**MKINI DOTCOM SDN. BHD.**
(No. Syarikat : 489718 - U)
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2013**

***ISWARA & COMPANY***
**CHARTERED ACCOUNTANTS [FIRM NO. AF 0976]**

**MKINI DOTCOM SDN. BHD.**
(No. Syarikat: 489718 - U)
(Incorporated in Malaysia)

| **CONTENTS** | **PAGE** |
|---|---|

## CORPORATE INFORMATION

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | : | Premesh Chandran A/L Jeyachandran |
| | : | Gan Diong Keng |
| | : | Chong Ton Sin(Alternate to Gan Diong Keng) |
| | : | Saira Shameem (Alternate to Premesh Chandran A/L Jeyachandran) |
| | : | Harlan Miles Mandel |
| **COMPANY SECRETARY** | : | Chee Kim Fatt @ Choi Kam Fatt |
| **REGISTERED OFFICE** | : | No. 43-2A, Jalan Thambapillai,<br>Brickfields,<br>50470 Kuala Lumpur. |
| **PRINCIPAL PLACE OF BUSINESS** | : | No. 48, Jalan Kemuja,<br>Bangsar,<br>59100 Kuala Lumpur |
| **AUDITORS** | : | Iswara & Company<br>No. 43-1, Jalan Thambapillai,<br>Brickfields,<br>50470 Kuala Lumpur. |
| **PRINCIPAL BANKS** | : | Standard Chartered Bank Malaysia Berhad |
| | : | Malayan Banking Berhad |
| | : | CIMB Bank Berhad |
| | : | Alliance Bank Malaysia Berhad |
| | : | RHB Bank Berhad |

**MKINI DOTCOM SDN. BHD.**
(No. Syarikat: 489718 - U)
(Incorporated in Malaysia)

# REPORT OF THE DIRECTORS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

## PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the business of information technology, media and news service. There have been no significant changes in these principal activities during the financial year.

## RESULTS

| | Group<br>RM | Company<br>RM |
|---|---|---|
| Profit after tax | 250,478 | 263,555 |

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

## DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions.

## SHARES AND DEBENTURES

The Group and the Company did not issue any shares or debentures during the financial year.

## DIRECTORS

The directors who held office since the date of the last report are:-

Premesh Chandran A/L Jeyachandran
Gan Diong Keng
Chong Ton Sin(Alternate to Gan Diong Keng)
Saira Shameem (Alternate to Premesh Chandran A/L Jeyachandran)
Harlan Miles Mandel

Retirement and re-election of the directors at the forthcoming Annual General Meeting will be in accordance with the Articles of Association of the Company.

# REPORT OF THE DIRECTORS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## DIRECTORS' BENEFITS

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

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

## DIRECTORS' INTEREST

According to the register of directors' shareholding, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year are as follows:-

| | **Number of ordinary shares of RM 1/- each** | | | |
|---|---|---|---|---|
| Direct Interest | As at 01.01.2013 | Bought | Sold | As at 31.12.2013 |
| Premesh Chandran A/L Jeyachandran | 1,556,253 | 69,321 | - | 1,610,964 |
| Gan Diong Keng | 1,328,293 | - | - | 1,328,293 |

## OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-

(a) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and have satisfied themselves that there are no bad debts to be written off and that no allowance for doubtful debts to be made ; and

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would necessitate the writing off of bad debts or providing of allowance for doubtful debts in the financial statements of the Group and of the Company ; or

### OTHER STATUTORY INFORMATION (CONT'D)

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

(c) 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 ; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of 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 its obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year.

## REPORT OF THE DIRECTORS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

**AUDITORS**

The auditors, **Iswara & Company**, have indicated their willingness to continue in office in accordance with Section 172(2) of the Companies Act, 1965.

