MYNIC Unveiled

2013 ANNUAL REPORT

MYNIC 2013 Annual Report outlines the goals, strategies and vision embraced by MYNIC Berhad as the sole administrator for web addresses that ends with .my in Malaysia as we seek to provide Malaysian organisations and individuals their unique brand identities on the internet.

This report is available online at www.mynic.my


We are not setting land field
a border anymore.
Even the sky is not the limit.

Contents

Vision
To be the most innovative internet providers of internet registry & addressing services in the Asia Pacific.

Mission
To excel in Malaysian internet registry services to create unique identifiers for the internet community.

Function
MYNIC administers the name space for the .my top level domain (TLD). This involves the registration of domain names, maintenance and operation of a domain name registry (a central database for .my domain names).

The domain names categories that are registered under MYNIC are

.my
for Malaysian individuals and organisations

.com.my
for commercial organisation /activities

.net.my
for network-related organisations /activities

.org.my
for other organisations / activities

.edu.my
for Malaysian educational organisations only

.gov.my
for Malaysian government organisations only

.mil.my
for Malaysian military organisations only

.name.my
for Malaysian individual's personal use only

We proudly present to you our new name, MYNIC

MYNIC (legal entity of MYNIC Berhad with Company Registration No: 735031-H), formerly known as .my Domain Registry, is an agency under Ministry of Communications and Multimedia Malaysia.

MYNIC is the sole administrator for web addresses that end with .my in Malaysia. As the national level domain name, MYNIC gives Malaysian organisations and individuals their unique brand identities on the Internet. We register a wide range of domain names ie. .my, .com.my, .org.my, .net.my, .edu.my, .gov.my, .mil.my and .name.my.

We have a network of authorised resellers nationwide, working 24x7 to assist in registering and billing activities of domain names. Our resellers are also experts in providing one-stop services for all web and Internet needs, from developing website, creating email accounts, web hosting, web design to annual renewal of domain names.

After 26 years of operation, MYNIC have developed many products for the ease of domain use and benefit. Among the products which are introduced in 2013 are I'm CEO, .myBuddies and iChoose.my. These are aligned with the development of technology and business demand.

We take a forward thinking approach in addressing rapid evolving domain technologies as we are dedicated to helping Malaysians reaching out to the world via the use of .my domain.

At MYNIC, we ensure our stakeholders – the government, the businesses and the public are given the best care, service and support of their Internet Identity with Trust, Confidence and Security – the three main thrusts of our working philosophy.


.myNIC

Leadership

Board of Directors

YBhg. Datuk Bridget Anne Chin Hung Yee
YBhg. Dato' Sri Abd Rahim bin Mohamad Radzi
YBhg. Dato' Dr. Rosli bin Mohamed
YM. Tengku Farith Rithauddeen
YBrs. En. Nik Abdul Aziz Nik Yaacob
YBrs. Cik Susanna Lim Wei Loong

Management Team

01 Chief Executive Officer
Hasnul Fadhly Hasan

02 Chief Operation Officer
Norsuzana Harun

03 Chief Technology Officer
Mohamad Zamroh Mahmud

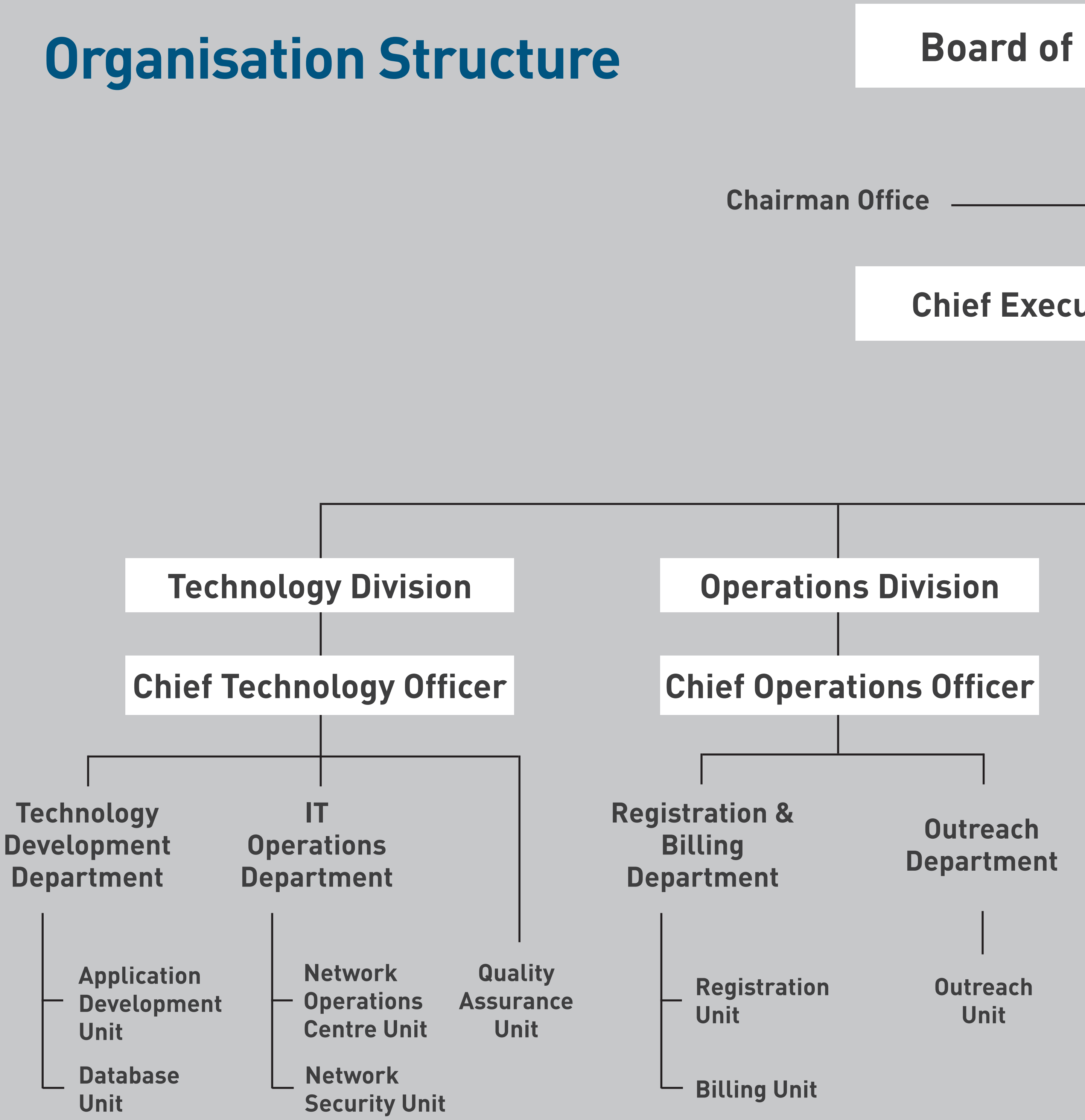
04 Chief Financial Officer
Norzaiton Senusi

