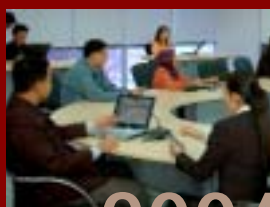
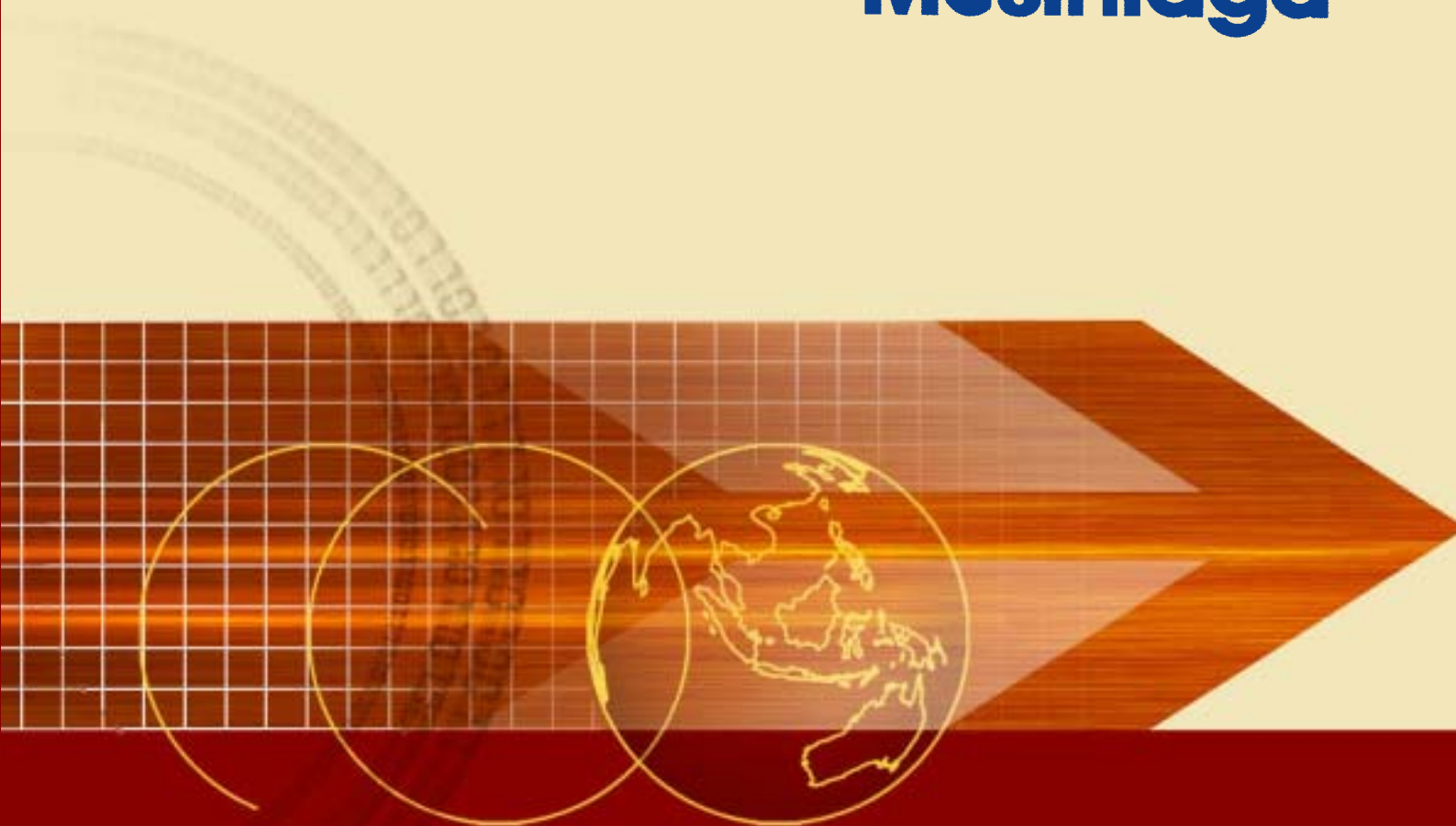


# Mesiniaga



2004 ANNUAL REPORT

Strong platforms for GROWTH

## *Fondly Remembered, Cherished Always*



Ismail Sulaiman  
(1926 - 2004)

Managing Director and Chairman (1982 - 2000)  
Executive Chairman (2000-2002)

*Some are born great, some achieve greatness, and some have greatness thrust upon them.*

*(William Shakespeare)*

*Greatness lies, not in being strong, but in the right using of strength. He is the greatest whose strength carries up the most hearts by the attraction of his own.*

*(Henry Ward Beecher)*

*A mentor, a leader, a father figure, a friend and an icon of the Malaysian IT industry.*

*Inspired by a spirit of entrepreneurship and a vision to pursue new horizons, The late Ismail Sulaiman helped shape Malaysia's IT landscape to its present position of growth, promise and potential. He was a pioneer. A trailblazer, who created new possibilities and who dared to create what others could only dream.*

*A man of multitudes. 'Pak Mail' will be fondly remembered and cherished always, in memory and in our hearts.*

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## CORPORATE PROFILE



**VISION** We are guided by this Vision:  
"To be the leading Malaysian company in the IT industry."

**MISSION** Mesiniaga's Mission is:  
"To provide solutions in IT Products and Services which enable our customers to serve their customers efficiently and effectively."

### CORPORATE BACKGROUND

Mesiniaga provides comprehensive solutions in IT products and services, from simple networking solutions to turnkey projects. This involves planning and development to full implementation, system documentation, user education and assistance, systems and network management and system maintenance. Mesiniaga represents IBM, and several leading industry names like Cisco Systems, Lotus, Microsoft, Tivoli and others.

### SERVICES

As a one-stop IT provider, we see our job as one of making our clients' jobs easier by providing a menu of services from which they can pick and choose including:

- Systems installation, implementation, deployment & integration
- Network & systems management
- Industry-specific application development
- Workgroup application development
- Executive end-user education
- Project management, relocation and migration
- Business process, analysis & study
- Support, maintenance & operations & facilities management

### PRODUCTS:

- A comprehensive range of hardware
- Complete systems, database & applications software
- Workgroup, imaging & document management packages
- Network & Structured Cabling products
- E-business Suites

### SUPPORT:

We provide services for all IBM PC products and major third party offerings:

- Hardware maintenance for:
  - Personal computers such as IBM and Compaq
  - Networking products such as IBM, Cisco Systems & 3Com.
  - Printers such as HP & Lexmark
  - Other Peripherals
- Networking Systems Maintenance:
  - Novell Netware
  - Microsoft Windows NT

Mesiniaga remains a leading service provider for IBM, Lexmark and other principals.

### OUR KEY PILLARS:

"TO BE A PROFESSIONAL COMPANY AND TO BE A COMPANY OF PROFESSIONALS."

We tap on our rich expertise and experience to deliver value. The many awards and industry certifications which Mesiniaga has received are testimony to the superior quality of our resources, talent, culture and business processes. This allows us to promise the best, deliver on our promises and achieve excellent results.

## MILESTONES, AWARDS AND RECOGNITION

- 1982:** Mesiniaga was conceived as IBM's response to the spirit of the New Economic Policy to encourage Bumiputra entrepreneurship and to nurture a skilled workforce. Start-up capital: RM500,000. Start-up employee strength: 50
- 1999:** Listed on the Main Board of Bursa Malaysia
- 2000:** Included in the Kuala Lumpur Composite Index (KLCI)
- 2003:** Certified as a Cisco Gold Partner – the first Malaysian and Bumiputera company to be awarded this honour
- 2004:** Mesiniaga boldly ventured into the Infrastructure and Asset Management Space with the formation of Navigis Sdn, Bhd, a subsidiary company to tap opportunities and establish a presence in an exciting emerging market

Throughout 2004, Mesiniaga has achieved a number of performance, achievement and satisfaction awards from IBM, Cisco and other global technology partners. Our partners' recognition is a testimony to our excellence as an effective IT solutions provider and business partner.



These awards include the:

- IBM Platinum Club Award 2004
- IBM Top Contributor Award - IBM Systems Integrator 2004
- Cisco Best Performance Systems Integrator 2004
- Fujitsu Scanner Top Sales Performance Award - Year 2003/2004





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Dato' Dr. Mohamad Zawawi Ismail  
Wan Mohamed Fusil Wan Mahmood  
Mohd Puzi Ahamad  
Ramli Amat  
Dato' Wan Abdullah Mohamad  
Nor Hayati Mohd. Kasim

Chung Thian Sinn  
Voon Seng Chuan  
Zaiton Mohd. Hassan  
Fathil Sulaiman Ismail  
Joseph Tan Jeok Siak  
(Alternate Director to Voon Seng Chuan)  
(Ceased on 03.11.04)

### NOMINATION COMMITTEE

Nor Hayati Mohd. Kasim *Chairperson*  
Chung Thian Sinn

### OPTION COMMITTEE

Fathil Sulaiman Ismail *Chairperson*  
Nor Hayati Mohd. Kasim

### EXECUTIVE REMUNERATION COMMITTEE

Nor Hayati Mohd. Kasim *Chairperson*  
Dato' Wan Abdullah Mohamad  
Ramli Amat

### NON-EXECUTIVE REMUNERATION COMMITTEE

Wan Mohamed Fusil  
Wan Mahmood *Chairperson*  
Mohd Puzi Ahamad  
Nor Hayati Mohd. Kasim

### AUDIT COMMITTEE

Zaiton Mohd. Hassan *Chairperson*  
Nor Hayati Mohd. Kasim  
Chung Thian Sinn

### RISK MANAGEMENT COMMITTEE

Fathil Sulaiman Ismail *Chairperson*  
Zaiton Mohd. Hassan  
Wan Mohamed Fusil  
Wan Mahmood  
Mohd Puzi Ahamad

### COMPANY SECRETARY

Jasni Abdul Jalil (MACS 01359)  
Lee Loong Fook (MAICSA 076097)  
(Until 31.08.04)

### REGISTERED OFFICE

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

### AUDITORS AND REPORTING ACCOUNTANTS

PricewaterhouseCoopers  
11th Floor  
Wisma Sime Darby  
Jalan Raja Laut  
P.O.Box 10192  
50706 Kuala Lumpur  
Tel : 03-2693 1077

### PRINCIPAL BANKERS

Citibank Berhad  
Bank Islam Malaysia Berhad  
Standard Chartered Bank  
(Malaysia) Berhad  
Maybank Berhad

### SHARE REGISTRAR

Symphony Share  
Registrars Sdn. Bhd.  
Level 26  
Menara Multi Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03-2721 2222  
Fax : 03-2721 2530

### STOCK EXCHANGE LISTING

Main Board of  
Bursa Malaysia Securities Berhad  
("Bursa Malaysia")

# CORPORATE STRUCTURE

## DIRECT SUBSIDIARIES AND ASSOCIATES



## CHAIRMAN'S STATEMENT



Dato' Dr. Mohamad  
Zawawi Ismail

The year 2004 was dominated by prevailing trends such as convergence and continued focus on particular niched areas such as mobility, storage and security. There was continued effort to bridge the digital divide and to encourage IT utilisation in SMEs. Another factor that was conducive for the economy was the attraction of higher-end foreign investment as well as reverse investment with Malaysian companies expanding overseas, exporting local expertise and content to foreign markets.

Within this rapidly changing IT framework, Mesiniaga has chalked up yet another strong performance this year. We continued to solidly execute our business plans and pursue greater growth in key markets while increasing revenue. I am pleased to report that in the year under review, we had a record turnover of RM297.4 million, a growth of 10% over 2003, yielding a pre tax profit of RM 23.5 million. Mesiniaga has been profitable over the last 23 years and I am confident that we will continue to develop as a leading systems integrator and solutions provider in Malaysia.

Highly regarded for our dynamic capabilities in developing comprehensive, integrated IT answers, we readily offer solutions with price and performance advantages to our customers and partners. Mesiniaga has consistently proven that we can design and build enterprise-wide IT infrastructure, implement network and services solutions for service providers,

develop applications from function specific to complex workflow solutions, integrate systems together and provide nationwide comprehensive maintenance services through 31 service locations throughout the country.