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

______________________________
**PREMESH CHANDRAN A/L JEYACHANDRAN**
Director

_______________________
**GAN DIONG KENG**
Director

Kuala Lumpur

Dated:

**MKINI DOTCOM SDN. BHD.**
(No. Syarikat: 489718 - U)
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS

**Pursuant to Section 169 (15) of the Companies Act, 1965**

The directors of **MKINI DOTCOM SDN. BHD.**, state that, in their opinion, the financial statements set out on pages 10 to 26 are drawn up in accordance with the provisions of the Companies Act, 1965 and the MASB Applicable Approved Accounting Standards for Private Entities in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the result of their business and the cash flows of the Group and of the Company for the financial year ended on that date.

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

| | |
|---|---|
| **PREMESH CHANDRAN A/L JEYACHANDRAN** | **GAN DIONG KENG** |
| Director | Director |

Kuala Lumpur

Dated:

## STATUTORY DECLARATION

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

I, **PREMESH CHANDRAN A/L JEYACHANDRAN**, the director primarily responsible for the financial management of **MKINI DOTCOM SDN. BHD.,** do solemnly and sincerely declare that the financial statements set out on pages 10 to 26 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by the abovenamed **PREMESH CHANDRAN A/L JEYACHANDRAN** at Kuala Lumpur in the Federal Territory on )
)
)
)

**PREMESH CHANDRAN A/L JEYACHANDRAN**

Before me,

*ISWARA & COMPANY*

**Chartered Accountants**

AF : 0976

43-1, Jalan Thambapillai,
Brickfields,
50470 Kuala Lumpur.

Tel : (03) 22733510
Fax : (03) 22733511
E-Mail : iswara@virugoona.my

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MKINI DOTCOM SDN. BHD.

(No. Syarikat : 489718 - U)
(Incorporated in Malaysia)

*Report on the Financial Statements*

We have audited the financial statements of **MKINI DOTCOM SDN. BHD.**, which comprise the balance sheets as at 31 December 2013, and the income statements, statements of changes in equity and cash flow statements 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 10 to 26.

*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 Private Entity Reporting Standards and Companies Act 1965 in Malaysia. The directors are also responsible for such internal control 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

***I*SWARA & *C*OMPANY**

**Chartered Accountants**

AF : 0976

43-1, Jalan Thambapillai,
Brickfields,
50470 Kuala Lumpur.

Tel : (03) 22733510
Fax : (03) 22733511
E-Mail : iswara@virugoona.my

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MKINI DOTCOM SDN. BHD. - (CONT'D)

(No. Syarikat : 489718 - U)
(Incorporated in Malaysia)