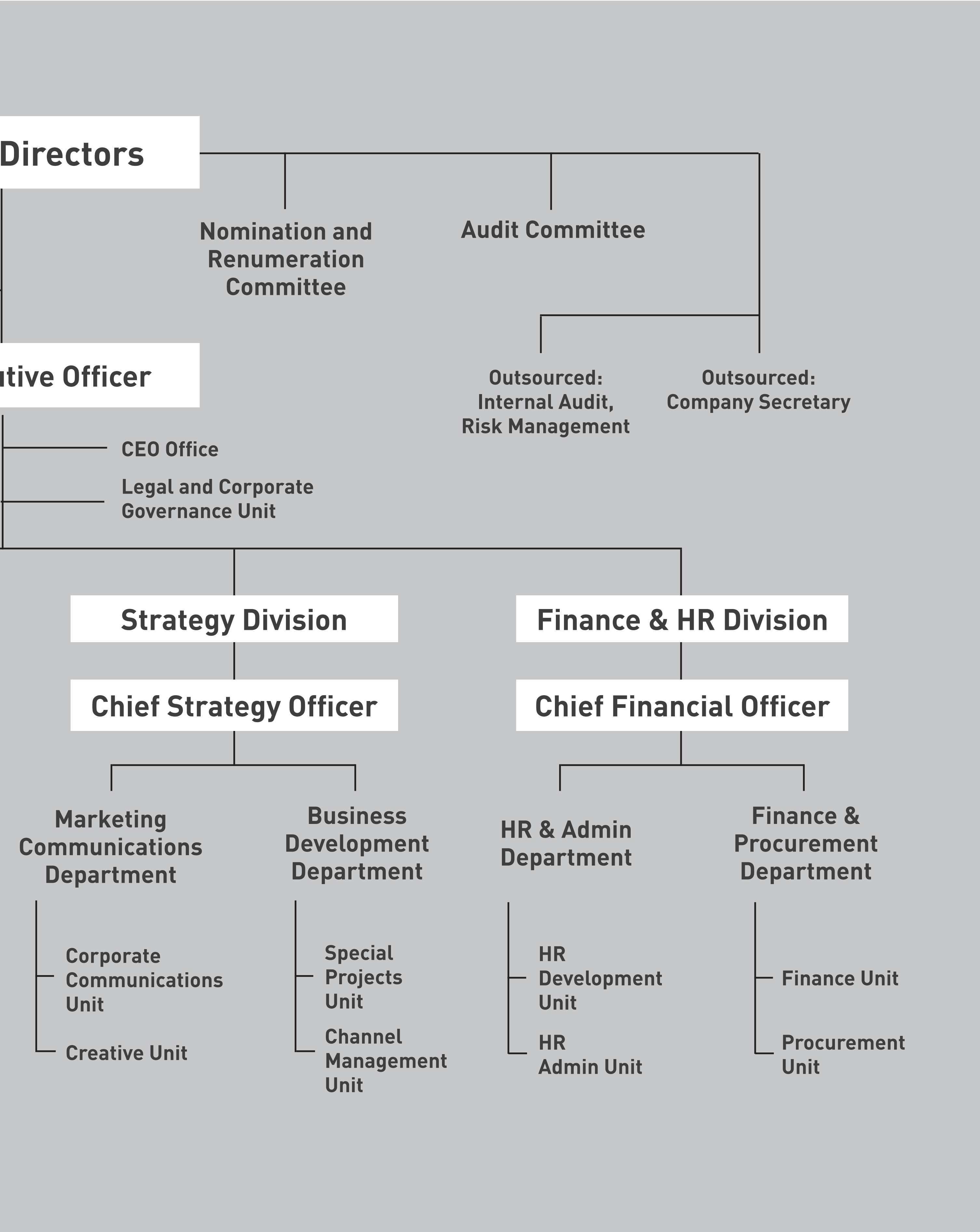
05 Chief Strategy Officer
Talib Sabri Sulaiman

MYNIC Berhad is a Company Limited by Guarantee under the supervision of the Ministry of Communications and Multimedia Malaysia (KKMM). The appointment of MYNIC Berhad's Board of Directors and Members are within the purview of KKMM. One of MYNIC Berhad's objectives as stated within the Memorandum of Association is to act as the network information Centre for Malaysia including managing and administering the .my country code top level domain, Internet names and conducting all other related activities and services.

MYNIC Berhad is regulated by the Malaysian Communications and Multimedia Commission (MCMC) to manage and maintain an integrated electronic address database under section 181 (1) of the Communications and Multimedia Act 1998.

Organisation Structure




Directors
Nomination and Renumeration Committee
Audit Committee
Outsourced: Internal Audit, Risk Management
Outsourced: Company Secretary
tive Officer
CEO Office
Legal and Corporate Governance Unit
Strategy Division
Chief Strategy Officer
Finance & HR Division
Chief Financial Officer
Marketing Communications Department
Corporate Communications Unit
Creative Unit
Business Development Department
Special Projects Unit
Channel Management Unit
HR & Admin Department
HR Development Unit
HR Admin Unit
Finance & Procurement Department
Finance Unit
Procurement Unit