Innovation and staying ahead of the competition has been a key component of Mesiniaga's success. The latest initiative has been the formation of Navigis Sdn Bhd, a strategic Mesiniaga subsidiary to deliver infrastructure and asset management offerings. The Infrastructure Management space in Malaysia is an emerging one, offering much potential to those who are quick and ready to capture the market. We believe that the timely formation of Navigis will surely see it become the market pioneer and industry trendsetter in bringing world class Infrastructure Management solutions to this growing market.

In 2004, we actively collaborated with our alliance partners in order to advance and accelerate our growth opportunities. We worked hard to capitalise on the global experience and expertise of our partners to grow the business and reap mutual benefits. For this effort, Mesiniaga continues to receive the recognition and acknowledgement of international business partners for successfully delivering on world class-standards.

2004 saw us being selected again as IBM's Business Partner of the Year. This





// INNOVATION AND STAYING AHEAD OF THE COMPETITION HAS BEEN A KEY COMPONENT OF MESINIAGA'S SUCCESS. //

consecutive win recognises our outstanding performance in achieving revenue quota and has once again earned us a place in the exclusive IBM Platinum Club Award 2003. In addition, we were chosen for the *Top Contributor Award for 2003* in the following categories: IBM Server and Storage, IBM Global Services and IBM Systems Integrator. We are proud of our alliance with IBM and will continue to collaborate strategically with them to develop market winning business solutions to our clients.

Mesiniaga has also been recertified as Cisco's largest local Gold Certified Partner reflecting our strong commitment and performance. We are the first Malaysian IT company to achieve certification and recertification speaks positively of our quality as a leading network connectivity provider and a specialist in marketing, designing, servicing and supporting Cisco solutions. We will continue to work closely with Cisco to achieve strong and sustained growth and development in the years to come.

Looking ahead, we will continue to drive forward aggressively and pursue greater growth and market share. We can accomplish this so long as we maintain an intense focus on results, capitalise on changing market trends and continue listening to our customers. This together with the company's sound fundamentals and extensive experience of the Malaysian IT industry positions us well to be able to seize market opportunities and continue winning in the marketplace.

The government sector will still be one of the areas of our focus. With the Prime Minister, Dato' Seri Abdullah Ahmad Badawi pushing for greater efficiency, effectiveness, service and transparency in the government, we will position ourselves as a strategic partner to the government, extolling how IT can be a key enabler in delivering on the above mentioned criteria. Our leverage comes from the fact that we have a strong customer base and many success stories in the public sector. Our reputable track record puts us in a prime position to tap new opportunities in this sector.

We will capitalise on new developments and innovations to our advantage. These include the emergence of wi-max as a new standard for wireless connectivity, the growth of shared services and Business Process Outsourcing as a growing revenue source, as well as opportunities from the telco space to further drive the business and accelerate our growth in new and existing markets. We are excited by the opportunities that we

// LOOKING AHEAD, WE WILL CONTINUE TO DRIVE FORWARD AGGRESIVELY AND PURSUE GREATER GROWTH AND MARKET SHARE. //

see in the solutions market, and accordingly we will streamline marketing and sales efforts to provide a better focus and training on solutions-driven products. We want to create new business units that will focus on Service Providers and Solution Sourcing and Development. We aim to give our clients solutions and capabilities unmatched by others, thus making Mesiniaga their trusted and logical choice.

As always, our business strategy incorporates the forging of strong partnerships with our business partners. We plan to establish ourselves as a premier Microsoft Certified Support Centre. We also have recently launched the Business Productivity Centre (BPC). The BPC is an exciting new development. It is the only such facility in Malaysia and third in the Asia Pacific region. Housing various best-of-breed solutions and manned by trained specialists, this resource centre provides valuable insight for businesses to unlock their potential and provide the enablers to boost efficiency, effectiveness and profitability.

Together with Microsoft, we are bringing to customers a unique proposition: a proposition

for businesses to experience the benefits of Microsoft & Mesiniaga solutions even before they are implemented. We are talking about the BPC's winning advantage in allowing customers to visualise, understand and experience how Microsoft technologies and solutions can empower their business with greater productivity and a competitive edge. This is more than a solutions based approach; It is a strategic means to connect with our customers, understand their needs and deliver value to them. It is about bringing our offerings to people, empowering them to be truly powerful in their respective industries.

As always, we emphasise this people approach within the company. It is our goal to fully develop our staff to their utmost potential so they may continuously improve and increase their competence to better serve the Mesiniaga business. Our people are the backbone of our company and we will continue to look at human resource development as a major cornerstone that contributes directly towards overall operational effectiveness and productivity. One area of immediate concern will be on the anticipated shortage of trained and qualified professionals for the IT industry. On our part, we will continue to provide training and development to our own Project Management teams to enable them to undergo certification as professionals recognised globally for excellence in service and expertise.

In line with our commitment to corporate citizenship and responsibility, Mesiniaga has also initiated and is participating actively with various local colleges in certified programmes that will help prepare the next generation of IT graduates for the local and international arena.

While 2004 brought significant progress for your company; we will look back to this year with sadness when we recall the passing of our founding father, the late Ismail Sulaiman. Ismail was a pioneer of the Malaysian ICT industry and has contributed in innumerable ways towards the growth and development of the industry. Moreover, as the founder of Mesiniaga, he fully embodied the Mesiniaga spirit and vision and spearheaded the company into exciting new territory, taking it from a mere idea to a now vibrant and successful company. We recognise his invaluable contribution and mourn his passing as a great loss to all of us.

On behalf of the Board, I would like to gratefully acknowledge the hard work and dedication of our staff at all levels and convey my thanks to them. Our people's aspirations and dedication to professionalism in everything that they do is always a winning factor and we will continue to reward good performance as a reflection of our appreciation.

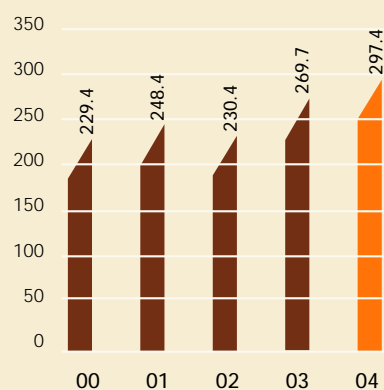
I would also like to extend my grateful appreciation to my colleagues on the Board and the Senior Management Team. Their expertise, experience and professionalism have been crucial in helping to formulate a clear growth strategy that has helped in bringing in the results and facing the challenges in the year under review.

Last but not least, I would like to thank our shareholders for your support and trust. The Mesiniaga Board is fully committed towards safeguarding shareholder value and we will uphold sound business practices to ensure the best returns possible for you. With your continued faith in Mesiniaga, I am confident that we can take advantage of the many challenges and opportunities ahead and we look forward to another successful year in 2005.

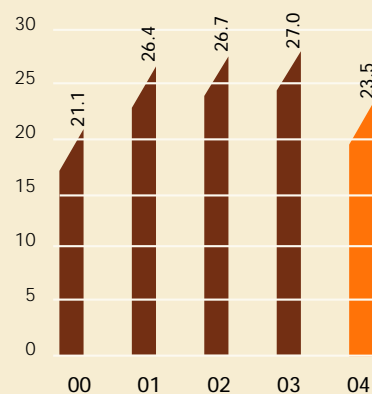
**Dato' Dr. Mohamad Zawawi Ismail**



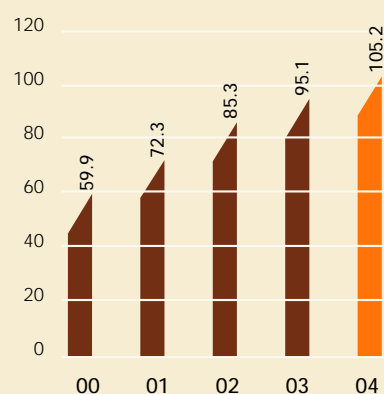
## FIVE YEAR PERFORMANCE STATISTICS



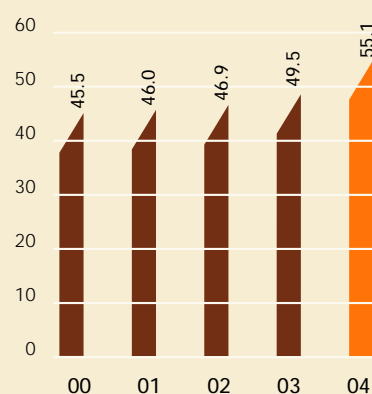
Revenue (RM Million)



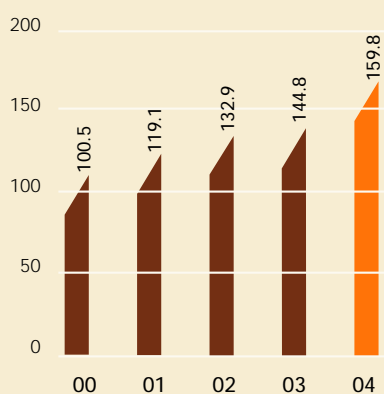
Profit Before Tax (RM Million)



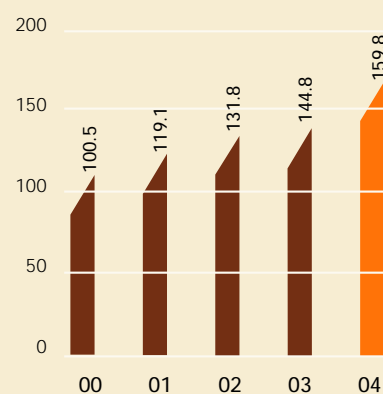
Net Current Assets (RM Million)



Fixed Assets (RM Million)



Net Tangible Assets (RM Million)



Shareholders' Equity (RM Million)



# 2004

// The dedication and support from this (Mesiniaga) Business Partner (BP) sets them apart from other resellers. //

- IBM

In support of Pusat Darah Negara's (PDN) appeal, Mesiniagans came forward in full force to participate in the company's Blood Donation Drive held on February 26, 2004.



Mesiniaga's quality was reflected at the IBM 'Partner World' event when the company clinched the IBM Stellar Award 2003, Asia Pacific region in the Best



Corporate Reseller category. We also won the Asia Pacific Business Partners (BP) Excellence Award.



In expressing our appreciation to customers for their support and partnerships over the years, Mesiniaga held its first customer appreciation night, graced by YB. Dato' Dr Jamaludin Jarjis, Minister of Science, Technology, and Innovation.



For the second year running, Mesiniaga was recertified as a Cisco GOLD certified partner in Malaysia.



Mesiniaga bagged five prestigious awards including the much coveted IBM Business Partner of The Year Award 2003. This is the second consecutive year that the company was awarded the



much coveted Business Partner award; proving our outstanding performance and sales contribution as an IBM Partner.

For outstanding performance in achieving revenue quota, we were included in the exclusive IBM Platinum Club Award 2003. We were chosen as the Top Contributor Award for 2003 in the following categories: IBM Server and Storage, IBM Global Services and IBM Systems Integrator.