*Report on Other Legal and Regulatory Requirements*

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

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

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

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

*Other matters*

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

**ISWARA & COMPANY**
AF : 0976
Chartered Accountants

**THARMA ISWARA A/L S. SUBRAMANIAM**
1673 / 12 / 14 (J/PH)
Sole Practitioner

Kuala Lumpur

Dated : 10 June 2014

**MKINI DOTCOM SDN. BHD.**
(No. Syarikat: 489718 - U)
(Incorporated in Malaysia)

# BALANCE SHEET AS AT 31 DECEMBER 2013

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | NOTE | RM | RM | RM | RM |
| **NON CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 4 | 146,896 | 146,636 | 140,316 | 144,319 |
| Intangible asset | 5 | 3,198,082 | 3,198,082 | 3,198,082 | 3,198,082 |
| Investment in subsidiary | 6 | - | - | 2 | 2 |
| Investment in associate | 7 | 250,000 | - | 250,000 | - |
| Goodwill | 8 | 183,431 | 87,457 | - | - |
| | | 3,778,409 | 3,432,175 | 3,588,400 | 3,342,403 |
| **CURRENT ASSETS** | | | | | |
| Trade receivables | | 1,404,685 | 563,209 | 1,404,685 | 563,209 |
| Other receivables, deposits and prepayments | | 621,814 | 719,993 | 621,814 | 719,993 |
| Amount due from subsidiary company | 9 | - | - | 58,660 | 50,000 |
| Amount due from related companies | 10 | 2,069,319 | - | 2,069,319 | - |
| Deposit with licensed banks | | 2,224,559 | 584,007 | 2,224,559 | 584,007 |
| Cash and bank balances | | 87,620 | 586,463 | 75,775 | 485,871 |
| | | 6,407,997 | 2,453,672 | 6,454,812 | 2,403,080 |
| **CURRENT LIABILITIES** | | | | | |
| Other payables and accruals | 11 | 4,960,336 | 1,168,076 | 4,866,781 | 1,090,777 |
| Bank overdrawn | | 184,494 | - | 184,494 | - |
| Current tax liabilities | | 93,340 | 20,797 | 93,340 | 20,448 |
| | | 5,238,170 | 1,188,873 | 5,144,615 | 1,111,225 |
| **NET CURRENT ASSETS** | | 1,169,827 | 1,264,799 | 1,310,197 | 1,291,855 |
| | | 4,948,236 | 4,696,974 | 4,898,597 | 4,634,258 |
| **FINANCED BY :-** | | | | | |
| **CAPITAL AND RESERVES** | | | | | |
| Share capital | 12 | 4,514,939 | 4,514,939 | 4,514,939 | 4,514,939 |
| Capital reserve | 13 | 78,002 | 78,002 | 78,002 | 78,002 |
| Retained profit | | 345,649 | 95,171 | 296,010 | 32,455 |
| | | 4,938,590 | 4,688,112 | 4,888,951 | 4,625,396 |
| **NON CURRENT LIABILITIES** | | | | | |
| Deferred tax liabilities | 14 | 9,646 | 8,862 | 9,646 | 8,862 |
| | | 4,948,236 | 4,696,974 | 4,898,597 | 4,634,258 |

**The annexed notes form an integral part of these financial statements**

## INCOME STATEMENT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | | **Group** | | **Company** | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | NOTE | RM | RM | RM | RM |
| **REVENUE** | 15 | 2,385,550 | 1,826,913 | 2,318,576 | 1,791,994 |
| **DIRECT COSTS** | | (348,586) | (1,060) | (348,586) | (278,748) |
| **GROSS PROFIT** | | 2,036,964 | 1,825,853 | 1,969,990 | 1,513,246 |
| Other income | 16 | 4,306,954 | 3,695,023 | 4,306,954 | 3,695,023 |
| Operating and administrative expenses | | (5,982,788) | (5,414,007) | (5,902,737) | (5,092,202) |
| **PROFIT FROM OPERATIONS** | | 361,130 | 106,869 | 374,207 | 116,067 |
| Finance costs | | | | | |
| **PROFIT BEFORE TAX** | 17 | 361,130 | 106,869 | 374,207 | 116,067 |
| Income tax expense | 18 | (110,652) | (24,179) | (110,652) | (23,830) |
| **PROFIT AFTER TAX** | | 250,478 | 82,690 | 263,555 | 92,237 |

**The annexed notes form an integral part of these financial statements**

**MKINI DOTCOM SDN. BHD.**
(No. Syarikat: 489718 - U)
(Incorporated in Malaysia)

## STATEMENT OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | Share Capital RM | Capital Reserve RM | Retained Profit RM | Total RM |
|---|---|---|---|---|
| Balance as at 1 January 2012 | 4,514,939 | 78,002 | 12,481 | 4,605,422 |
| Profit after tax | - | - | 82,690 | 82,690 |
| Balance as at 31 December 2012 | 4,514,939 | 78,002 | 95,171 | 4,688,112 |
| Profit after tax | - | - | 250,478 | 250,478 |
| Balance as at 31 December 2013 | 4,514,939 | 78,002 | 345,649 | 4,938,590 |

| | Share Capital RM | Capital Reserve RM | Retained Profit RM | Total RM |
|---|---|---|---|---|
| Balance as at 1 January 2012 | 4,514,939 | 78,002 | (59,782) | 4,533,159 |
| Profit after tax | - | - | 92,237 | 92,237 |
| Balance as at 31 December 2012 | 4,514,939 | 78,002 | 32,455 | 4,625,396 |
| Profit after tax | - | - | 263,555 | 263,555 |
| Balance as at 31 December 2013 | 4,514,939 | 78,002 | 296,010 | 4,888,951 |