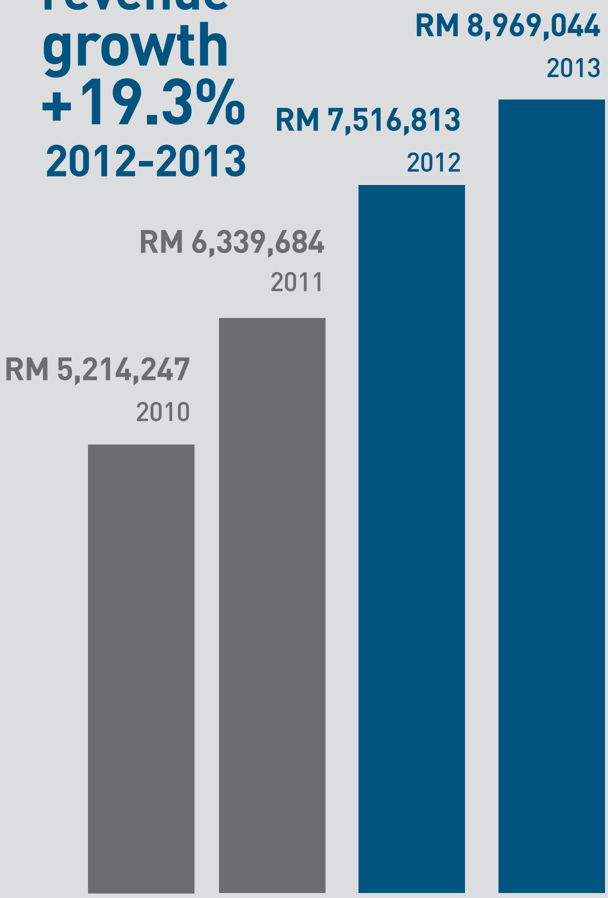
Performance in a Glance

2013 number of domains

192,533

	2010	2011	2012	2013
.my	23,220	39,050	87,488	51,721
.com.my	81,852	97,921	111,536	130, 018
.net.my	2,316	2,764	2,752	2,713
.org.my	2,313	2,613	2,765	2,980
.gov.my	1,031	1,087	1,158	1,102
.edu.my	1,666	2,137	2,923	3,083
.mil.my	7	17	25	24
.name.my	400	401	289	892

revenue growth +19.3% 2012-2013



Revenue

RM 8,969,044

CEO's Foreword

2013 was a year full of challenges in ensuring the use of domain names .my continues to rise and widespread in various sectors. Many initiatives have been taken by MYNIC to ensure that .my domain name is still relevant among our citizens as well as to ensure our domain on par with .com domain name.

MYNIC very optimistic this year to put .my on par with .com domain name.

Although many things that need to be further refined in order to achieve that dream but MYNIC believe if .my domain name can be used widely, we have potential to generate huge revenue. This is because the code of the country has its own commercial value.

MYNIC has undertaken various initiatives to put towards .my domain name on the international stage. In this we ensure that local consumers continue to choose .my domain name as their choice by offering a variety of offers and promotions for both new users or to existing users. Almost 200,000 .my domain name has been successfully registered and it give a positive indication towards globalizing .my domain name.

Along with this positive development I'm sure that MYNIC are in the right track to boost Malaysia's competitiveness. MYNIC management, staff and our authorized reseller will be together to continue the transformation of growth in the use of .my domain name.

Hasnul Fadhly Hasan
Chief Executive Officer

2013 Key Milestones

MYNIC Cares

January 04-09

CSR Donation

MYNIC started off 2013 by giving back to the society. As part of corporate social responsibility to the society, we had donated RM50,000.00 each to 4 different organisations namely Malaysian Medical Relief Society (MERCY), Majlis Kanser Malaysia (MAKNA), Pusat Perlindungan PERNIM & Yayasan Nur Karangkraf Malaysia.

April 24

Kota Kinabalu Single Mothers Charity Donation

MYNIC donated RM12,000 to Persatuan Ibu Tunggal Kota Kinabalu & Pusat Seri Mengasih Kota Kinabalu. This is in conjunction with Jom Bisnes Bah, a programme that was initiated to help 100 single mothers to market their business through internet, in which MYNIC helped them by sharing our expertise in internet and e-commerce.

Jun 17

A Day at the Orphanage

MYNIC paid a visit to 70 orphans from Pertubuhan Anak Yatim Islam Batu Pahat. A lot of activities were conducted such as watching motivational movies, playing games, shopping. In this event, MYNIC donated RM5,000 for this organisation to lighten their burden in preparing for Aidilfitri.

MYNIC and Teamwork

February 03

My Beautiful Malaysia

MYNIC staffs were among 1 million volunteers that took part in My Beautiful Malaysia programme organized by Youth and Sports Ministry at Lake Garden, Kuala Lumpur.

February 05

Hackathon

MYNIC is proud to conduct internal MYNIC Hackathon 2013 on 5th February 2013. This program is to encourage innovative and creative thinking from all MYNIC employees. All the ideas has been evaluated and presented to MYNIC Management on the same day.

The objective of the event is to gather the best ideas and proposals. In addition, the event managed to strengthen the relationship and teamwork amongst employees.

1st Place: AppliLegal Unit Group
2nd Place: RBD & Outreach Group
3rd Place: NSC Group

MYNIC Nurtures Warmth

May 19

MYNIC Family Day

MYNIC has organized a Family Day in Taman Tasik Titiwangsa Kuala Lumpur. Many activities were held during the one-day event. Among of them were aerobic session, dancing, and coloring activities. The activities have strengthened the relationship among us.

June 19 & 28
Yoghurtherness Day & Bowling & Birthday Celebration

We had two programs, namely 'Yoghurtherness Day' and Bowling & Birthday Celebrations. The work life balance is important for every employee and these activities make them more eager to work and more focus.

Sept 19 & 28
Majlis Cahaya Aididlfitri MYNIC

The Hari Raya celebration was more meaningful with the attendance of 30 special children from the Malaysian AIDS Foundation (MAC) at Kelab Tasik Putrajaya, Presint 8, Putrajaya. MYNIC have contributed RM 20,000 and "duit raya" packets to them. We are also pleased to sponsor a domain name www.rrcs.my to Red Ribbon Celebrity Supporters.

2013 Key Milestones

MYNIC and Media

In appreciation of the support given by the media especially TV9, Bernama and Utusan Malaysia in disseminating information to public and promoting MYNIC, we are pleased to celebrate their anniversary. The anniversary ceremony was graced by giving a specially designed cake and we are pleased to provide them with free domain name for one year.

April 22

TV9 7th Anniversary

May 20

Bernama 45th Anniversary

May 29

Utusan Malaysia 74th Anniversary

MYNIC and the Public

We are constantly looking for opportunities to meet people and introduce MYNIC to Malaysians.

March 3

Corporate Visit by MOSTI

We received a visit from YB. Datuk Seri Dr. Maximus Ongkili, Minister of Science, Technology and Innovation and MOSTI representatives. Among the issues discussed were the key performance indicators, business plans and achievements.

April 2 - 4

MSC Malaysia Cyber Centre Value Adding Programme ICT Roadshow.

Venue: The Intermark Kuala Lumpur

April 20

Jualan Hari Bloggers dan Online

Venue: Hotel Royale Chulan, Kuala Lumpur

April 26 - 30

Windows to the World Expo

Venue: KL Sentral Kuala Lumpur

May 20 - 21

SSM National Conference

Venue: Hotel Royale Chulan, Kuala Lumpur

June 6 - 8

The 14th Malaysian International Food and beverage Trade Fair

Venue: KL Sentral Kuala Lumpur

June 13 - 15
National Intellectual Property Expo

Venue: MITC Melaka.

