

### **Hedge accounting**

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

### **MFRS 15 Revenue from Contracts with Customers**

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

## Notes to the Financial Statements (cont'd)

### 2. Summary of significant accounting policies (continued)

#### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

##### (b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

##### MFRS 15 Revenue from Contracts with Customers (continued)

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

##### Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

The Amendments to MFRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

##### Amendments to MFRS 2 Share-based Payment

The Amendments to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

##### Amendments to MFRS 3 Business Combinations

The Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself.

##### Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

### **Amendments to MFRS 7 Financial Instruments: Disclosures**

The Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarifies the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

### **Amendments to MFRS 8 Operating Segments**

The Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

### **Amendments to MFRS 11 Joint Arrangements**

The Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

### **Amendments to MFRS 13 Fair Value Measurement**

The Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

### **Amendments to MFRS 101 Presentation of Financial Statements**

The Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.



## Notes to the Financial Statements (cont'd)

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### 2. Summary of significant accounting policies (continued)

#### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

##### (b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

###### **Amendments to MFRS 116 Property, Plant and Equipment**

The Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

The Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

###### **Amendments to MFRS 119 Employee Benefits**

The Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

###### **Amendments to MFRS 124 Related Party Disclosures**

The Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

###### **Amendments to MFRS 127 Separate Financial Statements**

The Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

### **Amendments to MFRS 138 Intangible Assets**

The Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

### **Amendments to MFRS 140 Investment Property**

The Amendments to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

### **Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture**

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

### **Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures**

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

## Notes to the Financial Statements (cont'd)

### 2. Summary of significant accounting policies (continued)

#### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

##### (b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (continued)

##### **Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures**

These Amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:-  
the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:-  
the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:-  
the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

### 3. Significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

#### (a) Basis of Consolidation

##### i. Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

## **(ii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combinations are expensed as incurred.

Acquisitions of subsidiaries are accounted for using the purchase method except for certain business combinations which were accounted using the merger method as subsidiaries that were consolidated prior to 1 January 2006 in accordance with FRS 122<sub>2004</sub> Business Combinations, the generally accepted accounting principles prevailing at that time. The Group has taken advantage of the exemption provided by MFRS 3 to apply this Standard prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with this Standard.

## **(iii) Acquisitions of non-controlling interests**

The Group accounts for all changes in its ownerships interest in subsidiaries that do not result in a loss of control as equity transactions between the Group and its non-controlling interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

## **(iv) Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interest and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

## Notes to the Financial Statements (cont'd)

### 3. Significant accounting policies (continued)

#### (a) Basis of Consolidation (continued)

##### (v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income for the year between non-controlling interest and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

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

Buildings	2%
Computers	20% - 33 1/3%
Furniture and fittings	10% - 20%
Motor vehicles	12 1/2% - 20%
Office equipment	10% - 25%
Renovation	10% - 50%

The long term leasehold lands are amortised on a straight line basis over the lease term.

Freehold lands are not depreciated as it has an infinite life.

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each financial year end to ensure that the amounts, method and period of depreciation are consistent with previous estimates.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### **(c) Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both and are not substantially occupied by the Group. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects the market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3(b) to the financial statements up to the date of change in use.

### **(d) Intangible Asset**

Intangible asset acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible assets are reviewed yearly at each reporting date.

The intangible asset comprises of the distributorship. The intangible asset is amortised over the period of the rights of five years from the acquisition date.

## Notes to the Financial Statements (cont'd)

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### 3. Significant accounting policies (continued)

#### (e) Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contract provisions of the financial instrument.

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.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The Group and the Company categorise the financial instruments as follows:

#### (i) Financial Assets

##### Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives (except for a derivative that is a financial guarantee contract on a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statements of profit or loss and other comprehensive income.

##### Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loan and receivables comprise cash and cash equivalents and trade and other receivables including deposits.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than twelve months after the reporting date which are classified as non-current.

### **Held-to-Maturity Investments**

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group or the Company have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held to maturity investments are classified as non-current assets, except for those having maturity within twelve months after the reporting date which are classified as current.

### **Available-for-Sale Financial Assets**

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

Available for sale financial assets are classified as non-current assets unless they are expected to be realised within twelve months after the reporting date.

## **(ii) Financial Liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

### **Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.



## Notes to the Financial Statements (cont'd)

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### 3. Significant accounting policies (continued)

#### (e) Financial Instruments (continued)

##### (ii) Financial Liabilities (continued)

###### Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

##### (iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

##### (iv) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention on the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- the recognition of an asset to be received and the liability to pay for it on the trade date, and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

##### (v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or 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 and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

## **(f) Impairment**

### **(i) Impairment of Financial Assets**

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments 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 asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost 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 current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

## Notes to the Financial Statements (cont'd)

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### 3. Significant accounting policies (continued)

#### (f) Impairment (continued)

##### (ii) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

#### (g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average cost method. The cost of inventories comprises cost of purchase and incidental costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

#### (h) Amounts Due From/(To) Contract Customers

Contract works are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to profit or loss as and when incurred.

When the outcome of a contract works can be reliably estimated, contract revenue is recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a contract works cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

When costs incurred on contracts works plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from contract customers. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to contract customers.

#### **(i) Cash and Cash Equivalents**

For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits and other 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. Cash and cash equivalents are stated net of bank overdrafts and deposits pledged to the financial institution.

#### **(j) Ordinary Shares**

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### **(k) Treasury Shares**

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised directly in equity and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

#### **(l) Foreign Currencies**

##### **(i) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency and presentation currency.

## Notes to the Financial Statements (cont'd)

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### 3. Significant accounting policies (continued)

#### (l) Foreign Currencies (continued)

##### (ii) Foreign Currency Transactions

Transactions in foreign currencies are translated into respective functional currencies of the Group entities at exchange rates at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. 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 items are measured in term of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

##### (iii) Financial Statement of Foreign Operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than Ringgit Malaysia are translated at the exchange rate ruling at the reporting date. Income and expenses items are translated at exchange rate approximately those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the cumulative exchange translation reserves relating to that foreign operation are recognised in the profit or loss as part of the gain or loss on disposal.

#### (m) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event, 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 can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

#### (n) Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

The Group recognises the amounts received for jobs credit at their fair value as other income in the month of receipt of these grants from the government.

**(o) Revenue****(i) Contract Works**

Revenue from long-term contract works is recognised by using the stage of completion method where the outcome of the contracts can be reliably estimated as described in Note 3(h) to the financial statements. Revenue from short term contract works is recognised on the completion method.

**(ii) Provision of Maintenance Services**

Revenue from provision of maintenance services is recognised in the profit or loss upon services rendered and customer's acceptance.

**(iii) Rental and Interest Income**

Rental income is recognised in profit or loss on a straight –line basis over the term of the lease.

Interest income is recognised as it accrues using the effective interest method in profit or loss.

**(iv) Dividend Income**

Dividend income is recognised in profit or loss when the right to receive payment is established.

**(p) Borrowing Costs**

Borrowing costs are charged to profit or loss as an expense in the period in which they are incurred.

**(q) Income Taxes**

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax expense is the expected tax 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 at the reporting date, and adjustment of tax payable in respect of the previous year.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unutilised tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is 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 tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, 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 the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

## Notes to the Financial Statements (cont'd)

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### 3. Significant accounting policies (continued)

#### (q) Income Taxes (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(c), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

#### (r) Employee Benefits

##### (i) Short Term Employee Benefits

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. 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 sick leave, maternity and paternity leave are recognised when absences occur.

##### (ii) Post-Employment Benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

##### (iii) Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

##### (iv) Defined Benefit Plan

The Group's operate an unfunded defined benefit plan for settlement of labour dismissal and the stipulation of severance pay, gratuity and compensation in accordance with Indonesia Employment Law No. 13 dated 25 March 2003.

In accordance with MFRS 119 (2011), Employee Benefits, the Group has adopted its accounting policy in respect of the basis for determining the income or expense relating to its post employment defined benefit plans.