## BOARD OF DIRECTORS AND PROFILE



*Seated from left to right:*

**Dato' Dr. Mohamad  
Zawawi Ismail**  
*Independent Non-Executive  
Director and Chairman*

**Wan Mohamed Fusil  
bin Wan Mahmood**  
*Executive Director and Chief  
Executive Officer*

**Zaiton Mohd. Hassan**  
*Independent Non-Executive  
Director*

**Nor Hayati Mohd Kasim**  
*Independent Non-Executive  
Director*

**Fathil Sulaiman Ismail**  
*Non-Executive Director*



*Standing from left to right:*

**Mohd Puzi Ahamad**  
*Executive Director and Chief  
Financial Officer*

**Dato' Wan Abdullah  
Mohamad**  
*Non-Executive Director*

**Chung Thian Sinn**  
*Independent Non-Executive  
Director*

**Voon Seng Chuan**  
*Non-Executive Director*

**Ramli Amat**  
*Independent Non-Executive  
Director*

**Joseph Tan Jeok Siak**  
*Alternate Director to  
Voon Seng Chuan  
(Alternate Director to Voon Seng Chuan)  
(Ceased on 03.11.04)  
(Not in picture)*

**Dato' Dr. Mohamad Zawawi Ismail, DPSK, 59**  
**PhD (Leeds), DEng (Hon Leeds), PhD (Hon UKM), PEng, FASM, FIPM**



*Independent Non-Executive Director and Chairman*

Dato' Dr. Mohamad Zawawi Ismail was appointed to the Board on

16th November 2001 and appointed as the Non-Executive Chairman on 16th May 2002 upon the retirement of the previous Chairman, Ismail Sulaiman. Besides being the Company's Non-Executive Chairman, Dato' Dr Zawawi is also the Chairman of Inti Universal Holdings Berhad and a board member of Bumiputera Commerce Bank Bhd.

Dato' Dr Zawawi was the foundation Vice-Chancellor of Universiti Malaysia Sarawak (Unimas), a position he held for eight years until December 2000. He has served several national bodies including National Higher Education Council, National Information Technology Council, National Aerospace Council and National Scientific Research and Development Council. He was once advisor to both the National Science Centre and National Planetarium. He is currently Chairman of the IRPA Strategic Research Technical Committee of the Ministry of Science, Technology and Environment. He still maintains links with academia through being an adjunct professor of the Department of S&T Universiti Malaya, Chairman of Board of Governors Inti College and a member of the Board of Governors of International Medical University.

Dr Zawawi gained both his Degree and Doctorate in Electronic Engineering from the University of Leeds, England. He was later honoured by Leeds with the degree of Doctor of Engineering and by Universiti Kebangsaan Malaysia the degree of Doctor of Philosophy. He is a Foundation Fellow of the Academy of Sciences Malaysia, a Professional Engineer

and a Member of Institute of Engineers Malaysia, and a Fellow of The Institute of Physics Malaysia for which he served as its President for many years.

**Wan Mohamed Fusil bin Wan Mahmood, 54**  
*Executive Director and Chief Executive Officer*



Wan Mohamed Fusil bin Wan Mahmood was appointed to the Board in 1982. Prior to joining Mesiniaga, Wan Fusil was with IBM Malaysia. During

his tenure with the company, he served in various managerial positions. This includes serving as Country Manager – Information Products Division. In 1982, he was part of the team who founded Mesiniaga. Wan Fusil is also one of the founder members of The Association of Computer and Multimedia Industry Malaysia (PIKOM). He has held several positions in PIKOM including serving as Councillor (1987), Deputy Chairman (1989-1991) and Chairman (1991/92). Wan Fusil graduated with a Diploma in Accountancy from ITM (now known as UiTM) in 1972.

**Mohd Puzi Ahamad, 52**  
**RA(M), FCCA**

*Executive Director and Chief Financial Officer*



Mohd Puzi Ahamad was appointed to the Board in 1982 as part of the team who founded Mesiniaga. Prior to joining Mesiniaga, he served with IBM

Malaysia in various capacities over a seven-year period from 1974-1981. His last position with the company was Sales and Administration Manager. A trained accountant, Mohd Puzi is a Fellow Member of the Chartered Association of Certified Accountants and a member of the Malaysian Institute of Accountants.



### Ramli Amat, 53

*Independent Non-Executive Director*



Ramli Amat was appointed to the Board in 1982 as part of the team who founded Mesiniaga. He served as an Executive Director until March 2000, upon which, he assumed his Independent Directorship. Prior to joining Mesiniaga, Ramli served with IBM Malaysia over a period of 10 years. During his tenure, he held several positions, the last being Marketing Manager - IBM Malaysia. Ramli graduated with a Diploma in Business Studies from ITM (now known as UiTM) in 1971.

### Dato' Wan Abdullah Mohamad, DPMT, 64

*Non-Executive Director*



Dato' Wan Abdullah Mohamad was appointed to the Board in 1995 and sits on the Remuneration Committee. He began his career with the Terengganu State Agriculture Department. He later joined Rothmans of Pall Mall (M) Berhad as a pioneer and became their Leaf Advisor. Later, he served as Directors of the Leaf Growing Scheme and Leaf Tobacco Development Corporation since 1970. In 1973, Dato' Wan Abdullah was promoted to Director, Rothmans of Pall Mall (Malaysia) Berhad. He assumed the position of Regional Leaf Director Asia-Pacific until his retirement in 1997. Dato' Wan Abdullah graduated from The College of Agriculture Serdang (now known as Universiti Putra Malaysia) in 1962 with a Diploma in Agriculture. He also pursued the Advanced Management Programme (AMP) at Harvard Business School, USA in 1984.

### Chung Thian Sinn, 62

*Independent Non-Executive Director*



Chung Thian Sinn was appointed to the Board on 17th September 1999 and is a Committee Member of Mesiniaga's Audit and Nomination Committees.

Chung began his corporate career when he joined Mobil (Malaysia) as a Technical Sales Executive. In 1967, he joined IBM Malaysia as a Systems Engineer. The last position he held at the company was Country Systems Engineering Manager. In 1981, Chung joined Time Engineering Sdn Bhd, and was appointed as Company Secretary and Director, a position from which he later retired in 1990. Chung holds a Bachelor of Science (Hons) degree.

### Nor Hayati Mohd Kasim, 58

*Independent Non-Executive Director*



Nor Hayati Mohd Kasim was appointed to the Board of Directors on 17th September 1999. She chairs the Mesiniaga Audit Committee and is a

member of the Remuneration, Option and Nomination Committees. She started her corporate career with Bank Negara Malaysia in 1971 as a Human Resource Officer. Subsequently, she joined IBM Malaysia as Personnel Assistant in 1974, later serving as Human Resource Manager. In 1997, Nor Hayati was appointed as Management Development Manager of IBM ASEAN in 1997, a position she later retired from in June 1999. Nor Hayati holds a Bachelor of Arts degree from Universiti Malaya awarded in 1970 and a Master of Arts (Organisation Psychology) from the University of Lancaster, awarded in 1983.

**Voon Seng Chuan, 46**

*Non-Executive Director*



Voon Seng Chuan was appointed to the Board on 24th October 2000. Since 1983, Voon has served with IBM Malaysia in various capacities starting with his first appointment as Marketing representative. In January 2000, he became General Manager of IBM Malaysia Sdn Bhd. He was then appointed as Managing Director of IBM Malaysia and remains in this position today. Voon holds a Bachelor in Mathematics from University of Malaya.

**Zaiton Mohd. Hassan, 48, FCCA, MICPA,**

*Independent Non-Executive Director*



Zaiton Mohd. Hassan was appointed to the Board on 16th November 2001. She is a Fellow of the Chartered Association of Certified Accountants.

She is also a member of the Malaysian Institute of Certified Public Accountants. She is responsible for setting up Malaysian Rating Corporation Bhd (MARC) in 1996 and was its President / Executive Director until September 2004 when she left to set up her own financial advisory firm, Capital Intelligence Advisors Sdn. Bhd. Prior to joining MARC, Zaiton served 12 years with Maybank, in various senior positions, including Head of Treasury and International Banking operations. Before Maybank, she was also with Price Waterhouse, Bank Pembangunan (M) Berhad and PFM Capital Holding Sdn. Bhd. Apart from Mesiniaga, Zaiton is also a Board Member of MIDF as well as Suruhanjaya Syarikat Malaysia.

**Fathil Sulaiman Ismail, 41**

*Non-Executive Director*



Fathil Sulaiman Ismail was appointed as a Non-Executive Director of the Company on 1st June 2002. An accountant by training, Fathil served with Ernst & Young and then the Corporate Finance Department of Arab Malaysian Merchant Bank before pursuing private enterprise. He was a founding partner and the Managing Director of Aetna Genesis Healthcare (now known as ING Benefits) for six years until late 2001. Fathil is a Malay College Kuala Kangsar alumni and had graduated from the Chartered Association of Certified Accountants.

**Joseph Tan Jeok Siak, 54**

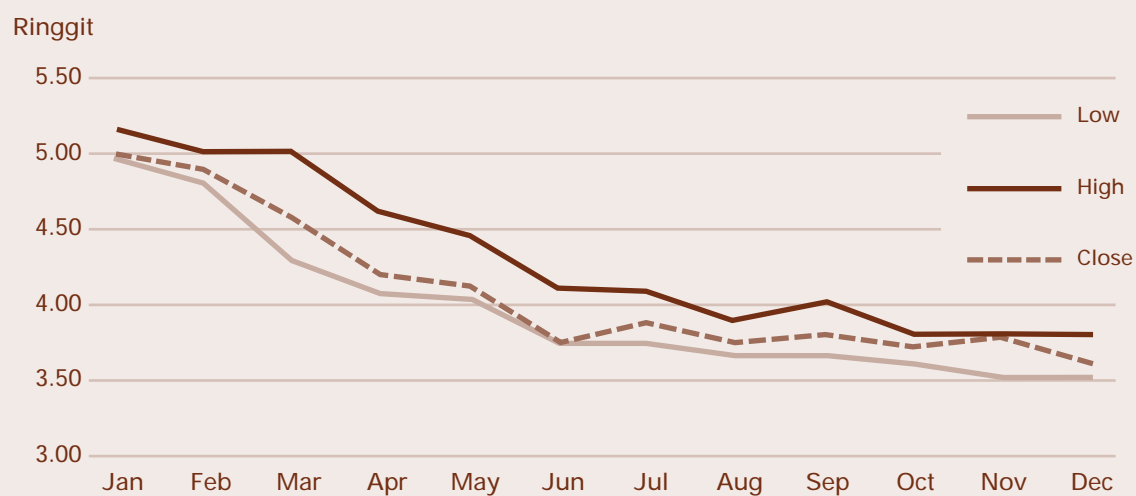
*Alternate Director to Voon Seng Chuan  
(No pix)*

Joseph Tan Jeok Siak was appointed to the Board of Mesiniaga as Alternate Director to Voon Seng Chuan on 24th October 2000. He joined IBM Malaysia in 1969 as an Administrative Assistant and served in various positions throughout the organisation. He possesses over 30 years of industry experience. Currently, he is Chief Financial Officer of IBM Malaysia. Joseph holds a Masters degree from the University of Bath and a Diploma in Management from the Malaysian Institute of Management. He ceased to be Voon Seng Chuan's alternate on 3.11.2004.

*All Board Members are Malaysian citizens. With the exception of Fathil Sulaiman Ismail who has a deemed interest in the Estate of the late Ismail Sulaiman, all of the Board Members have no family relationship among themselves or with any of the major shareholders of the company. All Board Members do not have any conflict of interest with the Company as well as were never convicted for any offences other than traffic offences within the past 10 years. Other than the Director positions held by Dato' Dr. Mohamad Zawawi Ismail and Zaiton Mohd Hassan in other public companies as stated in their respective profiles, all of the Directors do not hold any directorships in any public companies other than Mesiniaga Berhad.*

## SHARE PRICE MOVEMENT IN YEAR 2004

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Low	4.96	4.76	4.32	4.08	4.02	3.70	3.70	3.66	3.66	3.60	3.50	3.50
High	5.15	5.00	5.00	4.60	4.48	4.16	4.14	3.90	4.00	3.80	3.80	3.80
Close	5.00	4.82	4.54	4.32	4.18	3.70	3.86	3.68	3.74	3.60	3.80	3.54



# CORPORATE GOVERNANCE STATEMENT

## CODE

Pursuant to the introduction of the Malaysian Code on Corporate Governance and its incorporation into the Bursa Malaysia Listing Requirements which was put into effect on 30th June 2001, the Board recognises the importance for the Company to practice the Corporate Governance standards in their pursuit of discharging their roles and responsibilities to protect and enhance shareholder value and the financial performance of the Company. The Board of Directors confirms that the Group has complied with the Best Practices as recommended in Part 2 of the Best Practices in Corporate Governance without exception. The following is a summary of the Company's practice of the Code on Corporate Governance:

## THE BOARD OF DIRECTORS

The Board is entrusted with leading and controlling the Group and overseeing the business of the Group. The Board is responsible for the Group's progress and for ensuring the Group is managed well to achieve this result. This is an active responsibility, with the day-to-day responsibility delegated to Management. The Board's function is to set the Group's overall strategic direction, its aim and objectives and to ensure that they are achieved. The Board is also responsible in approving performance targets, monitoring Management's achievements, providing overall policy guidance and ensuring that policies and procedures for internal control systems and succession planning are in place.