June 25 - 27
Program SME

Venue: KL Sentral Kuala Lumpur

October 27
Karnival ICT and Innovation

In Carnival ICT and Innovation program at Taman Tasik Datuk Keramat, we have colaborated with Majlis Belia Kawasan Titiwangsa.

November 12 - 14
WIF KL

Venue: Kuala Lumpur Convention Centre

2013 Key Milestones

MYNIC and Businesswomen

April 22

Program Turun Padang : Jom Bisnes Bah (JBB)

Jom Bisnes Bah (JBB) is a continuation program from 1Nita.

MSC Malaysia Cyber Centre Bengkel 1Nita

Participants : 100 single mothers
200 businesswomen

This workshop was held to help the Malaysian SME Businesswomen gained skill in doing business through online.

Bengkel 1Nita

Participants : 3,640
Venue : All over Malaysia

1Nita online platform is created to enable businesswomen in business online and put in a place to facilitate buyers to choose products and services at online store www.1nita.my. A total of 13 types of products and services are offered in the store.

MYNIC and Innovation

October 1

Project Development of Anycast@myDNS

The handing over ceremony of project documents as a symbolic cooperation between MYNIC and UPMET was held at Dewan Persidangan, UPM Education & Training Sdn. Bhd.

Venue : Dewan Persidangan, UPM Education & Training Sdn. Bhd.

October 31

iChoose.my

iChoose.my was officially launched on 31st October 2013. The platform provides services for domain mapping from Wordpress.com, .com, .net, .biz, and .info domain names to domain .my, .com.my and .org.my. The price for .my is RM 120, and RM80 for .com.my and .org.my.

Customer have choices of payment such as maybank2u.com, PBeBank.com, CIMC clicks, Bank Islam, Hong Leong Connect, RHB Now, Alliance Online Personal, AmOnline, VISA, MasterCard or MOLPAY.

MYNIC and the Ministry

July 20

MYNIC is currently under Ministry of Communications and Multimedia Malaysia (KKMM) starting from 12th July 2013 as Malaysia's cabinet members have enforced the transfer of all IT agencies from Ministry of Science, Technology and Innovation (MOSTI)

MYNIC and the Resellers

December 17
Resellers' Dinner

Venue : Intekma Resort and Convention Centre, Shah Alam

MYNIC Collaboration

Throughout 2013, MYNIC has collaborated with various agencies and associations.

April 22

Get Malaysian Business Online (GMBO)

Collaboration: MYNIC, MCMC, Google Malaysia, iTrain
Target : 50,000 micro business
Total Grant : RM1,000
Total Allocation :RM 50 million from Malaysian Comunication & Multimedia Commissioner (MCMC)
MYNIC Role : Strategic partner with MCMC, Google Malaysia and iTrain

Advantages :

- The earliest applicants Semi and Medium Entrepreneurs (SMEs) will get free domain name for 1 year.
- Renewal domain name for RM23 a year
- Free ads by Google
- Free website building

March 11-13

MYNIC and MARA

Internet marketing courses through websites

September 26

MYNIC and KLRCA

MYNIC and The Kuala Lumpur Regional Centre for Arbitration (KLRCA) has worked together for MYNIC's Domain Name Dispute Resolution Policy (MYDRP) 10th anniversary on 26th September 2013 that took place at Royale Chulan Hotel, Kuala Lumpur.

KLRCA is a MYNIC' strategic partner since 2003 in solving the problem .my domain name disputes.

myBuddies

Collaboration: MYNIC, Majlis Belia Selangor (MBS), Gerakan Belia 4B, Rakan4Biz & Tabung Kebajikan dan Pendidikan Gerakan Belia 4B (M) Shah Alam (T4BUNG).

Objective :

- To increase your online presence entities in Malaysia with a .my domain name ownership.
- To expose the participants to the techniques and business potential that can be put online
- To bring the entrepreneur go global
- To open the opportunity and help them to generate revenue
- To increase the chances for expanding the business network

MYNIC Promotional Program

MYNIC has conducted various kinds of brand and product promotion through competition, annual events, price discounts, domain name registration and discounts of MYNIC products.

Competition

Makankosappo-DBZ Energy Attacks

Prize : Blackberry 9790

May 14 - 30 Let's Gwiyomi

Prize: Blackberry Bold 9900

June 11 - September 10 Make it Rain

Prize: RM 5,000 X 1
Generation .my t-shirt X 10

October 1-30 Me, Myself and I

Prize: iPhone 5s + free domain name (Champion),
Samsung Galaxy Note 3+ free domain name (1st Runner up),
Blackberry 9900 + free domain name (2nd Runner up),
Blackberry 9790+ free domain name (4th place) & 1 year free domain name X 10

October 31-December 31 Me, Myself and I

Prize: RM 10,000 X 1

Survey

April 10-30 Marketing Survey

Prize : RM 100 X 9

BLOGRRR: Blogger Most Wanted

December 14

Time : 9.00 am – 7.00 pm
Venue : Mines International Exhibition & Convention Centre (MIECC)

The objective of this program is to strengthen the MYNIC and .my domain name brand to online communities. It is also to appreciate and to recognize Malaysian blogger in the advantage of using ICT.

The program has received overwhelming response. Here is the statistics of the program:-

Total Registration : 448
Total Attended Blogger : 496
Total Booth : 130
Total Visitors : 1,200
Total Blogger That Use Domain .my : 564
Facebook Likes : 1106

The event has been officially launched by YBrs. En. Hasnul Fadhly Hasan, Chief Executive Office MYNIC and witnessed by YBhg. Datuk Bridget Anne Chin Hung Yee, Chairman MYNIC.

Other than 130 booths from local online entrepreneurs, there were 15 mini seminars conducted by strategic partners during the event. Among them were:

- **Google Malaysia**, Memaksimumkan Pulangan Pelaburan Di Dalam Carian Pasaran
- **Shopify**, Lima Sebab Mengapa Blogger Perlu Melaksanakan Perniagaan Dalam Hari Ini
- **Deaf Moolah**, Bagaimana Blog Mengubah Hidup Saya by Selina Wing
- **Square Social Commerce**, Jualan di Facebook : Bagaimana Untuk Leverage Media Social Untuk Memacu Jualan
- **MyTeksi**, Kepentingan Strategi Hyper Local Untuk Perniagaan Digital
- **Bank Simpanan Nasional**, Menguruskan Wang Anda
- **Trend Micro**, Kekal Selamat Dalam Media Social : Bagaimana Anda Boleh Menjadi Sasaran Jenayah Siber di Facebook?
- **Simpanan Nasional Berhad**, Pembelian dan Jualan Hartanah Dalam Talian
- **Persatuan Usahawan Internet Malaysia**, Kelebihan Menyertai Persatuan Usahawan Internet Malaysia
- **MYNIC**, Perbincangan Dengan Penulis Blog
- **Exabytes**, Langkah-Langkah Jualan Dalam Talian
- **MYNIC**, Keselamatan Perniagaan Dalam Talian
- **Amanz Media**, Bagaimana Memulakan Blog Anda?
- **Amanz Media**, Bagaimana Untuk Memperbaiki Blog Anda?