**The annexed notes form an integral part of these financial statements**

**MKINI DOTCOM SDN. BHD.**
(No. Syarikat: 489718 - U)
(Incorporated in Malaysia)

## CASH FLOW STATEMENT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before taxation | 361,130 | 106,869 | 374,207 | 116,067 |
| Adjustments for :- | | | | |
| Amortisation of goodwill | - | 6,727 | - | - |
| Depreciation of property, plant and equipment | 46,826 | 45,877 | 42,438 | 43,559 |
| Interest expenses | (30,553) | (8,410) | (30,553) | (8,410) |
| Operating profit before working capital changes | 377,403 | 151,063 | 386,092 | 151,216 |
| Increase in inventory | - | 1,060 | (743,297) | - |
| (Increase) / decrease in trade, receivables and deposit | (738,297) | 240,751 | (743,297) | 12,626 |
| Increase in other payables and accruals | 3,775,095 | 159,023 | 3,776,004 | 85,486 |
| (Increase) / decrease in amount due to related companies | (2,151,160) | - | (2,077,979) | 202,076 |
| Cash generated from operating activities | 1,263,041 | 551,897 | 597,523 | 451,404 |
| Interest paid | 30,553 | 8,410 | 30,553 | 8,410 |
| Tax paid | (36,976) | (2,332) | (36,976) | (2,332) |
| Net cash generated from operating activities | 1,256,618 | 557,975 | 591,100 | 457,482 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of property, plant and equipment | (49,403) | (27,670) | (38,435) | (27,670) |
| Investment in subsidiaries | (2) | - | (2) | - |
| Investment in associates | (249,998) | - | (249,998) | - |
| Net cash used in investing activities | (299,403) | (27,670) | (288,435) | (27,670) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 957,215 | 530,305 | 302,665 | 429,812 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR** | 1,170,470 | 640,165 | 1,069,878 | 640,066 |
| **CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR** | 2,127,685 | 1,170,470 | 1,372,543 | 1,069,878 |
| **CASH AND CASH EQUIVALENTS COMPRISE** | | | | |
| Deposit with licensed banks | 2,224,559 | 584,007 | 2,224,559 | 584,007 |
| Cash in hand | 4,500 | 4,500 | 4,498 | 4,498 |
| Cash at banks | 83,120 | 581,963 | 71,277 | 481,373 |
| Bank overdrawn | (184,494) | - | (184,494) | - |
| | 2,127,685 | 1,170,470 | 2,115,840 | 1,069,878 |

**The annexed notes form an integral part of these financial statements**

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 1. GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia. The registered office of the Company is located at No.43-2A, Jalan Thambapillai, Brickfield 50470 Kuala Lumpur and the principal place of business is located at No.48 Jalan Kemuja, Bangsar, 59100 Kuala Lumpur.

The Company is principally engaged in the business of information technology, media and news service. There have been no significant changes in these principal activities during the financial year.

The financial statements of the Company are reported in Ringgit Malaysia (RM).

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared in accordance with the MASB Applicable Approved Accounting Standards for Private Entities in Malaysia and provisions of the Companies Act, 1965.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets. The principal accounting policies adopted are set below:-

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company’s financial statements at cost, less impairment losses, if any.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated financial statements from the acquisition date or up to the effective date of disposal, where appropriate. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events similar circumstances.

All intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

(b) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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

Depreciation is provided on a straight-line basis calculated to write off the cost of each asset over its estimated useful life at the following annual rates:-

| | Rate |
|---|---|
| Computers | 20% |
| Office equipment | 10% |
| Furniture and fittings | 10% |
| Video productions | 20% |

The residual values and the useful lives of assets, if significant, are reviewed at each balance sheet date.

The gain or loss arising from the disposal or retirement of an asset, determined as the difference between the net disposal proceeds, if any and the carrying amount of the item, are recognised in the income statement.