**(s) Leases****(i) Finance Leases**

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

**(ii) Operating Leases – the Group as lessee**

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

**(iii) Operating Leases – the Group as lessor**

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Leases of assets where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases except for leasehold land classified as investment property.

**(t) Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

**(u) 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 maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.



## Notes to the Financial Statements (cont'd)

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### 3. Significant accounting policies (continued)

#### (v) Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the input used in the valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

### 4. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

#### 4.1 Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, the management has made the following judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements:

##### (a) Leases

The Group judged that the leasehold land of the Group are in substance finance leases and has classified its leasehold land as property, plant and equipment.

## 4.2 Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

### (i) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

### (ii) Impairment of Non-Financial Assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

### (iii) Impairment of Investment in Subsidiaries

The Group tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. The impairment made on investments in subsidiaries entails an allowance for doubtful debts to be made to the amount due from these subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

### (iv) Impairment of Non-Current Assets

The Group reviews the carrying amount of its non-current assets, which include property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

## Notes to the Financial Statements (cont'd)

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### 4. Significant accounting estimates and judgements (continued)

#### 4.2 Key Sources of Estimation Uncertainty (continued)

##### (v) Deferred Tax Assets

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

##### (vi) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

##### (vii) Allowance for Impairment of Receivables

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer credit creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

##### (viii) Contracts Work in Progress

The Group recognises contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

Any variation to the final contract sum and the estimated cost to completion will have a corresponding effect on the contract profit or loss.

##### (ix) Valuation of Investment Properties

The Group carries its investment property at fair values, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value as at 31 December 2013. The valuer used a valuation technique based on open market value basis. The directors are of the opinion that, based on available market information, there was no material changes to the fair value of investment property since the last valuation. Therefore, no changes in fair value are recognised in profit or loss during the financial year.

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**(x) Income Taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

**(xi) Provisions**

The Group measures the provision for reinstatement costs of leased premises to its original state with reference to the terms and conditions of the respective tenancy agreements, and the expected date of reinstatement.

The calculation of provision for reinstatement costs requires management to estimate the expected future cash outflows as a result of site restoration, and a suitable pre-tax discount rate that reflects current market assessments of the time value of money in order to calculate the present value of those future cash outflows.

The Group has made assumptions in relation to provision for future warranty claims based on historical experience and recent trend analysis.

Due to the long term nature of such a provision, such estimates are subjected to significant uncertainty.

**(xii) Defined Benefit Plan**

The cost of defined benefit plan as well as the present value of the unfunded obligation is determined based on assumptions about discount rate, salary incremental rate and pension retirement age. All assumptions are reviewed at each reporting date.

## Notes to the Financial Statements (cont'd)

### 5. Property, plant and equipment

Group 2014	Long term Leasehold Lands RM'000	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Computers RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2014	2,290	1,780	807	1,208	2,186	3,903	1,600	13,774
Acquisition of subsidiary	-	-	20	-	-	130	51	201
Additions	-	2,397	41	172	830	813	110	4,363
Disposals/write-offs	-	-	-	(3)	-	(55)	-	(58)
Exchange differences	-	-	11	11	31	41	9	103
At 31 December 2014	2,290	4,177	879	1,388	3,047	4,832	1,770	18,383
<b>Accumulated Depreciation</b>								
At 1 January 2014	154	219	488	876	811	3,346	749	6,643
Acquisition of subsidiary	-	-	2	-	-	30	6	38
Depreciation for the financial year	31	51	71	88	445	271	166	1,123
Disposals/write-offs	-	-	-	(3)	-	(53)	-	(56)
Exchange differences	-	-	7	10	15	33	6	71
At 31 December 2014	185	270	568	971	1,271	3,627	927	7,819
<b>Carrying Amounts at 31 December 2014</b>	2,105	3,907	311	417	1,776	1,205	843	10,564

## 5. Property, plant and equipment

Group 2013	Long term Leasehold Lands RM'000	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Computers RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2013	1,716	1,354	727	1,101	1,364	3,804	1,195	11,261
Additions	-	-	61	92	790	322	389	1,654
Transfer from investment property (Note 6)	574	426	-	-	-	-	-	1,000
Disposals/write-offs	-	-	-	(4)	-	(293)	-	(297)
Exchange differences	-	-	19	19	32	70	16	156
At 31 December 2013	2,290	1,780	807	1,208	2,186	3,903	1,600	13,774
<b>Accumulated Depreciation</b>								
At 1 January 2013	124	177	415	790	557	3,390	615	6,068
Depreciation for the financial year	30	42	63	73	239	183	124	754
Disposals/write-offs	-	-	-	(4)	-	(290)	-	(294)
Exchange differences	-	-	10	17	15	63	10	115
At 31 December 2013	154	219	488	876	811	3,346	749	6,643
<b>Carrying Amounts at 31 December 2013</b>	2,136	1,561	319	332	1,375	557	851	7,131

## Notes to the Financial Statements (cont'd)

### 5. Property, plant and equipment (continued)

<b>Company 2014</b>	<b>Buildings RM'000</b>	<b>Furniture and Fittings RM'000</b>	<b>Office Equipment RM'000</b>	<b>Computers RM'000</b>	<b>Renovation RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>						
At 1 January 2014	-	56	58	1,361	128	1,603
Additions	2,397	2	30	441	-	2,870
At 31 December 2014	2,397	58	88	1,802	128	4,473
<b>Accumulated Depreciation</b>						
At 1 January 2014	-	54	44	1,230	66	1,394
Depreciation for the financial year	8	1	4	75	12	100
At 31 December 2014	8	55	48	1,305	78	1,494
<b>Carrying Amounts at 31 December 2014</b>	<b>2,389</b>	<b>3</b>	<b>40</b>	<b>497</b>	<b>50</b>	<b>2,979</b>

<b>Company 2013</b>	<b>Furniture and Fittings RM'000</b>	<b>Office Equipment RM'000</b>	<b>Computers RM'000</b>	<b>Renovation RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At 1 January 2013	54	55	1,277	128	1,514
Additions	2	3	84	-	89
At 31 December 2013	56	58	1,361	128	1,603
<b>Accumulated Depreciation</b>					
At 1 January 2013	53	41	1,187	53	1,334
Depreciation for the financial year	1	3	43	13	60
At 31 December 2013	54	44	1,230	66	1,394
<b>Carrying Amounts at 31 December 2013</b>	<b>2</b>	<b>14</b>	<b>131</b>	<b>62</b>	<b>209</b>

## 6. Investment property

	2014 RM'000	Group 2013 RM'000
At fair value		
At 1 January	1,650	2,000
Transfer to property, plant and equipment (Note 5)	-	(1,000)
	1,650	1,000
Net gain from fair value adjustment recognised in profit or loss (Note 25)	-	650
At 31 December	1,650	1,650

The investment property is held under long term leaseholds and comprise of a shop office.

The rental income earned by the Group from its investment property during the financial year is RM90,650/- (2013: RM91,800/-).

The investment property is stated at fair value. In the previous financial year, the fair value has been determined based on a valuation report as at 30 December 2013 using the open market value basis. Valuations were performed by accredited independent valuers with recent experience in the location and category of properties being valued. The directors are of the opinion that, based on available market information, there was no material changes to the fair value of the investment property since the last valuation.

### Fair value information

The fair value of investment property is categorised as follows:

	Level 1 RM'000	Group Level 2 RM'000	Level 3 RM'000
<b>2014</b>			
Shop office	-	1,650	-
<b>2013</b>			
Shop office	-	1,650	-

### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.



## Notes to the Financial Statements (cont'd)

### 6. Investment property (continued)

#### Fair value hierarchy

##### Level 1 fair value:

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

##### Level 2 fair value:

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

##### Level 3 fair value:

Level 3 fair value is estimated using unobservable inputs for the investment property.

#### Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

### 7. INTANGIBLE ASSET

Group	Distributorship RM'000
<b>2014</b>	
<b>Cost</b>	
At 1 January 2014	-
Acquisition of subsidiary	1,840
At 31 December 2014	1,840
<b>Accumulated Amortisation</b>	
At 1 January 2014	-
Amortisation for the financial year	283
At 31 December 2014	283
<b>Carrying Amount</b>	
at 31 December 2014	1,557

During the financial year, the Group has completed the acquisition of a 70% owned subsidiary, Sentinel Systems Sdn. Bhd. ("SSSB"). Based on the purchase price allocation ("PPA") exercise on the identification of the intangible asset, the fair value of the distributorship has been identified based on the present value of the net cash flows from the remaining contract period.

The acquisition of the intangible asset has a finite useful life. The distributorship is required to be amortised using a straight line method over the remaining contract periods of five years from the acquisition date.

## 8. Investment in subsidiaries

	Company	
	2014	2013
	RM'000	RM'000
Unquoted shares, at cost	20,249	18,844

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Group's Effective Ownership Interest		Principal Activities
		2014 %	2013 %	
Willowglen (Malaysia) Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of computer-based control systems
Willowglen Technology Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of integrated monitoring systems
Willowglen Services Pte. Ltd. +	Singapore	100	100	Design, supply, engineering, implementation and maintenance of computer-based control systems
Sentinel Systems Sdn. Bhd.	Malaysia	70	-	Sales, implementation and maintenance of control room and CCTV solutions
PT Willowglen Indonesia +	Indonesia	50.08	50.08	Trading, hardware and software consulting services
WG Tech Sdn. Bhd.	Malaysia	100	100	Dormant
Willowglen Limited*	British Virgin Islands	100	-	Dormant

+ These companies are not audited by Baker Tilly Monteiro Heng

\* Not required to be audited under the local laws and regulations

## Notes to the Financial Statements (cont'd)

### 8. Investment in subsidiaries (continued)

#### (a) Acquisition of subsidiary

On 12 February 2014, the Company acquired two hundred and ten thousand (210,000) ordinary shares of RM1/- each representing 70% of the issued and paid-up share capital of Sentinel Systems Sdn. Bhd. ("SSSB") for a cash consideration of RM1,400,000/-. As a result of the acquisition, SSSB is a 70% owned subsidiary of the Company.

In determining and recognising the fair value of assets and liabilities assumed, the Group had performed a purchase price allocation exercise for the acquisition during the financial year.

The summary effect on the acquisition of SSSB is as follows:-

	Carrying Amount RM'000	Group Fair Value RM'000
<b>Identifiable assets acquired and liabilities assumed</b>		
Property, plant and equipment	163	163
Intangible asset	-	1,840
Cash and cash equivalents	4	4
Other payables	(4)	(4)
<b>Total identifiable net assets</b>	<b>163</b>	<b>2,003</b>

The fair value of the intangible asset is based on the valuation from purchase price allocation exercise.

	Group 2014 RM'000
<b>Net cash outflow arising from acquisition of subsidiary</b>	
Purchase consideration settled in cash and cash equivalents	(1,400)
Cash and cash equivalents acquired	4
	<b>(1,396)</b>
<b>Goodwill arising from acquisition</b>	
Total consideration transferred	1,400
Fair value of identifiable net assets	(2,003)
Non controlling interests	603
Goodwill	-

**(b) Incorporation of subsidiary**

On 23 July 2014, the Company acquired Willowglen Limited ("WL") with issued and paid up capital of USD 1/- comprising 1 unit ordinary shares. As a result of the acquisition, Willowglen Limited is a wholly-owned subsidiary of the Company.

**(c) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:-**

	<b>PT Willowglen Indonesia RM'000</b>	<b>2014 Sentinel Systems Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>NCI percentage of ownership interest and voting interest</b>	<b>49.92%</b>	<b>30.00%</b>	
Carrying amount of NCI	<b>257</b>	<b>445</b>	<b>702</b>
Loss allocated to NCI	<b>42</b>	<b>159</b>	<b>201</b>

Summarised financial information before intra-group elimination

	<b>PT Willowglen Indonesia RM'000</b>	<b>Sentinel Systems Sdn. Bhd. RM'000</b>
<b>As at 31 December</b>		
Non-current assets	<b>175</b>	<b>1,700</b>
Current assets	<b>440</b>	<b>6</b>
Non-current liabilities	<b>(54)</b>	<b>-</b>
Current liabilities	<b>(46)</b>	<b>(231)</b>
Net assets/(liabilities)	<b>515</b>	<b>1,475</b>
<b>Year ended 31 December</b>		
Revenue	<b>246</b>	<b>-</b>
Loss for the financial year	<b>(112)</b>	<b>(245)</b>
Total comprehensive loss	<b>(112)</b>	<b>(245)</b>
Cash flows used in operating activities	<b>(184)</b>	<b>(294)</b>
Cash flows used in investing activities	<b>(11)</b>	<b>290</b>
Cash flows used in financing activities	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	<b>(195)</b>	<b>(4)</b>
Dividends paid to NCI	<b>-</b>	<b>-</b>

## Notes to the Financial Statements (cont'd)

### 8. Investment in subsidiaries (continued)

- (c) The subsidiaries of the Group that have material non-controlling interest ("NCI") are as follows (continued):-

	2013	
	PT Willowglen Indonesia RM'000	Total RM'000
<b>NCI percentage of ownership interest and voting interest</b>	49.92%	
Carrying amount of NCI	300	300
Loss allocated to NCI	72	72

Summarised financial information before intra-group elimination

	PT Willowglen Indonesia RM'000
<b>As at 31 December</b>	
Non-current assets	160
Current assets	728
Non-current liabilities	(52)
Current liabilities	(234)
Net assets/(liabilities)	602
Revenue	302
Loss for the financial year	(138)
Total comprehensive loss	(138)
Cash flows used in operating activities	(115)
Cash flows used in investing activities	-
Cash flows from financing activities	683
Net increase/(decrease) in cash and cash equivalents	568
Dividends paid to NCI	-

## 9. Investment Securities

	Group	
	2014 RM'000	2013 RM'000
<b>Available-for-sale financial asset</b>		
<b>- debt securities</b>		
At 1 January	-	2,459
Net loss on fair value changes recognised in other comprehensive income	-	(159)
	-	2,300
Derecognition during the financial year	-	(2,300)
At 31 December	-	-

## 10. Deferred taxation

The amount determined after appropriate offsetting, are as follows:

	Group	
	2014 RM'000	2013 RM'000
Deferred tax assets	186	175
Deferred tax liabilities	(118)	(199)
	68	(24)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same tax authority.

	Group	
	2014 RM'000	2013 RM'000
At 1 January	(24)	(52)
Recognised in profit or loss (Note 26)		
- property, plant and equipment	(14)	(68)
- tax losses	(3)	97
- investment property	-	(33)
- other items	109	32
	92	28
At 31 December	68	(24)

## Notes to the Financial Statements (cont'd)

### 10. Deferred taxation (continued)

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax assets (before offsetting)</b>		
Unutilised tax losses	37	165
Other items	141	45
Property, plant and equipment	197	-
Offsetting	(189)	(35)
<b>Deferred tax assets (after offsetting)</b>	<b>186</b>	<b>175</b>
<b>Deferred tax liabilities (before offsetting)</b>		
Investment property	-	(33)
Property, plant and equipment	(205)	(103)
Other items	(102)	(98)
Offsetting	189	35
<b>Deferred tax liabilities (after offsetting)</b>	<b>(118)</b>	<b>(199)</b>

Deferred tax assets have not been recognised for the following:-

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	7,838	7,018	7,553	6,921
Deductible temporary difference	199	159	77	70
	<b>8,037</b>	<b>7,177</b>	<b>7,630</b>	<b>6,991</b>
Potential deferred tax assets not recognised at 24%	<b>1,929</b>	<b>1,722</b>	<b>1,831</b>	<b>1,678</b>

### 11. Inventories

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At Cost</b>				
Consumables	1,636	1,472	-	693

During the financial year, the write down of inventories to their net realisable values for the Group amounted to RM5,000/- (2013: RM24,000/-).

During the financial year, the cost of inventories recognised as an expense amounted to RM18,702,981/- (2013: RM20,608,849/-).