2013 Financial Statements

31 December 2013

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Server/Audit – SIA/MYNIC BERHAD 2013

Directors' Report for the Financial Year Ended 31 December 2013

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to manage, control, operate, develop and administer the .my country code top level domain, internet names, numbers, addresses, resources and all other related activities and services. The principal activities of the subsidiary company are described in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company acts as the network information centre for Malaysia. On 12 July 2013, the roles and functions of the Company have been transferred from the Ministry of Science, Technology and Innovation ("MOSTI") to the Ministry of Communications and Multimedia Malaysia ("KKMM").

The Company is a company limited by guarantee, not having a share capital, not for profit, incorporated and domiciled in Malaysia. Currently, the Company has 2 members. In the event that the Company is wound up, a member or a person who was a member twelve months prior to that event is liable to contribute to the assets of the Company a sum not exceeding Ringgit Malaysia One Hundred (RM100).

RESULTS	**GROUP RM**	**COMPANY RM**
Profit after taxation	**2,092,205**	**2,225,205**
Unappropriated profits brought forward	**15,570,972**	**15,570,972**
Unappropriated profits carries forward	**17,663,623**	**17,796,177**

DIVIDENDS

There were no dividends proposed, declared or paid during the financial year.

RESERVES AND PROVISIONS

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

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Y. Bhg. Datuk Bridget Anne Chin Hung Yee	
YM Tengku Farith Rithauddeen	
Nik Abdul Aziz bin Nik Yaacob	
Lim Wei Loong	
Dr. Mazalan bin Kamis	
Dato' Dr. Rosli bin Mohamed	(Appointed w.e.f. 1.7.2013)
Dr. Abdul Rahim bin Ahmad (Alternate director to Dato' Dr. Madinah bt Mohamad)	(Appointed w.e.f. 8.4.2013 and ceased w.e.f. 4.7.2013)
Datuk Norah binti Abd Rahman	(Ceased w.e.f . 30.6.2013)
Dato' Dr. Madinah bt Mohamad	(Ceased.w.e.f. 4.7.2013)

DIRECTORS'S INTEREST

Since the Company is a company limited by guarantee without share capital, no directors held any shares in the Company during the financial year ended 31 December 2013.

DIRECTORS' BENEFITS

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

OTHER STATUTORY INFORMATION

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

i. To ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for bad and doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for bad and doubtful debts; and
ii. To ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors of the Group and of the Company are not aware of any circumstances which would render:

i. the amount written off for bad debts, or the amount of the provision for bad and doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent; or
ii. the value attributed to the current assets of the Group and of the Company misleading.

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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

As 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 liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

i. no contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and

ii. 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 the Company for the financial year in which this report is made

AUDITORS

The auditors, Messrs. Khairuddin Hasyudeen & Razi, retire and have expressed their willingness to accept re-appointment.

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

Y.BHG. DATUK BRIDGET ANNE CHIN HUNG YEE
Director

YM TENGKU FARITH RITHAUDDEEN
Director

Kuala Lumpur
Dated: 12 May 2014

Statements by Directors

Pursuant to Section 169 (15) The Companies Act, 1965

We, **Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE** and **YM TENGKU FARITH RITHAUDDEEN**, two of the directors of MYNIC BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 36 are drawn up in accordance with the provisions of the Companies Act, 1965 and Malaysian Financial Reporting Standards and the provisions 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 at 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

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

Y.BHG. DATUK BRIDGET ANNE CHIN HUNG YEE
Director

YM TENGKU FARITH RITHAUDDEEN
Director

Kuala Lumpur
Dated: 12 May 2014

Statements by Directors

Pursuant to Section 169 (16) The Companies Act, 1965

I, Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE, the director primarily responsible for the accounting records and financial management of MYNIC BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 9 to 36 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)

Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE)

at Kuala Lumpur in the)

Federal Territory on 12 May 2014)

Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE

Before me,

PESURUHJAYA SUMPAH
W 649
NOORASHIKIN IDRIS
MALAYSIA

Wisma LMS No 6, Unit 2A, Tingkat 2,
Jalan Abdul Rahman Idris, Off Jalan
Raja Muda Aziz, 50300 Kuala Lumpur

KHAIRUDDIN HASYUDEEN & RAZI

Chartered Accountants (AF 1161)

ACCA Platinum Accredited Employer Since 2010

Independent Auditors' Report to the Members of MYNIC Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MYNIC BERHAD, which comprise the statement of financial position as at 31 December 2013 of the Group and of the Company, and the statement of comprehensive income, statements of changes in equity and statement of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 36..

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 have been properly drawn up in accordance with Malaysian Financial Reporting Standards and 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 of 31 December 2013 and of their financial performance and cash flows for the year then ended.

KHAIRUDDIN HASYUDEEN & RAZI

Chartered Accountants (AF 1161)

ACCA Platinum Accredited Employer Since 2010

Independent Auditors' Report to the Members of MYNIC Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

(c) Our audit reports on the accounts of the subsidiaries did not contain 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 Group, 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.

KHAIRUDDIN HASYUDEEN & RAZI
AF 1161
Chartered Accountants

Ahmad Shahrul Hj Mohamed
2138/04/13 (J)
Partner of the Firm

Kuala Lumpur
Dated: 12 May 2014

Statement of Financial Position as at 31 December 2013

	NOTE	GROUP 2013 RM	COMPANY 2013 RM	COMPANY 2012 RM
NON CURRENT ASSET				
Property, Plant and equipment	5	**1,786,951**	**1,786,951**	2,410,743
Intangible assets	6	**16,115**	**16,115**	
Investment in subsidiary	7		**2**	
CURRENT ASSETS				
Trade receivables		**23,000**	**23,000**	
Other receivables, deposits and prepayments		**450,138**	**450,138**	447,119
Amount due from subsidiary company	8		**130,514**	
Deposits, cash and bank balances	9	**27,464,829**	**27,464,827**	23,385,782
		27,937,967	**28,068,479**	23,832,901
CURRENT LIABILITY				
Trade payables		**1,757,807**	**1,757,807**	2,205,755
Other payable and accruals	10	**1,328,670**	**1,326,630**	970,605
Provision for taxation		**77,233**	**77,233**	459,488
		3,163,710	**3,161,670**	3,635,848
NET CURRENT ASSETS		**20,197,053**	**24,906,809**	20,197,053
		22,607,796	**26,709,877**	22,607,796
FINANCED BY:				
Accumulated funds		**17,663,623**	**17,796,177**	15,570,972
LONG TERM LIABILITIES				
Deferred income	11	**8,893,300**	**8,893,300**	6,979,324
Deferred taxation	12	**20,400**	**20,400**	57,500
		26,577,323	**26,709,877**	22,607,796