Depreciation of an asset begins when it is ready for its intended use.

(c) Investment in Subsidiary

Investments in the subsidiaries are stated at cost less any allowance for permanent diminution in value.

(d) Impairment of Assets

At each balance sheet date, the Group and the Company assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of assets are estimated.

When it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the net selling price and 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 risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each non-current asset in the unit.

(d) Impairment of Assets (Cont'd)

An impairment loss is recognised immediately in income statement, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior financial periods for an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised, and is recognised immediately in income statement, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

(e) Intangible Asset – Intellectual property and Goodwill

Intangible asset is stated at cost less accumulated amortisation and accumulated impairment losses. The intangible asset is amortised on a straight line basis over its useful life not exceeding 20 year.

(f) Receivables

Receivables are measured at anticipated realisable values. Appropriate allowances for estimated irrecoverable amounts are recognised in income statement.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances that are readily convertible to a known amount of cash with an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(h) Payables

Payables are stated at cost which is the consideration to be paid in the future for goods and services rendered.

(i) Provisions

A provision is recognised when the Group and the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is recognised based on a reliable estimate of the amount of the obligation.

(j) Equity

Equity issued by the Company is recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

(k) Revenue

Revenue is recognised as and when services are provided.

(l) Employee Benefits

i) **Short-Term Employment Benefits**

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

ii) **Defined Contribution Plans**

As required by the law, the Company makes contributions to the national pension scheme, the Employees Provident Fund ("EPF").

(m) Income Taxes

Income tax comprises of current tax and deferred tax.

Current tax and deferred tax are charged or credited to equity if the tax relates to items that are credited or charged directly to equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the balance sheet date.

The carrying amount of the deferred tax assets are reviewed at each balance sheet date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(n) Financial Instruments

Financial instruments carried on the balance sheet include bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**MKINI DOTCOM SDN. BHD.**
(No. Syarikat: 489718 - U)
(Incorporated in Malaysia)

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 4. PROPERTY, PLANT AND EQUIPMENT

| **Group** | Computers RM | Office equipment RM | Furniture and fittings RM | Video productions RM | Total RM |
|---|---|---|---|---|---|
| Cost | | | | | |
| At 01.01.2013 | 247,448 | 205,191 | 77,687 | 38,200 | 568,526 |
| Additions | 20,563 | 25,621 | 3,219 | - | 49,403 |
| Disposals | (11,587) | - | - | - | (11,587) |
| At 31.12.2013 | 256,424 | 230,812 | 80,906 | 38,200 | 606,342 |
| Accumulated Depreciation | | | | | |
| At 01.01.2013 | 218,878 | 136,927 | 50,805 | 15,280 | 421,890 |
| Charge for the financial year | 15,319 | 17,980 | 5,887 | 7,640 | 46,826 |
| Disposals | (9,270) | - | - | - | (9,270) |
| At 31.12.2013 | 224,927 | 154,907 | 56,692 | 22,920 | 459,446 |
| Net Book Value | | | | | |
| At 31.12.2013 | 31,497 | 75,905 | 24,214 | 15,280 | 146,896 |
| At 31.12.2012 | 28,570 | 68,264 | 26,882 | 22,920 | 146,636 |
| Depreciation charge for the year ended 31.12.2012 | 15,329 | 17,342 | 5,566 | 7,640 | 45,877 |

| **Company** | Computers RM | Office equipment RM | Furnishing and fittings RM | Video productions RM | Total RM |
|---|---|---|---|---|---|
| Cost | | | | | |
| At 01.01.2013 | 235,861 | 205,191 | 77,687 | 38,200 | 556,939 |
| Additions | 9,595 | 25,621 | 3,219 | - | 38,435 |
| Disposals | - | - | - | - | - |
| At 31.12.2013 | 245,456 | 230,812 | 80,906 | 38,200 | 595,374 |
| Accumulated Depreciation | | | | | |
| At 01.01.2013 | 209,608 | 136,927 | 50,805 | 15,280 | 412,620 |
| Charge for the financial year | 10,931 | 17,980 | 5,887 | 7,640 | 42,438 |
| Disposals | - | - | - | - | - |
| At 31.12.2013 | 220,539 | 154,907 | 56,692 | 22,920 | 455,058 |
| At 31.12.2013 | 24,917 | 75,905 | 24,214 | 15,280 | 140,316 |
| At 31.12.2012 | 26,253 | 68,264 | 26,882 | 22,920 | 144,319 |
| Depreciation charge for the year ended 31.12.2012 | 13,011 | 17,342 | 5,566 | 7,640 | 43,559 |