**12. Amount due from/(to) contract customers**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Aggregate costs incurred to date	<b>109,358</b>	96,013	<b>1,259</b>	1,018
Attributable profits	<b>41,876</b>	31,874	<b>1,274</b>	729
	<b>151,234</b>	127,887	<b>2,533</b>	1,747
Progress billings	<b>(123,369)</b>	(107,180)	<b>(2,645)</b>	(1,685)
	<b>27,865</b>	20,707	<b>(112)</b>	62
Amount due from contract customers	<b>31,609</b>	28,580	-	144
Amount due to contract customers	<b>(3,744)</b>	(7,873)	<b>(112)</b>	(82)
	<b>27,865</b>	20,707	<b>(112)</b>	62
Contract costs recognised as contract expense during the financial year	<b>61,802</b>	63,094	<b>1,122</b>	982
Contract revenue recognised as contract revenue during the financial year	<b>96,668</b>	91,526	<b>3,357</b>	1,568

**13. Trade receivables**

Included in trade receivables of the Group are retention sums totalling RM2,125,365/- (2013: RM1,334,969/-) relating to contract work-in-progress.

Trade receivables are non-interest bearing and the normal trade credit terms range from 30 days to 60 days (2013: 30 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.



## Notes to the Financial Statements (cont'd)

### 13. Trade receivables (continued)

#### Ageing analysis of trade receivables

The ageing analysis of the Group and of the Company's trade receivables are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	12,344	16,395	94	485
1 to 30 days past due not impaired	3,839	2,724	104	126
31 to 60 days past due not impaired	770	1,124	78	-
61 to 90 days past due not impaired	319	293	-	-
More than 90 day past due not impaired	619	720	-	-
	5,547	4,861	182	126
	17,891	21,256	276	611

#### Receivables that are neither past due nor impaired

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

None of the Group and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

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

The classification of financial assets is as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	17,891	21,256	276	611
Other receivables (Note 14)	1,325	199	71	31
Deposits (Note 14)	497	378	5	10
Amount due from contract customers (Note 12)	31,609	28,580	-	144
Amount due from subsidiaries (Note 15)	-	-	15,798	7,365
Cash and bank balances (Note 16)	50,890	43,018	10,078	11,792
Total loan and receivables	102,212	93,431	26,228	19,953

**14. Other receivables, deposits and prepayments**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	<b>1,325</b>	199	<b>71</b>	31
Deposits	<b>497</b>	378	<b>5</b>	10
Prepayments	<b>860</b>	572	<b>11</b>	21
	<b>2,682</b>	1,149	<b>87</b>	62

Included in other receivables is an amount of RM1,209,248/- (2013: RM Nil) represent an advance payment made to a supplier for purchase of equipment.

**15. Amount due from subsidiaries**

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from subsidiaries		
Trade	<b>4,513</b>	2,479
Non-trade	<b>11,285</b>	4,886
	<b>15,798</b>	7,365

The amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand by cash, except for amount due from certain subsidiaries which bears interest at the rate of 3.0% (2013: 3.0%) per annum on a monthly basis.

**16. Cash and bank balances**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits placed with licensed banks	<b>34,553</b>	29,321	<b>8,924</b>	9,379
Short term investment	<b>864</b>	2,232	<b>864</b>	2,232
Cash at banks and on hand	<b>15,473</b>	11,465	<b>290</b>	181
Cash and bank balances	<b>50,890</b>	43,018	<b>10,078</b>	11,792

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits and short term investment are made for varying periods of between one day to twelve months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective interest rates. The weighted average effective interest rates as at 31 December 2014 for the Group and the Company were 1.3% and 1.1% (2013: 1.3% and 1.3%) respectively.

## Notes to the Financial Statements (cont'd)

### 16. Cash and bank balances (continued)

Included in the fixed deposits with licensed banks of the Group and the Company was an amount of RM1,720,748/- and RM575,602/- (2013: RM2,125,000/- and RM1,170,000/-) respectively, which have been pledged to licensed bank as securities for banking facilities granted to the Group and the Company.

### 17. Share capital

	Group and Company			
	2014		2013	
	Number of Shares Unit'000	RM'000	Number of Shares Unit'000	RM'000
Ordinary shares of RM0.10 each				
Authorised:				
At the beginning/end of the financial year	1,000,000	100,000	1,000,000	100,000
Issued and fully paid:				
At the beginning/end of the financial year	248,000	24,800	248,000	24,800

The holders of ordinary shares (except treasury 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 regard to the Company's residual assets.

As at 31 December 2014, of the total 248,000,000 (2013: 248,000,000) issued and fully paid ordinary shares of RM0.10 each, 4,613,400 (2013: 4,593,400) ordinary shares of RM0.10 each are currently held as treasury shares by the Company as disclosed in Note 18 to the financial statements. The number of outstanding shares on issue after the share buy-back is 243,386,600 (2013: 243,406,600) ordinary shares of RM0.10 each as at 31 December 2014.

### 18. Treasury shares

	Group and Company			
	2014		2013	
	Number of Shares Unit'000	RM'000	Number of Shares Unit'000	RM'000
At 1 January	4,593	1,653	4,593	1,653
Shares purchased during the financial year	20	17	-	-
At 31 December	4,613	1,670	4,593	1,653

During the financial year, the Company repurchased 20,000 of its issued ordinary shares of RM0.10 each from the open market at an average price of RM0.820 per share. The total consideration paid for the repurchased shares including transaction costs was RM16,521/-. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2014, the Company held a total of 4,613,400 ordinary shares of its 248,000,000 issued ordinary shares as treasury shares.

The details of shares purchased during the financial year were as follows:-

	Number of Shares Purchased and Retained as Treasury Shares Unit	Unit cost			Total Consideration RM
		Lowest RM	Highest RM	Average RM	
May 2014	10,000	0.825	0.825	0.825	8,311
November 2014	10,000	0.815	0.815	0.815	8,210
	<b>20,000</b>			<b>0.820</b>	<b>16,521</b>

## 19. Reserves

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Non-distributable</b>				
Share premium	4,440	4,440	4,440	4,440
Merger deficit	(7,585)	(7,585)	-	-
Foreign currency translation reserve	6,382	5,143	-	-
<b>Distributable</b>				
Retained earnings	73,268	60,722	21,423	11,516
	<b>76,505</b>	<b>62,720</b>	<b>25,863</b>	<b>15,956</b>

### Share Premium

The share premium is arrived at after accounting for the premium received over the nominal value of shares issued to the public, less the subsequent capitalisation for bonus issue of the Company, if any.

### Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### Retained earnings

The Company may distribute dividends of its entire retained earnings under single tier system.

## Notes to the Financial Statements (cont'd)

### 20. Employee benefits

The Group operates unfunded defined benefit plan for some of its employees.

The total amount recognised in the statements of financial position is as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of unfunded obligation	<b>54</b>	52

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

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>52</b>	35
Current service costs recognised in profit or loss	<b>2</b>	17
At 31 December	<b>54</b>	52

The principal actuarial assumptions used are as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
Discount rate	<b>8%</b>	8%
Salary incremental rate	<b>10%</b>	10%
Pension retirement age	<b>55</b>	55

## 21. Provisions

	Maintenance Warranties RM'000	Group Reinstatement Costs RM'000	Total RM'000
At 1 January 2014	37	78	115
Provision made during the financial year	434	-	434
Provision utilised during the financial year	(84)	-	(84)
Exchange differences	-	1	1
At 31 December 2014	387	79	466
At 31 December 2014			
Current	387	-	387
Non-current	-	79	79
	387	79	466
At 1 January 2013	145	75	220
Provision utilised during the financial year	(108)	-	(108)
Exchange differences	-	3	3
At 31 December 2013	37	78	115
At 31 December 2013			
Current	37	-	37
Non-current	-	78	78
	37	78	115

### Maintenance warranties

A provision is recognised for expected warranty claims on certain projects completed in prior years, based on the project engineers' past experience of the Group.

### Reinstatement costs

Provision for reinstatement costs is the estimated costs of dismantlement, removal and restoration of plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of plant and equipment as disclosed in Note 5 to the financial statements.