The accompanying notes form an integral part of the financial statements

Statement of Comprehensive Income for the Financial Year Ended 31 December 2013

	NOTE	GROUP 2013 RM	COMPANY 2013 RM	COMPANY 2012 RM
Revenue	13	**9,068,044**	**9,068,044**	7,516,813
Cost of service rendered	14	**(3,519,205)**	**(3,519,205)**	(3,773,461)
Gross profit		**5,548,839**	**5,548,839**	3,743,352
Other income	15	**6,959,070**	**6,959,070**	5,976,921
Administrative expenses		**(9,439,768)**	**(9,307,214)**	(8,562,001)
Other operating expenses		**(30,896)**	**(30,896)**	(29,046)
Excess of income over expenditures	16	**3,037,245**	**3,169,799**	1,129,226
Taxation	17	**(944,594)**	**(944,594)**	(722,683)
		2,092,651	**2,225,205**	406,543

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity for the Financil Year Ended 31 December 2013

Group	**Accumulated fund RM**
Balance as at 31 December 2012	15,570,972
Excess of income over expenditures	2,092,651
Balance as at 31 December 2013	17,663,623

Company	**Accumulated funds RM**
Balance as at 31 December 2011	15,164,429
Excess of income over expenditures	406,543
Balance as at 31 December 2012	15,570,972
Excess of income over expenditures	2,225,205
Balance as at 31 December 2013	17,796,177

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows for the Financial Year Ended 31 December 2013

	GROUP	COMPANY	
	2013	2013	2012
	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income over expenditures	**3,037,245**	**3,169,799**	1,129,226
Adjustments for:			
Credit recognised for government grant	**(6,447,162)**	**(6,447462)**	(5,507,682)
Depreciation	**738,323**	**738,323**	1,022,298
Interest income	**(475,382)**	**(475,382)**	(362,870)
Gain on foreign exchange - realised	**(179)**	**(179)**	(347)
Loss on disposal of property, plant and equipment	**30,896**	**30,896**	29,046
Operating loss before working capital changes	**(3,116,259)**	**(2,983,705)**	(3,690,329)
Increase in trade and other receivables	**(25,840)**	**(25,840)**	(50,631)
Increase in amount due from a subdiary company		**(130,514)**	
(Decrease)/Increase in trade and other payables	**(89,883)**	**(91,923)**	1,800,105
Cash used in operations	**(3,231,982)**	**(3,231,982)**	(1,940,855)
Tax paid	**(1,363,949)**	**(1,363,949)**	(2,119,328)
Net cash used in operating activities	**(4,595,931)**	**(4,595,931)**	(4,060,183)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (Note 5)	**(148,337)**	**(148,337)**	(605,942)
Proceed from disposal of property, plant and equipment	**2,910**	**2,910**	3,300
Subscription of shares in subsidiary		**(2)**	-
Interest received	**475,382**	**475,382**	362,870
Purchase of intangible asset (Note 6)	**(16,115)**	**(16,115)**	-
Net cash generated from/(used in) investing activities	**313,840**	**313,838**	(239,772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional of government grants	**8,126,600**	**8,126,600**	8,921,510
Deferred income	**234,538**	**234,538**	247,788
Net cash (used in)/generated from investing activities	**8,361,138**	**8,361,138**	9,169,298
Net increase in cash and cash equivalents	**4,079,047**	**4,079,045**	4,869,343
Cash and cash equivalents brought forward	**23,385,782**	**23,385,782**	18,516,439
Cash and cash equivalents carried forward (Note 9)	**27,464,829**	**27,464,827**	23,385,782

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements - 31 December 2013

REPORT ON THE FINANCIAL STATEMENTS

1. GENERAL

a. The principal activities of the Company are to manage, control, operate, develop and administer the .my country code top level domain, Internet names, numbers, addresses, resources and all other related activities and services. The principal activities of the subsidiary company are described in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company acts as the network information centre for Malaysia. On 12 July 2013, the roles and functions of the Company have been transferred from the Ministry of Science, Technology and Innovation ("MOSTI") to the Ministry of Communications and Multimedia Malaysia ("KKMM").

The Company is a company limited by guarantee, not having a share capital, not for profit, incorporated and domiciled in Malaysia. Currently, the Company has 2 members. In the event that the Company is wound up, a member or a person who was a member twelve months prior to that event is liable to contribute to the assets of the Company a sum not exceeding Ringgit Malaysia One Hundred (RM100).

b. The principal place of business is located at Unit 3.2 & 4, Level 3, Block C, Mines Waterfront Business Park, No. 3 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan.

c. The registered office is located at Suite C-5-4, Wisma Goshen, Plaza Pantai, Jalan Pantai Baharu, 59200 Kuala Lumpur.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a. **Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the MASB but are not yet effective, which have been early adopted by the Group and the Company:

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014:

- Amendments to MFRS 132 Financial Instruments — Offsetting Financial Assets and Financial Liabilities

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the MASB but are not yet effective, which have not been early adopted by the Group and the Company:

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015:

- MFRS 9 Financial Instruments (2009) — IFRS 9 issued by IASB in November 2009
- MFRS 9 Financial Instruments (2010) — IFRS 9 issued by IASB in October 2010
- Amendments to MFRS 7 Financial Instruments: Disclosures — Mandatory date of MFRS 9 and Transition Disclosures

Material impact of initial application of a standard, which will be applied retrospectively, is disclosed below:

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, the financial assets will be measured at either fair value or amortised cost.

The initial applications of the other standards are not expected to have any material financial impacts on the financial statements of the Group and the Company.

The initial application of a standard which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current period financial statements upon their first adoption.

The following are accounting standards, amendments and interpretations of the MFRS Framework that are currently not applicable to the Group and the Company's operations:

- MFRS 2 *Share-based Payment*
- MFRS 3 *Business Combinations*
- MFRS 4 *Insurance Contracts*
- MFRS 5 *Non-currrent Assets Held for Sale and Discontinued Operations*
- MFRS 6 *Exploration for Evaluation of Mineral Resources*
- MFRS 10 *Consolidated Financial Statements*

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 4

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Group and the Company's functional currency, unless otherwise stated.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

3. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) 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 associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provisions of the 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.