Throughout 2004, the Board of Directors met 4 times. Details of the meetings are as follows:

Date & Time	6th April 2004 2.00 p.m	31st May 2004 11.00 a.m.	13th Sept 2004 3.00 p.m	3rd Nov 2004 9.30 a.m.
DATO' DR. MOHAMAD ZAWAWI ISMAIL	✓	✓	✓	✓
WAN MOHAMED FUSIL WAN MAHMOOD	✓	✓	✓	✓
MOHD PUZI AHAMAD	✓	✓	✓	✓
RAMLI AMAT	✓	✓	✓	✓
DATO' WAN ABDULLAH MOHAMAD	✓	✓	✓	✓
NOR HAYATI MOHD. KASIM	A	✓	✓	✓
CHUNG THIAN SINN	✓	✓	✓	✓
VOON SENG CHUAN	-	✓	✓	✓
ZAITON MOHD. HASSAN	✓	A	✓	✓
FATHIL SULAIMAN ISMAIL	✓	✓	✓	✓
JOSEPH TAN JEOK SIAK (Alternate Director to Voon Seng Chuan) (Ceased on 3.11.2004)	✓	-	-	-
Key:	✓ Attended		A Absent with apologies	

All meetings were held at the Conference Room, 11th Floor, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan. The Directors exercised

independent judgements to bear on all issues presented at the Directors' meetings which among others incorporate issues on strategies, performance and resources.



**Board Balance**

The Board consists of two Executive Directors and eight Non-Executive Directors, five of whom are Independent Non-Executive Directors.

As at 31st December 2004, the representation of the members of the Board is as follows:-

		%
Executive Directors	2/10	20
Non-Independent Non-Executive Directors	3/10	30
Independent Non-Executive Directors	5/10	50

The composition exceeded the listing requirements of Bursa Malaysia, which requires that at least one third of the Board should comprise of independent directors.

There is a clear division of responsibility between the Chairman and the Chief Executive Officer to ensure that there is a balance of power and authority.

Together, the Directors bring a wide range of business, commercial and financial experience relevant to the Company. A brief description on the background of each Director is presented in the Directors' Profile column on page 12 to 16.

**Supply of Information**

The Board is provided with written reports and supporting information ahead of meetings of the Board and in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be sufficiently well informed before the meeting.

At each Directors Meeting, a special briefing on the Company's operations by the Company's Senior Managers by rotation was also presented. The Special Briefings by the Senior Managers were to allow the Board Members to actively and effectively participate in determining the Company's direction.

All Directors have access to the service of the Company Secretary and if so required, could

also engage independent professional advice at the Company's expense.

**Appointments to the Board**

There were no new directors appointed to the Board during the year.

**Re-election**

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire and be eligible for re-election by rotation at each Annual General Meeting. All Directors are to retire from office at least once every three years.

**Directors' Training**

All Board Members have attended the mandatory accreditation programme organised by Bursa Malaysia. With the introduction of the Continuing Education Programme (CEP) in 2003, the Directors have been pursuing training under the CEP to keep themselves abreast with the relevant changes in laws and regulations, the business environment and its challenges as well as to equip themselves with the knowledge and the know-how in managing and producing a more effective and efficient Board in line with good corporate governance practice.

**DIRECTORS' REMUNERATION**

The remuneration of Executive Directors is determined by the Remuneration Committee, which is headed by Nor Hayati Mohd. Kasim.

Details of the remuneration for the Directors are as follows:

	Basic Salary RM	Fees RM	Bonus RM	Benefit- in-kind RM	Pension RM	Others RM	Total RM
Executive Directors	700,650	0	29,325	106,834	0	87,648	924,457
Non-Executive Directors	0	153,000	0	0	0	9,802	162,802
Directors' Remuneration in Bands							
	No. of Executive Directors			No. of Non-Executive Directors			
Below RM 50,000	0			9 *			
RM 50,000 to RM 99,999	0			0			
RM 100,000 to RM 149,999	0			0			
RM 150,000 to RM 199,999	0			0			
RM 200,000 to RM 249,999	0			0			
RM 250,000 to RM 299,999	0			0			
RM 300,000 to RM 349,999	0			0			
RM 350,000 to RM 399,999	1			0			
RM 400,000 to RM 449,999	0			0			
RM 450,000 to RM 499,999	0			0			
RM 500,000 to RM 549,999	0			0			
RM 550,000 to RM 599,999	1			0			
* Including Alternate Director							

Considerations such as Director's responsibilities, experience and market rates are taken into account when deciding remuneration.

especially after the announcement of the Company's quarterly financial results. The Company's web site "[www.mesiniaga.com.my](http://www.mesiniaga.com.my)" is also accessible for further information.

#### BOARD COMMITTEES

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

The various Board Committees and their composition are as listed on page 4.

#### SHAREHOLDERS

##### Dialogue between the Company and Investors

The Company's Advisor and the Chief Executive Officer hold discussions with analysts and shareholders from time to time

#### The Annual General Meeting

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

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

#### ACCOUNTABILITY AND AUDIT

##### Financial Reporting

In presenting the annual financial statements and quarterly announcement to shareholders,

the Directors aim to present a balanced and easily understandable assessment of the Company's position and prospects. The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing the information for disclosure.

The Statement of Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 22 of this Annual Report.

#### **Internal Control**

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

The Internal Audit Department undertakes the internal audit functions in the Company. The Company will be continuously reviewing the adequacy and integrity of its system of internal control.

#### **RELATIONSHIP WITH AUDITORS**

The role of the Audit Committee is as stated on pages 23 to 24. Through the Audit Committee of the Board, the Company has established transparent and appropriate relationships with the Company's Auditors, both Internal and External. When required, the External Auditors attend the meetings of the Committee.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

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

The Directors consider that, in preparing the financial statements of the Company for the year ended 31st December 2004, the Company has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have also considered that all applicable accounting standards have been followed and confirm that the financial statements have been prepared on the going concern basis.

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



## THE AUDIT COMMITTEE

### CHAIRPERSON

ZAITON MOHD. HASSAN  
(Independent Non-Executive Director)

### MEMBERS

CHUNG THIAN SINN  
(Independent Non-Executive Director)  
NOR HAYATI MOHD KASIM  
(Independent Non-Executive Director)

### SECRETARY

MOHAMAD ZAKI YUSOFF

### TERMS OF REFERENCE

#### Terms of Reference for the Audit Committee

#### Size and Composition

The Committee shall be appointed by the Board of Directors of Mesiniaga from amongst their members and shall consist of not less than 3 members, a majority of whom shall be Independent Directors.

The chairman of the Committee shall be an Independent Director.

#### Frequency of Meetings

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

#### Secretary

The Secretary of the Audit Committee shall be the Head of Internal Audit of the company. All meetings shall be minuted.

### Purpose of the Committee

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

### Functions and Duties

The functions and duties of the Audit Committee are:

- (1) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- (2) To review the scope, functions and resources of the internal audit function.
- (3) To review the internal audit programme and monitor its implementation.
- (4) To review the internal audit reports and follow-up on the action taken to implement the recommendation of the internal auditor.
- (5) To review the year-end financial statements, prior to the approval by the Board of Directors.
- (6) To review and approve for the release of the quarterly results.
- (7) To review the related party transactions and conflict of interest situations within the company or group.
- (8) Perform other related duties as directed by the Board of Directors.

#### Meetings Held

Date	Zaiton Mohd. Hassan	Chung Thian Sinn	Nor Hayati Mohd. Kasim
26/02/2004	✓	✓	✓
28/04/2004	✓	✓	✓
05/08/2004	✓	✓	✓
18/08/2004	✓	✓	✓
02/11/2004	✓	✓	✓

✓ Attended

### Summary Of Activities

1. Review and approval of financial result announcements to Bursa Malaysia.
2. Review and adoption of quarterly financial results and yearly financial statements.
3. Review of the related party transactions.
4. Review of internal audit plan, functions and resources.
5. Review of internal audit reports.
6. Participate in training programmes in related areas.
7. Review with the external auditor, the audit plan, evaluation of the system of internal controls, audit report and assistance given by the company's officers to the auditors.
8. Independent meetings with the external auditor.

### Summary of Internal Audit function

1. Preparation of annual audit plan.
2. Presentation of reports on audits carried out.
3. Maintenance of effective audit programmes.
4. Planning and co-ordination of the ISO quality audit.
5. Preparation of Audit Committee meeting reports for its review.
6. Secretarial function to the Audit Committee.
7. Provide full co-operation to the external auditors in carrying out their audit.
8. Any other functions as instructed by the Audit Committee and the Board of Directors.

## STATEMENT ON INTERNAL CONTROL

The Board has an overall responsibility for the Company's system of internal controls, which includes the establishment of an appropriate control environment and framework for risk management, financial, organisational and operational controls within the Company.

The Company's system of internal controls is designed to manage risks. The Board places greater emphasis on items of material significance in an effort to manage risks and hence to achieve overall corporate objectives. The internal controls are designed to provide reasonable assurance that significant effects of the risks to the Company are minimised. In pursuing business objectives, internal controls can only provide reasonable and not absolute assurance against material errors, losses, fraud or occurrence of unforeseeable circumstances.

The implementation of the risk management framework on an enterprise-wide basis is currently on going and involves assessing the degree of significant risks identified, evaluating the effectiveness of the controls in place and the requirement for additional controls on a regular basis. Risk management is carried out through regular discussions with, and feedback from the management of the Company via on-going presentation to the Risk Management Committee ("RMC"). Thereafter, the RMC shall form an opinion as to the adequacy of the controls affecting risks, which are of material significance to the Company.

The RMC meets four (4) times a year to review the controls required to manage risks. A report on the adequacy of the controls on significant risks is presented to the Board.

The key elements of the framework of the Company's internal controls are as follows:

- Defined lines of authority, responsibility and accountability within the Company;
- Documented internal procedures;
- The existence of an Internal Audit Department to provide the Board with assurance regarding the adequacy and integrity of internal control systems within the Company. The Internal Audit Department performs ongoing reviews of processes and activities within the Company and reports to the Audit and Examination Committee of Directors (AECD). The AECD has full access to both internal and external auditors.

The Board, acknowledging that risk management is an ongoing process, remains committed towards the establishment of a sound system of internal control and therefore, recognises that the system must continuously evolve to support the growth and dynamics of the Company's business. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans when necessary to further enhance the Company's system of internal control.

The Board of Directors  
Mesiniaga Berhad

## OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA

### UTILISATION OF PROCEEDS

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

### SHARE BUY BACK

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

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Other than the implementation of Employees' Share Option Scheme (ESOS) as reported on pages 64 to 66 of this Annual Report, the Company did not implement any other Options, Warrants or Convertible Securities.

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

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

### SANCTIONS AND/OR PENALTIES

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

### NON-AUDIT FEES

An amount of RM5,343 was paid for tax services provided by PWC Taxation Services Sdn. Bhd.

### VARIATION IN RESULT

There is no significant difference between the Audited and Unaudited Results.

### PROFIT GUARANTEE

The Company has not provided any Profit Guarantee.

### MATERIAL CONTRACTS

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

### CONTRACTS RELATING TO LOAN

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

### CONFLICT OF INTEREST

Unless otherwise disclosed, the directors are not aware of any conflict of interest among the directors with the Company, existing at the end of the financial year 2004.

### REVALUATION OF LANDED PROPERTIES

The freehold land and buildings are revalued by independent professional valuers once in every five years.

The latest valuation was done in the current financial year.