## Notes to the Financial Statements (cont'd)

### 22. Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 days to 60 days (2012: 30 days to 60 days).

The classification of financial liabilities is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables	8,641	4,542	124	304
Other payables and accruals (Note 23)	1,986	1,751	346	287
Total financial liabilities carried at amortised cost	10,627	6,293	470	591

### 23. Other payables and accruals

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other payables	676	45	40	6
Accruals	1,310	1,706	306	281
	1,986	1,751	346	287

Other payables are non-interest bearing and are normally settled on 30 days to 60 days terms (2013: 30 days to 60 days).

### 24. Revenue

Revenue comprises mainly income from supply of computer-based control systems and provision of the related installation and maintenance services.

## 25. Operating profit

Operating profit has been arrived at after charging:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
After charging:-				
Amortisation of intangible asset	283	-	-	-
Auditors' remuneration				
- current year	111	106	25	28
- prior year	1	(2)	(3)	(2)
Bad debts written-off	5	-	-	-
Depreciation of property, plant and equipment	1,123	754	100	60
Directors' remunerations				
- fees	90	90	90	90
- salaries, allowances, gratuity and bonuses	3,370	2,430	-	1,453
- contribution to defined contribution plans	450	179	-	145
Goodwill written-off	-	47	-	-
Loss on foreign exchange				
- realised	25	3	-	3
- unrealised	-	1	-	-
Property, plant and equipment written-off	2	3	-	-
Rental of offices	1,236	1,169	10	24
Rental of staff accomodation	34	34	-	-
Staff costs				
- salaries, wages, allowances and bonuses	27,982	20,090	2,620	2,189
- contribution to defined contribution plans	3,313	2,582	323	249
- expenses related to defined benefit plan	-	17	-	-
- Socso	74	43	21	18
And crediting:-				
Dividend income from a subsidiary	-	-	15,374	6,254
Interest income from				
- loan and receivables	393	460	453	409
Gain on foreign exchange				
- realised	62	100	56	36
- unrealised	222	256	216	251
Rental income from investment property	91	92	-	-
Fair value gain on investment property	-	650	-	-

Included in interest income from loan and receivables of the Company is interest of RM347,912/- (2013: RM170,232/-) from amount due from subsidiaries.



## Notes to the Financial Statements (cont'd)

### 26. Taxation

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income tax expense				
- current year	(3,523)	(3,864)	-	-
- prior years	34	12	1	1
	(3,489)	(3,852)	1	1
Deferred taxation (Note 10)				
- current year	126	31	-	-
- prior year	(34)	-	-	-
	92	31	-	-
	(3,397)	(3,821)	1	1

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the Singapore subsidiary of the Group was 17% for the financial year of assessment 2014 (2013: 17%). The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before income tax rate at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	20,597	23,112	14,774	5,844
Tax at applicable tax rate of 25% (2013: 25%)	(5,149)	(5,778)	(3,694)	(1,461)
Tax effects arising from				
- non-deductible expenses	(299)	(120)	(57)	(36)
- non-taxable income	69	183	3,910	1,664
- different tax rate in foreign jurisdiction	1,796	1,782	-	-
- deferred tax recognised at different tax rate	(3)	-	(6)	-
- deferred tax assets not recognised in the financial statements	(207)	(167)	(153)	(167)
- tax exemption	434	188	-	-
- other items	(38)	79	-	-
- (over)/under accrual in prior years	-	12	1	1
Tax expense for the financial year	(3,397)	(3,821)	1	1

## 27. Earnings per share

The basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	<b>17,414</b>	19,359
Weighted average number of ordinary shares for basic earnings per share computation	<b>243,399</b>	243,407
Basic earnings per share (sen)	<b>7.15</b>	7.95

The basic and diluted earnings per ordinary share are equal as the Group does not have dilutive potential ordinary shares as at the reporting date.

## 28. Dividends

	<b>Group and Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividends paid		
First and final tax exempt dividend of 20% and a special tax exempt dividend of 10% per share	-	7,302
First and final tax exempt dividend of 20% per share	<b>4,868</b>	-

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 20% per share in respect of the financial year ended 31 December 2014 will be proposed for shareholders' approval.

## 29. Operating leases commitments

The future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:-

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one year	<b>1,180</b>	675
Later than one year but not later than five years	<b>1,868</b>	-
	<b>3,048</b>	675

The disclosed commitments are based on existing rental rates. The lease agreements provide for periodic revision of such rates in future.

## Notes to the Financial Statements (cont'd)

### 30. Financial guarantees

The financial guarantees of the Group and the Company are in respect of the following:-

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured</b>				
Corporate guarantees given to financial institutions for banking facilities granted to subsidiaries	-	-	<b>31,069</b>	25,014
Performance bonds granted to customers	<b>14,607</b>	12,481	<b>658</b>	460
	<b>14,607</b>	12,481	<b>31,727</b>	25,474

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract.

### 31. Significant related party transactions

#### (a) Identification of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has controlling related party relationships with its subsidiaries.

Related Parties	Nature of Relationship
New Advent Sdn. Bhd. ("NASB")	Wong Ah Chiew ("WAC") and Simon Wong Chu Keong ("SWCK") are directors and major shareholders of the Company.
OSK Holdings Berhad ("OSK") and its subsidiaries ("OSK Group")	Ong Leong Huat @ Wong Joo Hua ("OLH"), a director and major shareholder of OSK, is the brother of WAC. SWCK is the son of WAC and nephew of OLH.
OSK Property Holdings Berhad ("OSKP") and its subsidiaries ("OSKP Group")	OLH, a director and major shareholder of OSKP while Ong Yee Ching ("OYC") and Ong Ju Xing ("OJX") are directors and shareholders of OSKP.
	OYC and OJX are deemed connected person as they are children of OLH.

PJ Development Holdings Berhad ("PJD") and its subsidiaries ("PJD Group")

OLH is a director and major shareholder of PJD. Khor Chai Moi ("KCM") is a director and major shareholder of PJD. KCM is the spouse of OLH and sister in law of WAC. Wong Chong Shee ("WCS") and OJX are also directors of PJD.

KCM and OJX are deemed connected person as they are spouse and children of OLH.

## (b) Significant Related Party Transactions

i) Significant transactions with subsidiaries during the financial year are as follows:

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of products to subsidiaries	<b>1,612</b>	3,849
Interest income from subsidiaries	<b>348</b>	170
Technical advisory fees charged to subsidiaries	<b>860</b>	845
Management fees charged to a subsidiary	<b>240</b>	240
Purchase of products from a subsidiary	<b>1,234</b>	575

ii) Significant transactions with related parties during the financial year are as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income</b>		
Revenue from		
- PJD Group	<b>2,846</b>	624
- OSKP Group	<b>3,816</b>	172
Rental income from		
- PJD Group	<b>91</b>	84

## (c) Compensation of Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The remuneration of the key management personnel during the financial year are as follows:-

## Notes to the Financial Statements (cont'd)

### 31. Significant related party transactions (continued)

#### (c) Compensation of Key Management Personnel (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Directors</b>				
Fees	90	90	90	90
Salaries, bonuses, gratuity and allowances	3,370	2,430	-	1,453
Contribution to defined contribution plans	450	179	-	145
	<b>3,910</b>	2,699	<b>90</b>	1,688
<b>Other Key Management Personnel</b>				
Salaries, bonuses and allowances	3,043	2,538	566	654
Contribution to defined contribution plans	223	220	59	69
	<b>3,266</b>	2,758	<b>625</b>	723
	<b>7,176</b>	5,457	<b>715</b>	2,411

### 32. Operating segments

#### General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the geographical areas of the Group. The Group's operating segments are as follows:

Malaysia : research, development, sales, implementation and maintenance of computer-based control systems, integrated monitoring systems and dormant.

Singapore : design, supply, engineering, implementation and maintenance of computer-based control systems.

Indonesia : trading, hardware and software consulting services.

#### Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those third parties.