(ii) Financial instrument categories and subsequent measurement

Group and the Company categorise financial instruments as follows:

Financial assets

(a) **Financial assets at fair value through profit or loss**

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or 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 values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) **Held-to-maturity investments**

Held-to-maturity investments category comprises of debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective profit rate method.

(c) **Loans and receivables**

Loans and receivables category comprises of debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective profit rate method.

(d) **Available-for-sale financial assets**

Available-for-sale category comprises of investment in equity and debt securities instruments that are not held for trading.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains or losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Profit calculated for a debt instrument using the effective profit rate method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment in accordance with Note 4(f) (i).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities 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 values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

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

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

(c) Property, plant and equipment

(i) Subsidiaries

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on a fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable wiling parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of a component part of an item or property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset, or other amount substituted for cost, less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives are at the following rates:

IT equipments	20 - 33 1/3%
Furniture and fittings	10%
Motor vehicles	10%
Office equipment	20%
Renovation and improvement	10%

Depreciation methods, useful lives and residual value are reviewed and adjusted as appropriate at end of the reporting period.

(d) Intangible asset

(i) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Company, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they lare available for use.

The estimated useful lives for the current and comparative periods are las follows:

- Patents and trademarks 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances which have an
insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and Ipledged deposits.

Cash and cash equivalents are categorised and measured as loans and Ireceivables in accordance with policy Note 4(b)(ii).

(f) Impairment

(i) Financial assets

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(i) Other assets

The carrying amounts on other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, than the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or groups of asset (the "cash-generating unit")

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

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 or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of a time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(h) Revenue

(i) Services

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(ii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be

utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(j) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(k) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at the date.

Non-monetary assets and liabilities denominated in foreign currencies are not translated at the end of the reporting date, except for those that are measured at the fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(l) Fair value measurements

From 1 January 2013, the Company adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, expect 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 asset in its highest and best use.

In accordance with the transition provision of MFRS 13, the Company applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Company's assets or liabilities other than the additional disclosures.

5. PROPERTY, PLANT AND EQUIPMENT

Group and Company

	COST			
	Balance as at 1.1.2013 RM	**Additions RM**	**Disposals RM**	**Balance as at 31.12.2013 RM**
IT equipment	4,918,607	36,328	(294,745)	4,660,190
Furniture and fittings	212,377	17,147		229,524
Motor vehicles	291,308			291,308
Office equipment	271,113	17,728	(3,130)	285,711
Renovation and improvement	895,022			895,022
Capital work-in-progress		77,134		77,134
	6,588,427	148,337	(297,875)	6,438,889

	ACCUMULATED DEPRECIATION			
	Balance as at 1.1.2013 RM	**Additions RM**	**Disposals RM**	**Balance as at 31.12.2013 RM**
IT equipment	**3,496,910**	**548,892**	**(261,888)**	**3,783,914**
Furniture and fittings	**87,266**	**23,088**		**110,354**
Motor vehicles	**104,797**	**29,131**		**133,928**
Office equipment	**118,968**	**47,710**	**(2,181)**	**164,497**
Renovation and improvement	**369,743**	**89,502**		**459,245**
Capital work-in-progress				
	4,177,684	**738,323 -**	**264,069**	**4,651,938**

	NET CARRYING VALUE		Depreciation
	2013RM	2012 RM	2012 RM
IT equipment	**876,276**	1,421,697	851,262
Furniture and fittings	**119,170**	125,111	19,187
Motor vehicles	**157,380**	186,511	29,131
Office equipment	**121,214**	152,145	37,657
Renovation and improvement	**435,777**	525,279	85,061
Capital work-in-progress	**77,134**		
	1,786,951	2,410,743	1,022,298

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use as follows:

	Group and Company	
	2013 RM	2012 RM
IT equipment	**2,305,491**	1,411,308
Office equipment	**48,406**	26,543

Included in property, plant and equipment of the Group are assets with carrying values of RM696,478 (2012: RM970,709) which were required under the grant received from Ministry of Science, Technology and Innovation ("MOSTI") and Ministry of Communications and Multimedia Malaysia ("KKMM").

Included in property, plant and equipment of the Group are Capital work-in-progress amounting RM77,134 (2012: NIL) which consists of progress payments made by the Company for the purchases of software.

6. INTANGIBLE ASSETS

	Group and Company	
	2013	2012
	RM	RM
Trademarks Cost		
At 1 January	**-**	-
Additions for the year	**16,115**	-
At 31 December	**16,115**	-
Accumulated amortisation		
At 1 January	**-**	-
Charged for the year	**-**	-
At 31 December	**-**	-
Net carrying amount		
At 31 December	**16,115**	-

7. INVESTMENT IN A SUBSIDIARY

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

The subsidiary incorporated in Malaysia, is:

Name of company	Paid up Capital	Group's effective interest 1%) 2013	Principal activities
Ebizl Asia Sdn. Bhd	**2**	**100**	Dormant

8. AMOUNT DUE FROM SUBSIDIARY COMPANY

The amount is unsecured, interest free and has no specific terms of repayment.

9. CASH AND CASH EQUIVALENTS

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
Cash in hand and at banks	**10,648,829**	**10,648,827**	9,569,782
Deposits with licensed banks	**16,816,000**	**16,816,000**	13,816,000
	27,464,829	**27,464,827**	23,385,782

10. OTHER PAYABLES AND ACCRUALS

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
Other payables	**601,958**	**599,918**	117,822
Accruals	**726,712**	**726,712**	852,783
	1,328,670	**1,326,630**	970,605

11. DEFERRED INCOME

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
Government grants	**6,680,866**	**6,680,866**	5,001,428
Domain name registrations	**2,212,434**	**2,212,434**	1,977,896
	8,893,300	**8,893,300**	6,979,324

<u>Government Grants</u>

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
Balance at the beginning of the year	**5,001,428**	**5,001,428**	**1,587,600**
Additions during the year	**8,126,600**	**8,126,600**	**8,921,510**
	13,128,028	**13,128,028**	**10,509,110**
Credit recognised for government grants in the income statements	**(6,447,162)**	**(6,447,162)**	**(5,507,682)**
Balance at the end of year	**6,680,866**	**6,680,866**	**5,001,428**

<u>Domain Name Registrations</u>

Domain name registration and renewal revenue received in advance from customers and resellers are accounted for as deferred income and recognised over the respective periods to correlate with the service obligations or actual usage, as applicable.