### SHARE SCHEME FOR EMPLOYEES

As confirmed by the Option Committee, the allocation of options pursuant to Employees Share Option Scheme granted during the Financial Year 2004 was in compliance with the established criteria.

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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The Company is principally involved in the sale and service of information technology products and related services. The principal activities of the subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the activities of the Group and of the Company during the financial year.

### FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit from ordinary activities after taxation	16,281	16,889
Minority interest	(227)	-
Net profit for the financial year	16,054	16,889

### DIVIDENDS

The dividends on ordinary shares paid by the Company since 31 December 2003 are as follows:

	RM'000
In respect of the financial year ended 31 December 2003, as shown in the Directors' Report of that year:	
- final gross dividend of 13 sen per share, less income tax of 28%, paid on 24 June 2004	5,653
- final gross dividend of 3 sen per share, tax exempt, paid on 24 June 2004	1,812
	7,465

The Directors now recommend the payment of a final gross dividend of 13 sen per share, less income tax, amounting to RM5,653,627 and a final gross dividend of 3 sen per share, tax exempt, amounting to RM1,812,060 subject to the approval of the members at the forthcoming Annual General Meeting, which will be paid on 6 July 2005 to shareholders registered on the Company's Register of Members at the close of business on 13 June 2005.

### RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

## SHARE CAPITAL

During the financial year, 79,000 new ordinary shares of RM1.00 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme at the following issue prices:

Issue price RM	Number of ordinary shares of RM1.00 each '000
4.65	19
4.25	29
3.69	29
3.44	2
	<hr/>
	79

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

## EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") was approved by the shareholders on 17 September 1999 and became effective on 7 February 2001 for a period of five years.

Details of the ESOS are set out in Note 23(a) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this Report the names of the persons to whom options have been granted during the financial year and details of their holdings pursuant to Section 169 (11) of the Companies Act, 1965 except for information of employees who were granted options of 50,000 shares and above.

However, no employees of the Company and its subsidiaries were granted options of 50,000 shares and above during the financial year.

## DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Dr. Mohamad Zawawi Ismail  
 Wan Mohamed Fusil bin Wan Mahmood  
 Mohd Puzi bin Ahamad  
 Ramli bin Amat  
 Dato' Wan Abdullah bin Mohamad  
 Nor Hayati Mohd Kasim  
 Chung Thian Sinn  
 Voon Seng Chuan  
 Zaiton Mohd Hassan  
 Fathil Sulaiman Ismail  
 Joseph Tan Jeok Siak  
 (alternate Director to Voon Seng Chuan)

(Ceased on 3.11.2004)

## DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the Directors' remuneration disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM1.00 each			
	At	Bought	Sold	At
	1.1.2004			31.12.2004
	'000	'000	'000	'000
Wan Mohamed Fusil bin Wan Mahmood <sup>1</sup>	3,876	100	-	3,976
Mohd Puzi bin Ahamad <sup>2</sup>	3,949	100	-	4,049
Ramli bin Amat <sup>3</sup>	1,115	-	(600)	515
Dato' Wan Abdullah bin Mohamad	28	-	-	28
Nor Hayati Mohd Kasim	28	-	-	28
Fathil Sulaiman Ismail	130	1,667	-	1,797

<sup>1</sup> Including interests held under his nominee accounts with Bumiputra Commerce Trustee Berhad, Citicorp Nominees (Tempatan) Sdn. Bhd. & Alliancegroup Nominees (Tempatan) Sdn. Bhd.

<sup>2</sup> Including interests held under his nominee accounts with Bumiputra Commerce Trustee Berhad and Citicorp Nominees (Tempatan) Sdn. Bhd.

<sup>3</sup> Including interests held under his nominee account with Bumiputra Commerce Nominees (T) Sdn. Bhd.

Other than those disclosed above, according to the Register of Directors' Shareholdings, none of the other Directors in office at the end of the financial year held any interest in shares and options over shares in the Company and its related corporations during the financial year.

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

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

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

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

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

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

## AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 14th April 2005.

WAN MOHAMED FUSIL BIN WAN MAHMOOD  
DIRECTOR

MOHD PUZI BIN AHAMAD  
DIRECTOR

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Wan Mohamed Fusil bin Wan Mahmood and Mohd Puzi bin Ahamad, two of the Directors of Mesiniaga Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 34 to 68 are drawn up 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 2004 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 14th April 2005.

WAN MOHAMED FUSIL BIN WAN MAHMOOD  
DIRECTOR

MOHD PUZI BIN AHAMAD  
DIRECTOR

## STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, Mohd Puzi bin Ahamad, the Director primarily responsible for the financial management of Mesiniaga Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 68 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MOHD PUZI BIN AHAMAD  
DIRECTOR

Subscribed and solemnly declared by the abovenamed, Mohd Puzi bin Ahamad, at Subang Jaya in Malaysia on 14th April 2005 before me.

COMMISSIONER FOR OATHS



# REPORT OF THE AUDITORS

TO THE MEMBERS OF MESINIAGA BERHAD

We have audited the financial statements set out on pages 34 to 68. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the Act.

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

Our auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any adverse comment made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

SHIRLEY GOH  
(No. 1778/08/06 (J))  
Partner of the firm

14th April 2005

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	5	297,380	269,741	288,735	260,903
Changes in inventories of finished goods		(1,613)	19,626	(1,799)	19,946
Finished goods purchased		(222,213)	(215,789)	(215,864)	(210,646)
Staff cost	6	(32,413)	(30,359)	(31,481)	(29,386)
Cost of contract staff		(3,170)	(3,768)	(3,170)	(3,768)
Depreciation of property, plant and equipment		(4,147)	(4,117)	(4,096)	(4,018)
Travelling expenses		(2,943)	(2,779)	(2,778)	(2,646)
Office administrative expenses		(4,056)	(4,267)	(3,935)	(3,994)
Other operating income		559	955	1,058	1,183
Other operating expenses		(3,366)	(2,160)	(2,036)	(1,421)
Profit from operations	7	24,018	27,083	24,634	26,153
Finance cost	8	(785)	(159)	(785)	(159)
Share of results of associates		249	106	0	0
Profit from ordinary activities before taxation		23,482	27,030	23,849	25,994
Taxation:					
- Company and subsidiaries		(7,129)	(7,902)	(6,960)	(7,600)
- associates		(72)	(32)	0	0
	9	(7,201)	(7,934)	(6,960)	(7,600)
Profit from ordinary activities after taxation		16,281	19,096	16,889	18,394
Minority interest		(227)	(475)	0	0
Net profit for the financial year		16,054	18,621	16,889	18,394
Earnings per share (sen)	10				
- basic		26.6	30.9		
- diluted		26.5	30.8		
Gross dividends per share (sen)	11	16	16	16	16

The notes on pages 40 to 68 form part of these financial statements.

# BALANCE SHEETS

AS AT 31 DECEMBER 2004

		Group		Company	
	Note	2004	2003	2004	2003
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	55,107	49,485	55,065	49,403
Investment in subsidiaries	13	0	0	1,200	1,130
Investment in associates	14	6,308	6,338	6,600	6,635
Deferred tax assets	15	185	237	0	0
		61,600	56,060	62,865	57,168
CURRENT ASSETS					
Inventories	16	24,938	26,551	22,849	24,648
Receivables, deposits and prepayments	17	164,090	136,200	162,165	133,240
Tax recoverable		987	814	794	794
Deposits with a licensed financial institution	18	10,037	4,958	8,500	3,650
Cash, bank balances and deposits	18	7,401	4,859	6,081	3,257
		207,453	173,382	200,389	165,589
LESS: CURRENT LIABILITIES					
Payables	19	78,902	77,580	78,526	77,097
Short term borrowings (unsecured and interest bearing)	20	21,467	0	21,467	0
Bank overdraft (unsecured and interest bearing)	18	907	0	907	0
Taxation		1,015	703	1,015	696
		102,291	78,283	101,915	77,793
NET CURRENT ASSETS		105,162	95,099	98,474	87,796
LESS: NON-CURRENT LIABILITIES					
Post-employment benefit obligations	21	1,732	1,291	1,732	1,291
Finance lease liability	22	0	38	0	38
Deferred tax liabilities	15	1,671	1,527	1,671	1,527
		3,403	2,856	3,403	2,856
		163,359	148,303	157,936	142,108
Represented by:					
CAPITAL AND RESERVES					
Share capital	23	60,402	60,323	60,402	60,323
Share premium		4,126	3,880	4,126	3,880
Revaluation reserve		12,425	6,346	12,425	6,346
Capital reserve on consolidation		40	40	0	0
Retained earnings		82,760	74,171	80,983	71,559
SHAREHOLDERS' EQUITY		159,753	144,760	157,936	142,108
MINORITY INTERESTS		3,606	3,543	0	0
		163,359	148,303	157,936	142,108

The notes on pages 40 to 68 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable				Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital reserve on consolidation RM'000	Retained earnings RM'000			
At 1 January 2003		60,168	60,168	3,392	6,346	40	62,987			132,933
Final dividends:										
- 31 December 2002	11	0	0	0	0	0	(7,437)			(7,437)
Net profit for the financial year		0	0	0	0	0	18,621			18,621
Issue of shares pursuant to ESOS	23	155	155	488	0	0	0			643
At 31 December 2003		60,323	60,323	3,880	6,346	40	74,171			144,760
At 1 January 2004		60,323	60,323	3,880	6,346	40	74,171			144,760
Revaluation surplus of property, plant and equipment, net of tax		0	0	0	6,079	0	0			6,079
Final dividends:										
- 31 December 2003	11	0	0	0	0	0	(7,465)			(7,465)
Net profit for the financial year		0	0	0	0	0	16,054			16,054
Issue of shares pursuant to ESOS	23	79	79	246	0	0	0			325
At 31 December 2004		60,402	60,402	4,126	12,425	40	82,760			159,753

The notes on pages 40 to 68 form part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2003		60,168	60,168	3,392	6,346	60,602	130,508
Final dividends:							
- 31 December 2002	11	0	0	0	0	(7,437)	(7,437)
Net profit for the financial year		0	0	0	0	18,394	18,394
Issue of shares pursuant to ESOS	23	155	155	488	0	0	643
At 31 December 2003		60,323	60,323	3,880	6,346	71,559	142,108
At 1 January 2004		60,323	60,323	3,880	6,346	71,559	142,108
Revaluation surplus of property, plant and equipment, net of tax		0	0	0	6,079	0	6,079
Final dividends:							
- 31 December 2003	11	0	0	0	0	(7,465)	(7,465)
Net profit for the financial year		0	0	0	0	16,889	16,889
Issue of shares pursuant to ESOS	23	79	79	246	0	0	325
At 31 December 2004		60,402	60,402	4,126	12,425	80,983	157,936

The notes on pages 40 to 68 form part of these financial statements.



# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

Note	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net profit attributable to shareholders	16,054	18,621	16,889	18,394
Adjustments for non-cash items:				
Taxation	7,201	7,934	6,960	7,600
Minority interest	227	475	0	0
Amortisation of goodwill	207	207	0	0
Depreciation of property, plant and equipment	4,147	4,117	4,096	4,018
Gross dividend income from a subsidiary	0	0	(306)	(357)
Impairment of investment in an associate	0	0	35	0
Interest expense	785	159	785	159
Interest income	(109)	(283)	(65)	(253)
Loss/(gain) on disposal of interest in a subsidiary	0	14	0	(4)
Retirement benefits	441	498	441	498
Share of results of associates	(249)	(106)	0	0
	28,704	31,636	28,835	30,055
Changes in working capital:				
Inventories	1,613	(19,626)	1,799	(19,946)
Receivables	(27,890)	(50,366)	(28,925)	(51,769)
Payables	1,399	52,040	1,506	52,948
Net cash generated from operations	3,826	13,684	3,215	11,288
Retirement benefits paid	0	(89)	0	(89)
Interest paid	(785)	(159)	(785)	(159)
Tax paid	(7,096)	(10,279)	(6,731)	(9,804)
Net cash (used in)/generated from operating activities	(4,055)	3,157	(4,301)	1,236

The notes on pages 40 to 68 form part of these financial statements.