### 5. INTANGIBLE ASSETS

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Intellectual and business goodwill | 3,198,082 | 3,198,082 |

### 6. INVESTMENT IN SUBSIDIARY

| | Company | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Unquoted shares, at cost | 2 | 2 |

The subsidiary is:

| | | |
|---|---|---|
| Name of Company | : | FG Media Sdn. Bhd. |
| Company no. | : | 958684 - M |
| Place of Incorporation | : | Malaysia |
| Percentage of Equity Held | : | 100% |
| Principal Activity | : | Technology service provider |

### 7. INVESTMENT IN ASSOCIATE

| | Group/Company | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Unquoted shares, at cost | 250,000 | - |

The subsidiary is:

| | | |
|---|---|---|
| Name of Company | : | Kinibiz Sdn. Bhd. |
| Company no. | : | 584870 - M |
| Place of Incorporation | : | Malaysia |
| Percentage of Equity Held | : | 50% |
| Principal Activity | : | Business news portal |

## 8. GOODWILL

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| As at 1 January | 87,457 | 107,638 |
| Addition / (Less) : Amortisation of goodwill | 95,974 | (20,181) |
| As at 31 December | 183,431 | 87,457 |

## 9. AMOUNT DUE FROM SUBSIDIARY COMPANY

This amount is unsecured, interest free and with no fixed terms of repayments.

## 10. AMOUNT DUE FROM RELATED COMPANIES

This amount due from related companies are unsecured, interest free and with no fixed terms of repayments.

## 11. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals is an amount of RM 120,000 (2012: RM NIL) due to a company in which the directors of the company have interest.

## 12. SHARE CAPITAL

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| **Authorised :-** | | |
| 5,000,000 Ordinary shares of RM 1/- each | 5,000,000 | 5,000,000 |
| **Issued and fully paid :-** | | |
| 4,514,939 Ordinary shares of RM 1/- each | 4,514,939 | 4,514,939 |

### 13. CAPITAL RESERVE

| | Group and Company | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Created an intellectual and business goodwill account on the basis of the special knowledge and intellectual property possessed by the professionals of the Group and the Company | 3,198,082 | 3,198,082 |
| Conversion by way of bonus issue of new ordinary shares on the basis of 40 new ordinary shares of RM 1 each for every one existing ordinary shares of RM 1 each | (3,120,080) | (3,120,080) |
| As at 31 December | 78,002 | 78,002 |

### 14. DEFERRED TAXATION

| **Group and Company** | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| At 1 January | 8,862 | 6,039 |
| Transfer to income statement | 784 | 2,823 |
| At 31 December | 9,646 | 8,862 |

Deferred taxation is in respect of the following tax effects provided for in the financial statements :-

| | Group/ Company Deferred (Liability) / Asset | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Temporary differences between depreciation and capital allowances | 9,646 | 8,862 |

### 15. REVENUE

Revenue represents total invoice value of services provided during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

### 16. OTHER INCOME

| | Group and Company | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Advertising revenue | 3,493,623 | 2,302,880 |
| Affiliate advertising | - | 6,116 |
| Grants | 273,600 | 540,395 |
| Interest received | 30,553 | 8,410 |
| Kinibooks | 1,060 | 29,716 |
| Mobile revenue | 134,839 | 225,501 |
| News syndication | 319,300 | 280,200 |
| Projects | 48,000 | 275,871 |
| | 4,306,954 | 3,695,023 |