12. DEFERRED TAXATION

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
As at beginning of the financial year	**57,500**	**57,500**	**57,500**
Reversal of deferred tax expense relating to origination and reversal of temporary differences (Note 17)	**(37,100)**	**(37,100)**	**-**
	20,400	**20,400**	**57,500**

The balance in the deferred taxation is made up of tax effects of temporary differences arising from:

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
Capital allowances in excess of depreciation	**20,400**	**20,400**	**57,500**

13. REVENUE

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
Domain name subscriptions	**8,969,044**	**8,969,044**	**7,510,813**
Resellers maintenance fee	**99,000**	**99,000**	**6,000**
	9,068,044	**9,068,044**	**7,516,813**

14. COST OF SERVICES RENDERED

	Group 2013 RM	Company 2013 RM	Company 2012 RM
Customers services centre	**250,000**	**250,000**	250,000
Network and data centre fee	**263,619**	**263,619**	237,243
Cost of personnel - salaries	**2,071,155**	**2,071,155**	2,051,780
- EPF contributions	**366,149**	**366,149**	361,978
- SOCSO contributions	**19,390**	**19,390**	21,198
Depreciation	**548,892**	**548,892**	851,262
	3,519,205	**3,519,205**	3,773,461

15. OTHER INCOME

	Group 2013 RM	Company 2013 RM	Company 2012 RM
Government grant received - development	**5,931,124**	**5,931,124**	4,577,597
- operating	**516,038**	**516,038**	930,085
Gain on foreign exchange	**179**	**179**	347
Interest income	**475,382**	**475,382**	362,870
Miscellaneous	**36,347**	**36,347**	25,483
Waiver of trade payables			80,539
	6,959,070	**6,959,070**	5,976,921

16. EXCESS OF INCOME OVER EXPENDITURES

Excess of income over expenditures is arrived at after charging the following items:

	Group 2013 RM	Company 2013 RM	Company 2012 RM
Auditors' remuneration	**21,500**	**20,000**	1,022,298
Depreciation	**738,323**	**738,323**	123,625
Directors' remuneration	**150,500**	**150,500**	-
Incorporation fees	**3,018**		
Loss on disposal of property, plant and equipment	**30,896**	**30,896**	29,046
Rental of premises	**537,633**	**537,633**	486,261
Rental of photocopy machine and crediting:	**7,608**	**7,608**	5,616
Interest income	**475,382**	**475,382**	362,870
Gain on foreign exchange - realised	**179**	**179**	347
Government grant received			
- development	**5,931,124**	**5,931,124**	4,577,597
- operating	**516,038**	**516,038**	930,085
Waiver of trade payables			80,539

17. TAXATION

	Group 2013 RM	Company 2013 RM	Company 2012 RM
Current income tax expense	**1,114,900**	**1,114,900**	681,000
(Over)/Underprovision of previous year income tax expense	**(133,206)**	**(133,206)**	41,683
Reversal of deferred tax expense recognised in the financial statement (Note 12)	**(37,100)**	**(37,100)**	
	944,594	**944,594**	722,683

Reconciliation of tax expenses with accounting profit:

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
Excess of income over expenditures	**3,037,245**	**3,169,799**	1,129,226
Tax at the current income tax rate of 26%	**789,684**	**824,148**	293,599
Tax effect in respect of:			
Non-allowable expenses	**1,998,348**	**1,996,551**	1,834,551
Non-taxable income	**(1,676,262)**	**(1,676,262)**	(1,431,997)
Deferred tax asset not utilised during the year			34,949
Utilisation of capital allowances	**(29,537)**	**(29,537)**	(50,102)
Deferred tax not recognised during the year	**32,667**		
(Over) / Under provision of previous year income tax expense	**(133,206)**	**(133,206)**	41,683
Reversal of deferred tax expense recognised in the financial statement	**(37,100)**	**(37,100)**	
Tax expense	**944,594**	**944,594**	722,683

18. STAFF COSTS

	Group	Company	
	2013	**2013**	2012
	RM	**RM**	RM
Salaries, allowances and bonus	**3,976,284**	**3,909,440**	3,470,448
EPF contributions	**567,714**	**567,714**	502,407
SOCSO contributions	**30,356**	**30,356**	26,350
Other staff related expenses	**29,127**	**29,127**	24,470
	4,603	**4,536,637**	4,023,675

Included in staff cost is an amount of RM2,456,694 (2012: RM2,434,956) treated as cost of personnel disclosed in the Group's cost of sales.

The number of employees in the Company at the end of the financial year was 53 (2012: 53).

19. CAPITAL COMMITMENT

Capital expenditure for property, plant and equipment approved by the Directors and not provided for in the financial statements.

	Group and Company	
	2013	2012
	RM	RM
Authorised and contracted for:		
Capital expenditure for property, plant and equipment	**2,783,729**	-
Capital expenditure for consultancy and hardware and software maintenance	**3,028,084**	-
	5,811,813	-

20. CAPITAL RISK MANAGEMENT

The Group regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. All surpluses are transferred to the accumulated funds for future operational needs.

For the purposes of capital disclosure, the Board regards the accumulated funds as capital of the Group.

21. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The table below provides an analysis of financial instruments categorised loans and receivables (L&R).

	Carrying amount RM	L&R / (OL) RM
2013		
Group		
Financial assets		
Trade and other receivables	**473,138**	**473,138**
Cash and bank balances	**27,464,829**	**27,464,829**
	27,937,967	**27,937,967**
Financial liability		
Trade and other payables	**(3,086,477)**	**(3,086,477)**

	Carrying amount RM	L&R / (OL) RM
2013		
Company		
Financial assets		
Trade and other receivables	473,138	473,138
Cash and bank balances	27,464,827	27,464,827
	27,937,965	27,937,965
Financial liability	(3,084,437)	(3,084,437)
Trade and other payables		

	Carrying amount RM	L&R / (OL) RM
2012		
Company		
Financial assets		
Trade and other receivables	447,119	447,119
Cash and bank balances	23,385,782	23,385,782
	23,832,901	23,832,901
Financial liability	(3,176,360)	(3,176,360)
Trade and other payables		

b. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

c. **Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's exposure to credit risk arises principally from its receivables from customers and loans and advances to related companies.

i. **Receivables**

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only domestic receivables. The maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

d. **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group exposure to liquidity risk arises principally from its various payables and loans.

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.

e. **Fair value of financial instruments**

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

22. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements of the Company have been consistent with the previous year except for the followings:

	As stated RM	As previously reported RM
Government grants		5,001,428
Deferred income	6,979,324	1,977,896

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