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Segment profit or loss is measured based on segment profit before tax that are reviewed by the Group's chief operating decision maker. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

### **Geographical Information**

Revenue and non-current assets information on the basis of geographical segments information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

### **Major Customers**

Major customers' information is revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer.

## Notes to the Financial Statements (cont'd)

### 32. Operating segments (continued)

2014	Malaysia RM'000	Singapore RM'000	Europe RM'000	Indonesia RM'000	Adjustments and Elimination RM'000	Note	Total RM'000
<b>Revenue:</b>							
External customers	29,839	79,668	-	247	-		109,754
Inter-segment	2,712	424	-	-	(3,136)	A	-
<b>Total revenue</b>	<b>32,551</b>	<b>80,092</b>	<b>-</b>	<b>247</b>	<b>(3,136)</b>		<b>109,754</b>
<b>Results:</b>							
Interest income	493	230	-	18	(348)		393
Interest expense	348	-	-	-	(348)		-
Amortisation of intangible asset	-	-	-	-	283		283
Property, plant and equipment written-off	2	-	-	-	-		2
Depreciation	663	448	-	13	-		1,123
Income tax expense	22	3,463	-	5	-		3,490
Income tax income	1	-	-	-	-		1
<b>Segment profit/(loss)</b>	<b>13,940</b>	<b>22,446</b>	<b>-</b>	<b>(127)</b>	<b>(15,662)</b>	<b>B</b>	<b>20,597</b>
<b>Assets:</b>							
Additions to non-current assets other than financial instruments and deferred tax assets	5,289	473	-	5	152		5,920
<b>Segment assets</b>	<b>82,553</b>	<b>69,957</b>	<b>-</b>	<b>479</b>	<b>(34,510)</b>	<b>C</b>	<b>118,479</b>
<b>Segment liabilities</b>	<b>24,260</b>	<b>6,352</b>	<b>-</b>	<b>97</b>	<b>(15,818)</b>		<b>14,891</b>
<b>Geographical information:</b>							
Revenue from sales to external customers by location of customers	28,463	79,826	1,219	246	-		109,754
<b>Non-current assets</b>	<b>31,011</b>	<b>1,413</b>	<b>-</b>	<b>39</b>	<b>(18,692)</b>		<b>13,771</b>
<b>Major customers</b>	<b>-</b>	<b>20,061</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>20,061</b>

2013	Malaysia RM'000	Singapore RM'000	Europe RM'000	Indonesia RM'000	Adjustments and Elimination RM'000	Note	Total RM'000
<b>Revenue:</b>							
External customers	17,592	84,717	-	302	-		102,611
Inter-segment	5,661	2,886	-	-	(8,547)	A	-
Total revenue	23,253	87,603	-	302	(8,547)		102,611
<b>Results:</b>							
Interest income	533	95	-	2	(170)		460
Interest expense	170	-	-	-	(170)		-
Fair value gain on investment property	650	-	-	-	-		650
Depreciation	351	391	-	12	-		754
Income tax expense	300	3,571	-	-	-		3,871
Income tax income	1	-	-	18	-		19
Segment profit/(loss)	7,493	22,300	-	(192)	(6,489)	B	23,112
<b>Assets:</b>							
Additions to non-current assets other than financial instruments and deferred tax assets	2,042	262	-	-	-		2,304
Segment assets	59,418	70,631	-	773	(26,566)	C	104,256
<b>Segment liabilities</b>	9,890	11,696	-	281	(7,534)		14,333
<b>Geographical information:</b>							
Revenue from sales to external customers by location of customers	16,363	84,717	1,229	302	-		102,611
Non-current assets	7,372	1,364	-	45	-		8,781
<b>Major customers</b>	-	35,312	-	-	-		35,312



## Notes to the Financial Statements (cont'd)

### 32. Operating segments (continued)

Inter-segment revenue are eliminated upon consolidation and reflected in the 'adjustment and eliminations' column. All other adjustments and eliminations are part of detail reconciliation presented below:

**Note      Nature of eliminations to arrive at amounts reported in the consolidated financial statements.**

A      Inter-segment revenues are eliminated on consolidation.

B      The following items are deducted from segment profit/(loss) to arrive at profit before tax presented in the statements of profit or loss:

	2014 RM'000	2013 RM'000
Inter-segment transactions	15,662	6,489

C      The following items are added to/(deducted from) segment assets to arrive at total assets reported in the statements of financial position:

	2014 RM'000	2013 RM'000
Intangible assets	1,557	-
Investment in subsidiaries	(20,249)	(18,844)
Inter-segment assets	(15,818)	(7,722)

### 33. Fair value of financial instruments

#### Determination of fair value

#### Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<u>Note</u>
<b>Financial assets (current)</b>	
Trade receivables	13
Other receivables and deposits	14
Amount due from contract customers	12
Amount due from subsidiaries	15
Cash and bank balances	16

**Financial liabilities (current)**

Trade payables	22
Other payables and accruals	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates or near the reporting date.

**34. Financial risk management objectives and policies**

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, market risk and cash flow risk. The Group and the Company have adopted a financial risk management framework that manage and mitigate the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

**(i) Credit Risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from its receivables. The Company's exposure to credit risk arises principally from trade receivables, loan and advances to a subsidiary and financial guarantees given to financial institutions for credit facilities granted to subsidiaries.

**Receivables**Risk management objective, policies and processes for managing the risk

The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

Exposure to credit risk

At the reporting date, the Group and the Company's maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group and the Company determines concentrations of credit risk by monitoring the country profile of their trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group				Company			
	2014 RM'000	% of total	2013 RM'000	% of total	2014 RM'000	% of total	2013 RM'000	% of total
<b>By country:</b>								
Malaysia	6,605	36.9%	2,427	11.4%	-	0%	-	0%
Singapore	10,851	60.6%	17,975	84.6%	-	0%	-	0%
Indonesia	9	0.1%	103	0.5%	-	0%	-	0%
Europe	381	2.1%	710	3.3%	276	100%	611	221%
Others	45	0.3%	41	0.2%	-	0%	-	0%
	<b>17,891</b>	<b>100.0%</b>	<b>21,256</b>	<b>100.0%</b>	<b>276</b>	<b>100.0%</b>	<b>611</b>	<b>221.4%</b>

## Notes to the Financial Statements (cont'd)

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### 34. Financial risk management objectives and policies (continued)

#### (i) Credit Risk (continued)

##### Receivables (continued)

###### Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

###### Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 13 to the financial statements.

##### Inter company balances

###### Risk management objective, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries that bears interest rate at 3.0% (2013: 3.0%) per annum on a monthly basis. The Company monitors the results of the subsidiaries regularly.

###### Exposure to credit risk

At the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

###### Impairment losses

At the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

##### Financial guarantees

###### Risk management objective, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the performance of the subsidiaries to meet the expectation of their customers in accordance with the original terms of a contract in due course.

###### Exposure to credit risk

The maximum exposure to credit risk is disclosed in Note 30 to the financial statements.

At the reporting date, there was no indication that the subsidiaries would fail to meet the terms as stated in the contract.

#### (ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables.

###### Risk management objective, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

### Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>On demand or within 1 year</b>				
Trade payables	8,641	4,542	124	304
Other payables and accruals	1,986	1,751	346	287
<b>Total undiscounted financial liabilities</b>	<b>10,627</b>	<b>6,293</b>	<b>470</b>	<b>591</b>

### (iii) Market Risk

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

#### Interest Rate Risk

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

#### Risk management objective, policies and processes for managing the risk

The Group and the Company manage the net exposure to interest rate risks by monitoring the exposure to such risks on an ongoing basis.

#### Exposure to interest rate risk

The Company's exposure to interest rate risk arises primarily from advances to subsidiaries and fixed deposits placed with licensed banks classified as cash and cash equivalents. The Group's exposure to interest rate risk arises primarily from short term investment and deposits placed with licensed banks, classified as cash and cash equivalents and fixed rate debt securities. The Group and the Company do not use derivative financial instruments to hedge their risk.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, the carrying amounts at the reporting date are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets	34,553	29,321	8,924	9,379
<b>Floating rate instrument</b>				
Financial asset	864	2,232	864	2,232

Financial instruments at fixed rates are fixed until the maturity of the instruments.