### 17. PROFIT BEFORE TAX

The following have been charged / (credited) in arriving at the profit before tax:

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Audit fee | 11,400 | 5,400 | 10,200 | 4,400 |
| Depreciation of property, plant and equipment | 44,632 | 54,133 | 42,438 | 43,559 |
| Director remunerations | 111,090 | 185,100 | 111,090 | 185,100 |
| E.P.F contribution | 354,260 | 333,076 | 348,146 | 328,743 |
| Rental of premises | 114,700 | 99,000 | 114,700 | 99,000 |
| Staff costs | 3,223,313 | 3,305,328 | 3,163,973 | 3,227,007 |

### 18. INCOME TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Current year provision | 109,868 | 19,559 | 109,868 | 19,210 |
| Under/(over) provision in prior year | - | 1,797 | - | 1,797 |
| Deferred taxation (Note 14) | 784 | 2,823 | 784 | 2,823 |
| | 110,652 | 24,179 | 110,652 | 23,830 |

## 18. INCOME TAX EXPENSE – (CONT'D)

**Reconciliation of Effective Tax Expense**

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2013 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Profit before tax | 361,130 | 106,869 | 374,207 | 116,067 |
| Tax at the applicable tax rate of 25% | 90,283 | 22,719 | 93,552 | 23,213 |
| Non allowable expenses | 30,682 | 11,592 | 27,906 | 9,609 |
| Utilised capital allowances | (11,097) | (10,361) | (11,590) | (10,361) |
| Unabsorbed business losses | - | (4,391) | - | (3,251) |
| Under provision in prior year | - | 1,797 | - | 1,797 |
| Deferred taxation | 784 | 2,823 | 784 | 2,823 |
| Tax expense | 110,652 | 24,179 | 110,652 | 23,830 |

## 19. FINANCIAL RISK MANAGEMENT

The Group's financial risk management policy is to ensure adequate financial resources are available for the development of the Group's business whilst managing its risk.

The main areas of risk faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Credit Risk

The credit risk is controlled and monitored by the directors of the Group and of the Company. At the balance sheet date, there was no significant concentration of credit risk in the Group and the Company.

(b) Interest Rate Risk

The borrowings of the Group and of the Company are a mix of short term and long term borrowings for working capital and thus the exposure to interest rate risk is minimal.

(c) Liquidity And Cash Flow Risks

The Group and the Company ensures that cash is managed efficiently to meet working capital expenditure and other financial requirements. This is done through reliable cash forecasting to achieve the optimum use of cash resources.

## 20. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair values is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Bank Balance and Short Term Receivables

The carrying amounts approximated their values due to the relatively short term to maturity of these instruments.

(b) Short Term Borrowings and Other Current Liabilities

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

## 21. MATERIAL LITIGATION

Liable cases against Mkini Dotcom Sdn. Bhd.

Mkini Dotcom Sdn Bhd is being sued for defamation as follows:-

(a) Raja Nong Chik Bin Raja Zainal Abdin vs Mkini Dotcom Sdn. Bhd. & others.

Trial fixed for 21 July 2014 to 23 July 2014.

(b) Raub Australian Gold Mining Sdn Bhd vs Mkini Dotcom Sdn Bhd. & Others

Mediation to take place on 19 September 2014.

(c) Dato' Sri Dr. Mohamad Salleh Bin Ismail & NFC
vs Mohd Rafizi Bin Ramli & Mkini Dotcom Sdn. Bhd.

Mediation failed and the case will proceed to trial.

(d) Kuvenaraju Pachappen vs Mkini Dotcom Sdn Bhd. & Anor.

Currently trying to negotiate the case via mediation.

(e) Ragindran a/l Sivasamy vs N.Ganesan a/l Narayanan, Mkini Dotcom Sdn Bhd & Anor

Applying to strike out the case.

(f) Datuk Ab. Rauf Bin Yusoh & Najib Abdul Razak vs Mkini Dotcom Sdn. Bhd. & Others

Writ and statement of claims received on 3 June 2014
The solicitors acting for the Company have yet to give their opinion on the above cases.