		Group		Company	
	Note	2004	2003	2004	2003
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,370)	(6,726)	(3,359)	(6,697)
Interest received		109	283	65	253
Proceeds from disposal of interest in a subsidiary		0	14	0	14
Purchase of shares in a new subsidiary	13	0	0	(70)	0
Dividends received from a subsidiary		0	0	220	257
Net cash used in investing activities		(3,261)	(6,429)	(3,144)	(6,173)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders of the Company	11	(7,465)	(7,437)	(7,465)	(7,437)
Dividends paid to minority interests		(212)	(247)	0	0
Proceeds from issuance of shares - exercise of share options	23	325	643	325	643
- to minority interest		30	0	0	0
Proceeds from short term borrowings	20	21,467	0	21,467	0
Repayment of finance lease liabilities		(115)	(220)	(115)	(220)
Net cash from/(used in) financing activities		14,030	(7,261)	14,212	(7,014)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR					
		6,714	(10,533)	6,767	(11,951)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR					
		9,817	20,350	6,907	18,858
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR					
	18	16,531	9,817	13,674	6,907

The notes on pages 40 to 68 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

## 1 GENERAL INFORMATION

The Company is principally involved in the sale and service of information technology products and related services. The principal activities of the subsidiaries are described in Note 13 to the financial statements. There have been no significant changes in the activities of the Group and of the Company during the financial year.

The average number of employees during the financial year was 622 (2003: 484) employees in the Group and 498 (2003: 449) employees in the Company.

The Company is a limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board Of Bursa Malaysia Securities Berhad ('Bursa Securities').

The address of the registered office and the principal place of business of the Company is as follows:

11th Floor, Menara Mesiniaga,  
1A, Jalan SS16/1,  
47500 Subang Jaya.

As at the end of the financial year, all assets and liabilities of the Company are denominated in Ringgit Malaysia except otherwise disclosed.

## 2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention, modified by the revaluation of freehold land and building.

The financial statements comply with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the MASB approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company, all its subsidiaries and its associates made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (Cont'd)

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The cost of acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill or reserve on consolidation. See accounting policy Note (b) on goodwill.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition.

#### (b) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates acquired over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill on acquisition is amortised using the straight line method over its estimated useful life or 20 years, whichever is shorter. At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note (e) on impairment of assets.

Reserve on consolidation represents the excess of the fair value of identifiable net assets acquired over the cost of acquisition. In the Group's balance sheet, reserve on consolidation is treated as a permanent item.

#### (c) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Freehold land and buildings are subsequently shown at valuation, based on the valuation by independent professional valuers once in every five years, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Surpluses arising on revaluation are credited to the revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the income statement.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Property, plant and equipment (Cont'd)

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on a straight line basis so as to write off the cost of each asset over their estimated useful lives at the following annual rates:

Buildings	2%
Machines	25% to 50%
Office equipment, furniture and fittings	12.5% to 50%

Depreciation on capital work-in-progress commences when the asset is ready for its intended use.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note (e) on impairment of assets.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Repairs and maintenance are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

#### (d) Investments

Investments in subsidiaries, associates and other non-current investments are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note (e) on impairment of assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

#### (e) Impairment of assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Associates

Associates are companies in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies. Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the income statement the Group's share of the results of associates for the financial year. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred.

#### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost, which includes purchase price and other import charges, is determined on a weighted average basis.

#### (h) Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the financial year end.

Known bad debts are written off and specific allowance is made for any considered to be doubtful of collection.

#### (i) Foreign currencies

##### (i) Reporting currency

The financial statements are presented in Ringgit Malaysia.

##### (ii) Foreign currency transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at exchange rates prevailing at balance sheet date. All exchange differences are taken to the income statement.

##### (iii) Closing rates

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	2004 RM	2003 RM
1 US Dollar	3.83	3.83
1 Singapore Dollar	2.36	2.26
1 New Zealand Dollar	2.76	2.01
1 Brunei Dollar	2.36	2.21

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Finance leases

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

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charges is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its estimated useful life.

#### (k) Employee benefits

##### (i) Short term employee benefits

Wages, salaries, bonuses and other employee benefits are accrued in the period in which the associated services are rendered by employees and Executive Directors of the Group.

##### (ii) Post employment benefits

###### Defined contribution plan

The Group's contributions to a defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. The Group contributes to the Employees Provident Fund, the national defined contribution plan.

###### Defined benefit plan

The Company operates a funded defined benefit plan, which is an approved defined benefit plan under Section 150 of the Income Tax Act, 1967.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The Company determines the present value of the defined benefit obligation and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at balance sheet date of government securities and corporate bonds, which have terms of maturity approximating the terms of the related liability.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the income statement is determined by the corridor method in accordance with MASB 29 and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plan.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (k) Employee benefits (Cont'd)

##### Defined benefit plan (Cont'd)

Upon initial adoption of MASB 29 on 1 January 2003, the increase in defined benefit liability is recognised as an expense on a straight line basis over 5 years in accordance with the transitional provision of the Standard.

##### (iii) Equity compensation benefits

Details of the Group's Employee Share Option Scheme are set out in Note 23 (a) to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

#### (l) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

#### (m) Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services, net of rebates and discounts, after eliminating sales within the Group. Revenue from the sale of goods is recognised upon delivery of goods sold or when significant risks and rewards of ownership of goods are transferred to the buyer. Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

#### (n) Dividends

Dividends are recognised when the Group's right to receive payment is established.

#### (o) Cash and cash equivalents

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (p) Financial instruments

##### (i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

##### (ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for other financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

##### (iii) Fair value estimation for disclosure purposes

The historical cost carrying amounts of trade receivables and trade payables subject to normal trade credit terms approximate their fair values. The carrying amounts of other receivables and other payables are reasonable estimates of fair value because of their short maturity. The carrying amounts of deposits, cash and bank balances approximate their fair values due to the relatively short term maturity of these instruments.

The face values, less any estimated credit adjustments, for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

#### (q) Share capital

##### (i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

##### (ii) Share issue costs

External cost directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

#### (r) Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest relating to a financial instrument classified as a liability is reported within finance cost in the income statement.

#### 4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to Group financial risk management policies. The management regularly reviews these risks.

##### (a) Foreign currency exchange risk

The Group is exposed to various currencies, mainly United States Dollar, New Zealand Dollar, Singapore Dollar and Brunei Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies give rise to foreign exchange exposures. Foreign currency exposures are kept to an acceptable level.

##### (b) Interest rate risk

Interest rate exposure arises mainly from the Group's deposits. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

##### (c) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group controls these risks by application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis via regular updates and management reporting procedures.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts allowed for collection loss is inherent in the Group's trade receivables.

##### (d) Liquidity and cash flow risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group maintains sufficient level of cash to meet its working capital requirements. The Group also maintains sufficient level of banking facilities for contingent funding of working capital.

#### 5 REVENUE

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Sale of:				
- hardware	219,223	184,835	211,188	177,063
- software	31,162	29,112	31,162	29,112
- services	46,995	55,794	46,385	54,728
	297,380	269,741	288,735	260,903

**6 STAFF COST**

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonus and other employment benefits	28,457	26,708	28,157	25,841
Defined contribution retirement plan (Note 21)	3,515	3,153	2,883	3,047
Defined benefit retirement plan (Note 21)	441	498	441	498
	32,413	30,359	31,481	29,386

Details of the defined contribution and defined benefit plans of the Group and Company are set out in Note 21 to the financial statements.

The aggregate amount of emoluments received and receivable by Directors of the Group and Company during the financial year is as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
<b>Non-executive Directors</b>				
- fees	152	160	152	160
- defined benefit retirement plan	1	30	1	30
- others	8	76	8	76
- estimated money value of benefits-in-kind	0	11	0	11
<b>Executive Directors</b>				
- salaries and bonus	909	796	730	662
- defined contribution retirement plan	102	97	87	80
- defined benefit retirement plan	462	383	462	383
- estimated money value of benefits-in-kind	107	91	107	83
	1,741	1,644	1,547	1,485

**7 PROFIT FROM OPERATIONS**

Profit from operations is arrived at after charging/(crediting):

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Amortisation of goodwill	207	207	0	0
Auditors' remuneration	79	77	60	60
Depreciation of property, plant and equipment	4,147	4,117	4,096	4,018
Loss/(gain) on disposal of interest in a subsidiary	0	14	0	(4)
Gross dividend income from a subsidiary	0	0	(306)	(357)
Impairment of investment in an associate	0	0	35	0
Interest income	(109)	(283)	(65)	(253)
Net realised foreign exchange (gain)/loss	(25)	0	18	0
Rental income from rental of premises	(70)	(69)	(97)	(96)



**7 PROFIT FROM OPERATIONS (CONT'D)**

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Rental of premises	87	175	17	110
(Writeback)/allowance for doubtful debts:				
- subsidiaries	0	0	(467)	0
- trade receivables	(573)	232	(485)	232
- associates	623	0	623	0

**8 FINANCE COST**

	Group and Company	
	2004	2003
	RM'000	RM'000
Interest expenses on:		
- bank overdraft	50	28
- short term borrowings	720	108
- lease financing	15	23
	785	159

**9 TAXATION**

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
<b>Current tax:</b>				
Current year - Malaysian income tax	7,325	8,065	7,136	7,690
Overaccrual in prior years (net)	0	(38)	0	0
	7,325	8,027	7,136	7,690
<b>Deferred tax:</b>				
Origination and reversal of temporary differences (Note 15)	(124)	(93)	(176)	(90)
	7,201	7,934	6,960	7,600

The explanation of the relationship between tax expense and profit from ordinary activities before taxation is as follows:

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate				
Malaysian tax rate	28.00	28.00	28.00	28.00
Tax effects of:				
- expenses not deductible for tax purposes	2.00	1.61	1.18	1.24
- current year deferred tax asset not recognised	0.77	0	0	0
- tax incentive for small and medium scale companies	(0.11)	(0.06)	0	0

**9 TAXATION (CONT'D)**

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
- previously unrecognised tax losses and capital allowances	0	(0.06)	0	0
- overaccrual in prior years (net)	0	(0.14)	0	0
Average effective tax rate	30.66	29.35	29.18	29.24

Included in the tax expense of the Group are tax savings from utilisation of tax losses and unabsorbed capital allowances as follows:

	Group	
	2004	2003
	RM'000	RM'000
Tax savings as a result of the utilisation of tax losses/ unabsorbed capital allowances brought forward for which the related credit is recognised during the year:		
(i) Tax losses	100	12
(ii) Unabsorbed capital allowances	7	16

The amount of unutilised tax losses and unabsorbed capital allowances for which no deferred tax assets is recognised in the balance sheet is as follows:

	Group	
	2004	2003
	RM'000	RM'000
Unutilised tax losses	1,474	459
Unabsorbed capital allowances	4	0
	1,478	459
Deferred tax assets not recognised at 28%	414	128

Subject to the agreement by the tax authorities, the Company has sufficient tax credits available under Section 108(6) of the Malaysian Income Tax Act, 1967 to frank the payment of net dividends out of all its retained earnings as at 31 December 2004 if paid out as dividends.

In addition, the Company has tax exempt income as at 31 December 2004 arising from the Income Tax (Amendment) Act, 1999, relating to tax on income earned in 1999 being waived and first tier exempt dividend income amounting to approximately RM2,828,580 and RM832,500 (2003: RM4,640,520 and RM832,500) respectively available for distribution as tax exempt dividends to shareholders. This tax exempt income is subject to agreement by the tax authorities.

**10 EARNINGS PER SHARE****(a) Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

		Group	
		2004	2003
Net profit attributable to shareholders	(RM'000)	16,054	18,621
Weighted average number of ordinary shares in issue	('000)	60,387	60,216
Basic earnings per share	(sen)	26.6	30.9

**10 EARNINGS PER SHARE (CONT'D)****(b) Diluted earnings per share**

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, being share options granted to employees.

In the diluted earnings per share calculation in respect of share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'bonus' element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit attributable to the shareholders for the share options calculation.