## Notes to the Financial Statements (cont'd)

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### 34. Financial risk management objectives and policies (continued)

#### (iii) Market Risk (continued)

##### Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and therefore a change in interest rates at the reporting date would not affect the profit or loss.

##### Sensitivity analysis for floating rate instrument

A 1% increase in interest rate at the end of the reporting period would have increased the Group and Company's profit net of tax by RM6,480/-. A 1% decrease in interest rate would have had equal but opposite effect on the Group's profit net of tax.

#### **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

##### Risk management objective, policies and processes for managing the risk

The Company and the Group manage the net exposure to foreign currency risks by monitoring the exposure to such risks on an ongoing basis.

##### Exposure to foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and bank balances that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Great Britain Pound ("GBP"), Euro ("EURO") and Chinese Renminbi ("RMB").

The Group's and the Company's exposure to foreign currency risks, based on carrying amounts at the reporting date are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency				
<b>Trade receivables</b>				
Euro	381	710	276	611
<b>Cash and bank balances</b>				
Singapore Dollar	43,449	18,507	6,348	7,168
United States Dollar	416	-	-	-
Chinese Renminbi	495	-	-	-
	44,360	18,507	6,348	7,168
<b>Trade payables</b>				
Chinese Renminbi	408	-	-	-
Euro	-	303	-	303
Great Britain Pound	123	-	123	-
	531	303	123	303

Sensitivity analysis for foreign currency risk

Foreign currency risk arises from Group entities with Ringgit Malaysia ("RM") and Singapore Dollar ("SGD") functional currencies.

A 1% strengthening of the Euro and SGD against the respective functional currencies of the Group entities would have increase/(decrease) profit net of tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
	Profit net of tax		Profit net of tax	
Euro/RM	3	4	2	2
SGD/RM	116	138	63	54
USD/RM	3	-	-	-

## Notes to the Financial Statements (cont'd)

### 34. Financial risk management objectives and policies (continued)

#### (iii) Market Risk (continued)

##### Foreign Currency Risk (continued)

##### Sensitivity analysis for foreign currency risk (continued)

A 1% weakening of Euro, SGD and USD against the respective functional currencies at the reporting date would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The exposure to currency risk of Group entities other than Euro, SGD and USD is not material and hence, sensitivity analysis is not presented.

#### (iv) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not have exposure to market price risk as at the reporting date.

### 35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt, if any on an ongoing basis. To maintain the capital structure, the Group may adjust the dividend payment to shareholders.

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

The Group is required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 36. Significant events during the financial year

During the financial year, the following events had occurred:-

- (a) On 12 February 2014, the Company acquired two hundred and ten thousand (210,000) ordinary shares of RM1/- each representing 70% of the issued and paid-up share capital of Sentinel Systems Sdn. Bhd. ("SSSB") for a cash consideration of RM1,400,000/-. As a result of the acquisition, SSSB is a 70% owned subsidiary of the Company. In determining and recognising the fair value of assets and liabilities assumed, the Group has performed a purchase price allocation exercise for the acquisition during the financial year.
- (b) On 23 July 2014, the Company acquired Willowglen Limited ("WL") with issued and paid up capital of USD 1/- comprising 1 unit ordinary shares. As a result of the acquisition, Willowglen Limited is a wholly owned subsidiary of the Company.

## Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained earnings of the Group and of the Company as at 31 December 2014 are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings				
- Realised	<b>72,571</b>	59,409	<b>21,207</b>	11,265
- Unrealised	<b>726</b>	1,347	<b>216</b>	251
	<b>73,297</b>	60,756	<b>21,423</b>	11,516
<b>Less : Consolidation adjustments</b>	<b>(29)</b>	(34)	-	-
Total retained earnings as per statements of financial position	<b>73,268</b>	60,722	<b>21,423</b>	11,516

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.



## Statement by Directors

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We, **WONG AH CHIEW** and **SIMON WONG CHU KEONG** being two of the directors of Willowglen MSC Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 51 to 122 have been properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 123 to the financial statements have been compiled in accordance with the Guidance of 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*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

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WONG AH CHIEW  
Director

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SIMON WONG CHU KEONG  
Director

Kuala Lumpur  
Date: 16 March 2015

## Statutory Declaration

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I, **CHEW NYUK SEONG**, being the officer primarily responsible for the financial management of Willowglen MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 51 to 122, and the supplementary information set out on page 123 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.

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CHEW NYUK SEONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 16 March 2015.

Before me,

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Commissioner for Oaths

## Independent Auditors' Report To the Members of Willowglen MSC Berhad

(Incorporated in Malaysia)

### Report on the Financial Statements

We have audited the financial statements of Willowglen MSC Berhad, which comprise the statements of financial position as at 31 December 2014 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 122.

#### *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 the 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 controls as the directors determine are 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 controls relevant to the Company'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 Company's internal controls. 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 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the 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 Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

## Independent Auditors' Report To the Members of Willowglen MSC Berhad (cont'd)

(Incorporated in Malaysia)

### Report on Other Legal and Regulatory Requirements (continued)

- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

### Other Reporting Responsibilities

The supplementary information set out in page 123 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

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

Baker Tilly Monteiro Heng  
No. AF 0117  
Chartered Accountants

Ong Teng Yan  
No. 3076/07/15 (J)  
Chartered Accountant

Kuala Lumpur  
Date: 16 March 2015

## Additional Compliance Information

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### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

### 2. SHARE BUY-BACK

The details of shares bought back during the financial year are set out in the Directors' Report in the Financial Statements of the Annual Report.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year.

### 4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

### 5. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

### 6. VARIATION IN RESULTS

The Company did not issue any profit estimate, forecast or projection for the financial year.

There was no variance between the results for the financial year ended 31 December 2014 as per the audited financial statements and the unaudited results previously announced.

### 7. PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year.

### 8. MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries, involving the directors and major shareholders' interests during the financial year.

### 9. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group during the financial year by companies affiliated to the auditors is RM28,617.

### 10. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") OF A TRADING OR REVENUE NATURE

Further details of RRPTs of the Group conducted during the financial year ended 31 December 2014 are set out in the Notes to the Audited Financial Statements.

## Properties

As at 31 December 2014

Description of Property	Existing Use	Age of Building (Years)	Land Area	Tenure	Date of Acquisition	Net Book Value/ Fair Value as at 31 December 2014 (RM)
Willowglen (Malaysia) Sdn. Bhd.						
Pajakan Negeri 17630, Lot No. 35063, Mukim Petaling, District and State of Wilayah Persekutuan, being one unit of 3-storey terrace shop offices bearing the address of No. 1, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Shop office on 1 year lease/renewable office premise	22	123 sq.m.	93-years leasehold expiring on 19.02.2083	01.06.1999	1,650,000 (revalued on 30 December 2013)
Pajakan Negeri 17631, Lot No. 35064, Mukim Petaling, District and State of Wilayah Persekutuan, being one unit of 3-storey terrace shop office bearing the address of No. 3, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Operational office	22	123 sq.m.	93-years leasehold expiring on 19.02.2083	01.06.1999	963,933
Pajakan Negeri 17636, Lot No. 35069, Pajakan Negeri 17637, Lot No. 35070, Pajakan Negeri 17638, Lot No. 35071 and Pajakan Negeri 17639, Lot No. 35072, Mukim Petaling, District and State of Wilayah Persekutuan, being four units of 3-storey terrace shop offices bearing the address of No. 15 & 17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Operational office	22	490 sq.m.	93-years leasehold expiring on 19.02.2083	30.04.2007	2,658,961