## 22. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors on 10 June 2014.

## 23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:-

| | As Stated | As Restated |
|---|---|---|
| Direct cost | RM | RM |
| Commission | - | 139,305 |
| Subscriptions marketing | - | 187,576 |
| E.P.F and Socso | - | 21,705 |
| Operating expenses | | |
| Commission | 139,305 | - |
| Subscriptions marketing | 187,576 | - |
| E.P.F and Socso | 21,705 | - |

## DETAILED INCOME STATEMENT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | 2013<br>RM | 2012<br>RM |
|---|---|---|
| **REVENUE** | 2,318,576 | 1,791,994 |
| **LESS: DIRECT COSTS** | | |
| Commission | 139,305 | 56,494 |
| Subscriptions marketing | 187,576 | 199,218 |
| E.P.F and SOCSO | 21,705 | 23,036 |
| | 348,586 | 278,748 |
| **GROSS PROFIT** | 1,969,990 | 1,513,246 |
| **OTHER INCOME** | | |
| Advertising revenue | 3,493,623 | 2,302,880 |
| Affiliate advertising | - | 6,116 |
| Grants | 273,600 | 540,395 |
| Interest received | 30,553 | 8,410 |
| Kinibooks | 1,060 | 29,716 |
| Mobile revenue | 134,839 | 225,501 |
| News syndication | 319,300 | 280,200 |
| Projects | 48,000 | 275,871 |
| Technology | 5,979 | 25,934 |
| | 4,306,954 | 3,695,023 |
| | 6,276,944 | 5,208,269 |
| **LESS:** | | |
| **OPERATING AND ADMINISTRATIVE EXPENSES** | | |
| (Refer to page 28) | (5,902,737) | (5,092,202) |
| **PROFIT BEFORE TAX** | 374,207 | 116,067 |

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.

**MKINI DOTCOM SDN. BHD.**
(No. Syarikat: 489718 - U)
(Incorporated in Malaysia)

## OPERATING AND ADMINISTRATIVE EXPENSES
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | 2013<br>RM | 2012<br>RM |
|---|---|---|
| Advertising expenses | 400,061 | 167,066 |
| Audit fee | 10,200 | 4,400 |
| Bank charges | 3,607 | 1,837 |
| Compensation | 67,200 | - |
| Complementary | 182,796 | - |
| Depreciation of property, plant and equipment | 42,438 | 43,559 |
| Directors' remuneration | 111,090 | 185,100 |
| E.P.F. contributions | 348,146 | 328,743 |
| Editorial expenses | 450,215 | 395,325 |
| Electricity and water | 49,202 | 41,743 |
| Insurance | 6,863 | 6,863 |
| Legal fee | 186,227 | 8,000 |
| License fee | 840 | 840 |
| Marketing expenses | 57,624 | 8,298 |
| Medical fees | 7,991 | 6,009 |
| Membership fee | - | 2,500 |
| Postage and courier | 915 | 1,310 |
| Printing and stationery | 10,659 | 8,088 |
| Project expenses | 85,335 | 122,840 |
| Recruitment | - | 127 |
| Registration fee | - | 650 |
| Rental of premises | 114,700 | 99,000 |
| Salaries, allowances and bonus | 3,163,973 | 3,227,007 |
| Secretarial fee | 835 | 1,189 |
| SOCSO contributions | 29,240 | 29,549 |
| Staff activities | 18,690 | 18,432 |
| Staff insurance | 15,592 | 27,625 |
| Stamping fee | - | 650 |
| Tax fee | 1,160 | 1,160 |
| Technology expenses | 455,437 | 253,744 |
| Telephone charges | 42,866 | 82,011 |
| Travelling expenses | 19,742 | 2,515 |
| Upkeep of office | 18,299 | 12,622 |
| Upkeep of office equipment | 120 | 2,612 |
| Website renewal | 674 | 788 |
| | 5,902,737 | 5,092,202 |

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