		<b>Group</b>	
		<b>2004</b>	<b>2003</b>
Net profit attributable to shareholders	(RM'000)	16,054	18,621
Weighted average number of ordinary shares in issue	('000)	60,387	60,216
Adjustment for share options	('000)	208	197
Weighted average number of ordinary shares for diluted earnings per share	('000)	60,595	60,413
Diluted earnings per share	(sen)	26.5	30.8

**11 DIVIDENDS**

Dividends declared or proposed during the financial year are as follows:

		<b>Group and Company</b>	
		<b>2004</b>	<b>2003</b>
		<b>RM'000</b>	<b>RM'000</b>
Proposed final dividends of:			
13 sen per share less income tax at 28% (2003: 13 sen per share less income tax at 28%)		5,653	5,632
3 sen per share tax exempt (2003: 3 sen per share tax exempt)		1,812	1,805
		<b>7,465</b>	<b>7,437</b>

The Directors has recommended the payment of a final gross dividend of 13 sen per share, less income tax, amounting to RM5,653,627 and a final gross dividend of 3 sen per share, tax exempt, amounting to RM1,812,060 subject to the approval of the members at the forthcoming Annual General Meeting.

The financial statements do not reflect the proposed final dividends for the financial year ended 31 December 2004, which will only be accrued as a liability in the financial year ending 31 December 2005, after approval by the shareholders.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Building, at cost RM'000	Building, at valuation RM'000	Machines, at cost RM'000	Office equipment, furniture and fittings, at cost RM'000	Total RM'000
<b>Group</b>							
<b>2004</b>							
<b>Cost/Valuation</b>							
At 1 January 2004	3,874	11,059	6,478	26,373	4,594	20,886	73,264
Revaluation surplus	0	6,399	0	0	0	0	6,399
Additions	0	0	370	0	0	3,000	3,370
Assets written off	0	0	0	0	0	(508)	(508)
Reclassifications	0	0	0	0	(335)	335	0
At 31 December 2004	3,874	17,458	6,848	26,373	4,259	23,713	82,525
<b>Accumulated depreciation</b>							
At 1 January 2004	0	0	78	5,805	2,863	15,033	23,779
Charge for the financial year	0	0	150	527	696	2,774	4,147
Assets written off	0	0	0	0	0	(508)	(508)
At 31 December 2004	0	0	228	6,332	3,559	17,299	27,418
<b>Net book value</b>							
At 31 December 2004	3,874	17,458	6,620	20,041	700	6,414	55,107

## 12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Building, at cost RM'000	Building, at valuation RM'000	Machines, at cost RM'000	Office equipment, furniture and fittings, at cost RM'000	Capital work-in progress RM'000	Total RM'000
<b>Group</b>								
<b>2003</b>								
<b>Cost/Valuation</b>								
At 1 January 2003	3,874	11,059	620	26,373	4,594	17,710	2,311	66,541
Additions	0	0	0	0	0	3,179	3,547	6,726
Assets written off	0	0	0	0	0	(3)	0	(3)
Transfers	0	0	5,858	0	0	0	(5,858)	0
At 31 December 2003	3,874	11,059	6,478	26,373	4,594	20,886	0	73,264
<b>Accumulated depreciation</b>								
At 1 January 2003	0	0	36	5,277	2,158	12,194	0	19,665
Charge for the financial year	0	0	42	528	705	2,842	0	4,117
Assets written off	0	0	0	0	0	(3)	0	(3)
At 31 December 2003	0	0	78	5,805	2,863	15,033	0	23,779
<b>Net book value</b>								
At 31 December 2003	3,874	11,059	6,400	20,568	1,731	5,853	0	49,485

## 12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Building, at cost RM'000	Building, at valuation RM'000	Machines, at cost RM'000	Office equipment, furniture and fittings, at cost RM'000	Total RM'000
<b>2004</b>							
<b>Cost/Valuation</b>							
At 1 January 2004	3,874	11,059	6,478	26,373	4,594	19,867	72,245
Revaluation surplus	0	6,399	0	0	0	0	6,399
Additions	0	0	370	0	0	2,989	3,359
Assets written off	0	0	0	0	0	(436)	(436)
Reclassifications	0	0	0	0	(335)	335	0
At 31 December 2004	3,874	17,458	6,848	26,373	4,259	22,755	81,567
<b>Accumulated depreciation</b>							
At 1 January 2004	0	0	78	5,805	2,863	14,096	22,842
Charge for the financial year	0	0	150	527	696	2,723	4,096
Assets written off	0	0	0	0	0	(436)	(436)
At 31 December 2004	0	0	228	6,332	3,559	16,383	26,502
<b>Net book value</b>							
At 31 December 2004	3,874	17,458	6,620	20,041	700	6,372	55,065



## 12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Building, at cost RM'000	Building, at valuation RM'000	Machines, at cost RM'000	Office equipment, furniture and fittings, at cost RM'000	Capital work-in progress RM'000	Total RM'000
<b>2003</b>								
<b>Cost/Valuation</b>								
At 1 January 2003	3,874	11,059	620	26,373	4,594	16,720	2,311	65,551
Additions	0	0	0	0	0	3,150	3,547	6,697
Assets written off	0	0	0	0	0	(3)	0	(3)
Transfers	0	0	5,858	0	0	0	(5,858)	0
At 31 December 2003	3,874	11,059	6,478	26,373	4,594	19,867	0	72,245
<b>Accumulated depreciation</b>								
At 1 January 2003	0	0	36	5,277	2,158	11,356	0	18,827
Charge for the financial year	0	0	42	528	705	2,743	0	4,018
Assets written off	0	0	0	0	0	(3)	0	(3)
At 31 December 2003	0	0	78	5,805	2,863	14,096	0	22,842
<b>Net book value</b>								
At 31 December 2003	3,874	11,059	6,400	20,568	1,731	5,771	0	49,403

**12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The freehold land and building were revalued on 30 September 2003 by Mr P'ng Soo Theng, Registered Valuer with the Board of Valuers, Appraisers and Estate Agents, a Fellow of the Royal Institution of Chartered Surveyors UK, a Member of the Institute of Surveyors Malaysia and a partner with CH Williams Talhar & Wong Sdn. Bhd., which was subsequently updated on 30 September 2004.

The book values of freehold land and buildings were adjusted to reflect the revaluations and the resultant surpluses were credited to revaluation reserve.

The net book values of the revalued freehold land and building had these assets been carried at cost less accumulated depreciation is as follows:

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land	3,805	3,805
Freehold building	19,748	20,269

Included in property, plant and equipment of the Group and Company are machines acquired under finance lease agreements, with net book value of RM134,000 (2003: RM295,000).

**13 INVESTMENT IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	1,850	1,780
Accumulated impairment losses	(650)	(650)
	1,200	1,130

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

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

<b>Name of company</b>	<b>Principal activities</b>	<b>Group's effective interest</b>	
		<b>2004</b>	<b>2003</b>
		<b>%</b>	<b>%</b>
Mesiniaga Techniques Sdn. Bhd.	Provision of human resources to the holding company	100	100
Mesiniaga Services Sdn. Bhd.	Provision of outsourcing services	100	100
Mesiniaga MSC Sdn. Bhd.	Provision of human resources to the holding company	100	100
Mesiniaga SCS Sdn. Bhd.	Provision of management training and consulting services	60	60
VA Dynamics Sdn. Bhd.	Sales of networking cables and related products	51	51
Navigis Sdn.Bhd.	Provision of management training, consulting and outsourcing services	70	0

All the above subsidiaries are audited by PricewaterhouseCoopers, Malaysia.

**13 INVESTMENT IN SUBSIDIARIES (CONT'D)**

Navigis Sdn Bhd was incorporated during the financial year and the purchase consideration of RM70,000 was made via cash. The details of assets acquired and cash flow arising from the investment is as follows:

	<b>Company</b> <b>RM'000</b>
Fair value of net assets - cash and cash equivalent	70
Goodwill	0
Cost of acquisition	70

There was no acquisition in the prior year.

**14 INVESTMENT IN ASSOCIATES**

	<b>Group</b>
	<b>2004</b> <b>RM'000</b>
	<b>2003</b> <b>RM'000</b>
Share of net assets other than goodwill of associates	3,111
Goodwill on acquisition	3,197
	6,308
	6,338

	<b>Company</b>
	<b>2004</b> <b>RM'000</b>
	<b>2003</b> <b>RM'000</b>
Unquoted shares, at cost	6,785
Accumulated impairment losses	(185)
	6,600
	6,635

Details of the associates, all of which are incorporated in Malaysia, are as follows:

<b>Name of company</b>	<b>Principal activities</b>	<b>Group's effective interest</b>	
		<b>2004</b>	<b>2003</b>
		%	%
PWR Powerlan (Malaysia) Sdn. Bhd. #	Dormant	30	30
Advantage Systems Sdn. Bhd. #	Provision of data connectivity and communication services	30	30
SJA-Infotech Sdn. Bhd.	Development and maintenance of web-site	35	35

# Not audited by PricewaterhouseCoopers, Malaysia.

**15 DEFERRED TAX ASSETS/LIABILITIES**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	185	237	0	0
Deferred tax liabilities:				
- subject to income tax	(904)	(1,080)	(904)	(1,080)
- subject to capital gains tax:	(767)	(447)	(767)	(447)
	(1,671)	(1,527)	(1,671)	(1,527)
	(1,486)	(1,290)	(1,671)	(1,527)
At 1 January	(1,290)	(1,383)	(1,527)	(1,617)
(Charged)/credited to income statement (Note 9):				
- property, plant and equipment	(115)	69	(118)	78
- accruals	154	(89)	154	(86)
- post employment benefit	140	98	140	98
- capital allowances	(7)	0	0	0
- allowance	50	15	0	0
- tax losses	(98)	0	0	0
	124	93	176	90
Charged to equity	(320)	0	(320)	0
At 31 December	(1,486)	(1,290)	(1,671)	(1,527)
<b>Subject to income tax:</b>				
Deferred tax assets (before offsetting)				
- post employment benefit obligations	485	345	485	345
- allowances	166	116	0	0
- tax losses	0	98	0	0
- accruals	161	7	160	6
- capital allowances	21	28	0	0
	833	594	645	351
Offsetting	(648)	(357)	(645)	(351)
Deferred tax assets (after offsetting)	185	237	0	0
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(1,552)	(1,437)	(1,549)	(1,431)
Offsetting	648	357	645	351
Deferred tax liabilities (after offsetting)	(904)	(1,080)	(904)	(1,080)
<b>Subject to capital gains tax:</b>				
Deferred tax liabilities				
- Revaluation of land	(767)	(447)	(767)	(447)

**16 INVENTORIES**

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
<b>At cost:</b>				
Equipment	21,479	23,093	21,479	23,093
Spare parts	1,069	551	1,069	551
Supplies	162	369	32	369
Cables	1,420	984	0	0
	24,130	24,997	22,580	24,013
<b>At net realisable value:</b>				
Equipment	267	489	267	489
Spare parts	0	136	0	136
Supplies	2	10	2	10
Cables	539	919	0	0
	808	1,554	269	635
	24,938	26,551	22,849	24,648

**17 RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade receivables	162,295	134,817	159,352	130,832
Allowance for doubtful debts	(469)	(1,042)	(432)	(917)
	161,826	133,775	158,920	129,915
Other receivables	1,887	1,806	1,839	1,746
Deposits and prepayments	351	176	341	166
	0	0	1,039	1,437
Amounts due from subsidiaries	0	0	0	(467)
Allowance for doubtful debts	0	0	1,039	970
	1,127	921	1,127	921
Amounts due from associates	(1,101)	(478)	(1,101)	(478)
	26	443	26	443
	164,090	136,200	162,165	133,240

**17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)**

The currency exposure profile of trade receivables is as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	161,814	133,755	158,920	129,915
Brunei Dollar	0	11	0	0
US Dollar	9	9	0	0
Singapore Dollar	3	0	0	0
	161,826	133,775	158,920	129,915

Credit terms of trade receivables range from 30 days to 60 days.