## Properties (cont'd)

As at 31 December 2014

Description of Property	Existing Use	Age of Building (Years)	Land Area	Tenure	Date of Acquisition	Net Book Value/ Fair Value as at 31 December 2014 (RM)
Willowglen MSC Berhad						
GRN 358304/M3/1/100 Lot 46868, GRN 358304/M3/2/108 Lot 46868, GRN 358304/M3/3/116 Lot 46868, GRN 358304/M3/4/120 Lot 46868, Bandar Johor Bahru, District and State of Johor Bahru, being one unit of 4-storey shop offices bearing the address of Unit No. B5-G-5, B5-1-5, B5-2-5 and B5-3-5, Danga Walk Street Mall, Danga Bay, Jalan Skudai, 80200 Johor Bahru	Operational office	8	103 sq.m.	Freehold	23.12.2014	2,389,214

## Shareholdings Statistics

As at 9 March 2015

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM24,800,000.00 (including 4,613,400 treasury shares)
Class of Shares	:	Ordinary shares of RM0.10 each fully paid
Voting Rights	:	One vote per RM0.10 share

### Breakdown of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	13	0.48	588	0.00
100-1,000	538	19.79	428,072	0.18
1,001-10,000	1,340	49.28	7,824,200	3.21
10,001-100,000	720	26.48	22,587,200	9.28
100,001 – 12,169,329 *	106	3.90	106,448,540	43.74
12,169,330 and above **	2	0.07	106,098,000	43.59
<b>Total</b>	<b>2,719</b>	<b>100.00</b>	<b>243,386,600***</b>	<b>100.00</b>

Remark	-	*	Less than 5% of issued holdings
	-	**	5% and above of issued holdings
	-	***	Excluding 4,613,400 shares bought back by the Company and retained as treasury shares

### Substantial Shareholders

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following are substantial shareholders of the Company:-

Substantial Shareholders	Direct Interest	No of Shares Held		%
		%	Indirect Interest	
New Advent Sdn Bhd	75,130,263	30.87	-	-
Wong Ah Chiew	1,500,000	0.62	76,566,563°	31.46
Simon Wong Chu Keong	-	-	75,130,263□	30.87
OSK Capital Partners Sdn Bhd	30,967,737	12.72	-	-
OSK Ventures International Berhad	-	-	41,267,737^	16.96
OSK Equity Holdings Sdn Bhd	-	-	41,267,737*	16.96
Ong Leong Huat @ Wong Joo Hwa	-	-	41,472,237∞	17.04

Notes :

- ° Deemed interested through his interest in New Advent Sdn Bhd, Elegant Preference Sdn Bhd, Jian Qi Holdings Sdn Bhd, his spouse and son
- Deemed interested through his interest in New Advent Sdn Bhd
- ^ Deemed interested through OSK Venture Equities Sdn Bhd and OSK Capital Partners Sdn Bhd
- \* Deemed interested through OSK Ventures International Berhad
- ∞ Deemed interested through OSK Ventures International Berhad and Land Management Sdn Bhd



## Shareholdings Statistics (cont'd)

As at 9 March 2015

### Directors' Shareholdings

Name of Directors	Direct Interest	No of Shares Held		%
		%	Indirect Interest	
Wong Ah Chiew	1,500,000	0.62	76,566,563*	31.46
Simon Wong Chu Keong	-	-	75,130,263#	30.87

\* Deemed interested through his interest in New Advent Sdn Bhd, Elegant Preference Sdn Bhd, Jian Qi Holdings Sdn Bhd, his spouse and son

# Deemed interested through his interest in New Advent Sdn Bhd

Other than the above, none of the other directors in office has any interest in shares in the Company as at 9 March 2015.

### Thirty Largest Registered Shareholders as at 9 March 2015

No.	Name of Shareholders	No. of Shares	%
1	New Advent Sdn Bhd	75,130,263	30.87
2	OSK Capital Partners Sdn. Bhd.	30,967,737	12.72
3	Ling King Ling	12,056,970	4.95
4	Jasmin Villa Development Sdn. Bhd.	12,000,000	4.93
5	Paul Yii See Yiing	11,018,000	4.53
6	OSK Venture Equities Sdn Bhd	10,300,000	4.23
7	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Boon Wee (8061725)	7,796,874	3.20
8	Hue Nyet Fong	6,000,000	2.47
9	Teh Boon Wee	4,543,700	1.87
10	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	4,166,400	1.71
11	Au Yiu Joo	3,809,700	1.57
12	Malta Corp. Sdn. Bhd.	2,500,000	1.03
13	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	2,150,387	0.88
14	Aco-Bina Sdn Bhd	1,813,305	0.75
15	Khor Chai Moi	1,786,600	0.73
16	Wong Ah Chiew	1,500,000	0.62
17	KAF Trustee Berhad KIFB for the Institute of Strategic and International Studies Malaysia	1,400,000	0.58
18	Lee Kok Hoong	1,130,000	0.46
19	Chan Yan Ping	1,086,600	0.45
20	Chong Kim Poh	1,000,000	0.41
21	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yee Kim Ee (CCTS)	697,100	0.29
22	Wong Chu Khee	654,200	0.27
23	Lim Sin Khong	650,000	0.27
24	Ng Soon Gan	635,000	0.26
25	Tee Bon Peng	601,800	0.25
26	Siew Kim Man	550,000	0.23
27	Leong Keng Yuen	500,000	0.21
28	Lin Hai Moh @ Lin See Yan	500,000	0.21
29	RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Yoong Kah Yin (EPF)	430,000	0.18
30	Lee Kay Huat	420,000	0.17

## Form of Proxy

CDS Account No.

No. of Shares Held

\*I/We, \_\_\_\_\_  
 \*NRIC No./Passport No./Company No. \_\_\_\_\_  
 of \_\_\_\_\_  
 being a member/members of WILLOWGLEN MSC BERHAD hereby appoint :

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy, to vote for \*me/us on \*my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at the Grand Lotus, Level 2, Swiss-Garden Residences, 117 Jalan Pudu, 55100 Kuala Lumpur on Wednesday, 29 April 2015 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To declare a final dividend of 20% tax-exempt for the financial year ended 31 December 2014		
2.	To re-elect Mr. Wong Ah Chiew as Director		
3.	To re-elect Encik Mohd Isa Bin Ismail as Director		
4.	To approve the payment of Directors' fees of RM90,000.00 for the financial year ended 31 December 2014		
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorised the Directors to fix their remuneration		
6.	To re-appoint Mr. Wang Shi Tsang as Independent Non-Executive Director		
7.	To re-appoint Encik Alfian Bin Tan Sri Mohamed Basir as Independent Non-Executive Director		
8.	Authority to Issue Shares		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature		
10.	Proposed Renewal of Share Buy-Back		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain at his discretion.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\*Delete if not appropriate

\_\_\_\_\_  
 \*Signature / Common Seal of Shareholder

Notes:

- In respect of deposited securities, only a depositor whose name appears on the Record of Depositors as at 22 April 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
- A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. When a member appoints more than one (1) proxy, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. A proxy need not be a member of the Company and the provision of Section 149 (1)(a),(b),(c) and (d) of the Companies Act, 1965, shall not apply to the Company.
- 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 its holds.
- The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar's Office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PUJ 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
- The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation under its Common Seal or the hand of its attorney duly authorised.

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The Share Registrar  
**Symphony Share Registrars Sdn Bhd**  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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## Questions from Shareholders

The Annual General Meeting ("AGM") of Willowglen MSC Berhad will be held on Wednesday, 29 April 2015 at 10.00 a.m. Shareholders are invited to register questions in advance of the AGM.

This form may be used to submit a written question to the auditors if the question is relevant to the content of the auditors' report or the conduct of the audit of the financial statements to be considered at the AGM.

In the course of the AGM we intend to respond to as many of the questions asked as is practicable.

**Shareholder questions must be received by Friday, 17 April 2015.** Please return the form to our registered office, No. 17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur or by facsimile to 03-90571218.

Shareholder's Name

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CDS Account No.

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Question/s

**Please tick ☒ if it is a question directed to the Auditors**

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The Secretary  
**Willowglen MSC Berhad** (Company No. 462648-V)  
No. 17 Jalan 2/149B  
Taman Sri Endah  
Bandar Baru Sri Petaling  
57000 Kuala Lumpur  
Malaysia

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