The amounts due from subsidiaries and associates are unsecured, interest free and have no fixed terms of repayment.

**18 CASH AND CASH EQUIVALENTS**

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	7,401	4,859	6,081	3,257
Deposits with a licensed financial institution	10,037	4,958	8,500	3,650
	17,438	9,817	14,581	6,907
Bank overdraft (unsecured and interest bearing)	(907)	0	(907)	0
	16,531	9,817	13,674	6,907

Bank balances are deposits held at call with banks and earn no interest.

The Group and Company's effective weighted average interest rates of deposits at the end of the financial year is 2.68% (2003: 3.18%) per annum.

Deposits of the Group and Company as at 31 December 2004 are time deposits, which have an average maturity period of 20 days (2003: 30 days).

The Group and Company's effective weighted average interest rate of bank overdraft at the end of the financial year is 7.25% (2003: Nil) per annum.

Cash and cash equivalents are denominated in Ringgit Malaysia.

**19 PAYABLES**

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade payables	72,677	70,150	72,194	69,191
Payroll liabilities	1,108	2,131	743	2,067
Accruals	5,079	5,149	4,936	5,094
Finance lease liabilities (Note 22)	38	115	38	115
Amounts due to subsidiaries	0	0	615	595
Amounts due to associates	0	35	0	35
	78,902	77,580	78,526	77,097



**19 PAYABLES (CONT'D)**

The currency exposure profile of trade payables is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	70,389	68,080	70,293	68,044
US Dollar	2,179	2,070	1,901	1,147
Singapore Dollar	98	0	0	0
New Zealand Dollar	11	0	0	0
	<b>72,677</b>	<b>70,150</b>	<b>72,194</b>	<b>69,191</b>

Credit terms of trade payables range from 7 days to 90 days.

Amounts due to subsidiaries and associates are unsecured, interest free and have no fixed terms of repayment.

**20 SHORT TERM BORROWINGS (UNSECURED AND INTEREST BEARING)**

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured and interest bearing:</b>		
Onshore foreign loan	5,673	0
Bankers acceptances	8,660	0
Promissory notes	2,134	0
Revolving credit	5,000	0
	<b>21,467</b>	<b>0</b>

The interest rates of these short term borrowings are as follows:

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>%</b>	<b>%</b>
Onshore foreign loan	3.4 to 3.5	Nil
Bankers acceptances	3.2 to 3.3	Nil
Promissory notes	3.0	Nil
Revolving credit	4.8	Nil

The currency exposure profile of the short-term borrowings is as follows:

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	15,794	0
US Dollar	5,673	0
	<b>21,467</b>	<b>0</b>

**21 POST-EMPLOYMENT BENEFIT OBLIGATIONS****(a) Defined contribution plan**

The Company and its subsidiaries, which are all incorporated in Malaysia, contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

**21 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D)****(b) Defined benefit plan**

The Group operates a funded defined benefit plan, which is an approved defined benefit plan under Section 150 of the Income Tax Act, 1967. The defined benefit plan is only applicable for eligible employees who have completed at least 15 years of service at the time of retirement and are employed prior to 2 July 2002.

The assets of the funded plan are held in separate trustee administered funds.

The latest actuarial valuation of the plan as at 31 December 2004 was carried out on 14 February 2005.

The movements during the year in the amounts recognised in the balance sheet are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	1,291	882	1,291	882
Charged to the income statement	441	498	441	498
Contributions and benefits paid	0	(89)	0	(89)
At 31 December	1,732	1,291	1,732	1,291

The amounts recognised in the balance sheets may be analysed as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>At 31 December</b>				
Present value of funded obligations	3,993	3,060	3,993	3,060
Fair value of plan assets	(964)	(850)	(964)	(850)
Status of funded plan	3,029	2,210	3,029	2,210
Unrecognised actuarial loss*	(607)	0	(607)	0
Unrecognised transitional liability*	(690)	(919)	(690)	(919)
Liability in the balance sheet	1,732	1,291	1,732	1,291

\* These are recognised in accordance to accounting policy Note 3(k)(ii).

The expense recognised in the income statements may be analysed as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current service cost	159	140	159	140
Interest cost	197	179	197	179
Expected return on plan assets	(86)	(51)	(86)	(51)
Actuarial gain recognised in year	(59)	0	(59)	0
Amortisation of transitional liability	230	230	230	230

**21 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D)****(b) Defined benefit plan (Cont'd)**

The expense recognised in the income statements may be analysed as follows:  
(Cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total defined benefit retirement plan	441	498	441	498
Defined contribution retirement plan	3,515	3,153	2,883	3,047
Total included in staff cost (Note 6)	3,956	3,651	3,324	3,545

The principle actuarial assumptions used in respect of the Company's defined benefit plan are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>At 31 December</b>				
Discount rates	6.5	6.5	6.5	6.5
Expected return on plan assets	7.0	7.0	7.0	7.0
Expected rate of salary increases				
- prior to age 30	10.0	10.0	10.0	10.0
- from age 30 to 39	7.0	7.0	7.0	7.0
- thereafter	6.0	6.0	6.0	6.0
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Actual return on plan assets	108	235	108	235

**22 FINANCE LEASE LIABILITY**

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

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Minimum lease payments:		
Repayable within 12 months	43	115
Repayable after 12 months		
- between 1 and 2 years	0	58
	43	173
Future finance charges on finance leases	(5)	(20)
Present value of the finance lease liability	38	153
Current (Note 19)	38	115
Non-current	0	38
	38	153

The finance lease liability is effectively secured as the rights to the leased assets revert to the lessor in the event of default.

**23 SHARE CAPITAL**

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Ordinary shares of RM1.00 each:</b>		
Authorised:	100,000	100,000
Issued and fully paid:		
At 1 January	60,323	60,168
Issued during the financial year under the Employees' Share Option Scheme	79	155
At 31 December	60,402	60,323

During the financial year, 79,000 new ordinary shares of RM1.00 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme at the following issue prices:

<b>Issue price</b>	<b>Number of ordinary shares of RM1.00 each</b>
<b>RM</b>	<b>'000</b>
4.65	19
4.25	29
3.69	29
3.44	2
	<b>79</b>

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

**(a) Employees' Share Option Scheme**

The Company's Employees' Share Option Scheme ("ESOS") was approved by the shareholders on 17 September 1999 and became effective on 7 February 2001 for a period of five years.

The main features of the ESOS are as follows:

- The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company.
- The option price under the ESOS is set at a discount of not more than ten (10) percent on the weighted average market price of the shares of the Company for the five (5) market days immediately preceding the Date of Offer. The Exercise Price per new share shall in no event be less than its par value.
- Eligible participants of the ESOS are full-time and confirmed employees of the Group who have served the Group for one (1) continuous year on or prior to the Date of Offer. An Executive Director of the Company shall only be eligible to participate in the Scheme if he is holding a full-time executive position and the specific allotment to be made to the Executive Director has been approved by the Company in a members' general meeting.
- No Eligible Employee shall at any one point in time participate or be eligible to participate in more than one (1) employees' share option scheme implemented by any company within the Group.

**23 SHARE CAPITAL (CONT'D)****(a) Employees' Share Option Scheme (Cont'd)**

During the financial year, 985,000 options were granted at an exercise price of RM3.44 per share.

The movements during the financial year in the number of options over the ordinary shares of the Company are as follows:

Number of options over ordinary shares of RM1.00 each						
Option price RM/share	At 1.1.2004 '000	Granted '000	Exercised '000	Lapsed '000	At 31.12.2004 '000	Expiry date
4.65	3,204	0	(19)	(228)	2,957	6.2.2006
4.25	1,017	0	(29)	(138)	850	6.2.2006
3.69	728	0	(29)	(75)	624	6.2.2006
3.44	0	985	(2)	(16)	967	6.2.2006
	4,949	985	(79)	(457)	5,398	
					2004 '000	2003 '000
Number of share options vested at balance sheet date					3,888	3,817

Details relating to options exercised during the year are as follows:

Exercise date	Fair value of shares at shares issue date RM/share	Exercise price RM/share	Number of shares 2004 '000	2003 '000
June 2003	4.50 – 4.98	3.69 – 4.25		14
July 2003	4.02 – 5.20	3.69 – 4.65		22
August 2003	4.72 – 5.20	3.69 – 4.65		10
September 2003	4.82 – 5.10	3.69 – 4.25		11
October 2003	4.98 – 5.25	3.69 – 4.65		20
November 2003	4.82 – 5.40	3.69 – 4.65		58
December 2003	4.74 – 5.15	3.69 – 4.65		20
January 2004	4.96 – 5.15	3.69	3	
February 2004	4.76 – 5.00	4.25 – 4.65	18	
March 2004	4.32 – 5.00	3.69 – 4.65	37	
April 2004	4.08 – 4.60	3.69	15	
May 2004	4.02 – 4.48	3.69	2	
July 2004	3.70 – 4.14	3.69	2	
October 2004	3.60 – 3.80	3.44	2	
			79	155

**23 SHARE CAPITAL (CONT'D)**

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Ordinary share capital - at par	79	155
Share premium	246	488
Proceeds received on exercise of share options	325	643
Fair value at exercise date of shares issued	364	769

The fair value of shares issued on the exercise of options is the mean market price at which the Company's shares were traded on Bursa Malaysia Securities Berhad on the day prior to the exercise of the options.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this Report the names of the persons to whom options have been granted during the year and details of their holdings pursuant to Section 169 (11) of the Companies Act, 1965, except for information of employees who were granted options of 50,000 shares and above.

However, no employees of the Company and its subsidiaries were granted options of 50,000 shares and above during the year.

**24 FINANCIAL INSTRUMENTS****(a) Fair values**

There is no disclosure of fair values for investments in subsidiaries and associates as they are excluded from MASB 24 "Financial Instruments: Disclosure and Presentation".

The carrying values of financial assets and financial liabilities of the Group and the Company at balance sheet date approximated their fair values.

**(b) The following methods and assumptions are used to estimate the fair values of each class of financial instruments:****(i) Trade and other receivables and payables**

The historical cost carrying amounts of trade receivables and trade payables subject to normal trade credit terms approximate their fair values. The carrying amounts of other receivables and other payables are reasonable estimates of fair value because of their short maturity term.

**(ii) Deposits, cash and bank balances, short term borrowings and bank overdraft**

The carrying amounts of deposits, cash and bank balances, short term borrowings and bank overdraft approximate their fair values due to the relatively short maturity term of these instruments.



## 25 SIGNIFICANT RELATED PARTY DISCLOSURES

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

- (a) A general mandate has been obtained from shareholders vide a Circular dated 7 May 2004 for recurrent related party transactions with the following related parties:
- (i) IBM World Trade Corporation, a corporate shareholder
  - (ii) IBM Malaysia Sdn Bhd, a subsidiary of IBM World Trade Corporation
- (b) The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties.

The significant related party transactions are as follows:

Related party	Relationship	2004 RM'000	2003 RM'000
<b>Purchase of goods from:</b>			
- IBM Malaysia Sdn. Bhd.	Subsidiary of a corporate shareholder, IBM World Trade Corporation	87,935	87,440
- Advantage System Sdn. Bhd.	An associate of the company	796	1,135
<b>Sales of goods/services to:</b>			
- IBM Malaysia Sdn. Bhd.	Subsidiary of a corporate shareholder, IBM World Trade Corporation	828	633
- Advantage System Sdn. Bhd.	An associate of the company	409	0

Individually significant outstanding balances arising from the sale/purchase of goods and services during the financial year are as follows:

Related party	Type of transaction	2004 RM'000	2003 RM'000
<b>Payables:</b>			
- IBM Malaysia Sdn. Bhd.	Purchase of goods	24,872	6,344
- Advantage System Sdn. Bhd.	Purchase of goods	254	97
<b>Receivables:</b>			
- IBM Malaysia Sdn. Bhd.	Sales of goods/services	576	187

**26 SEGMENTAL REPORTING**

The Group is primarily engaged in one business segment, namely the sales and services of information technology products in Malaysia. Accordingly, there are no differing risks and returns in the sales of products and provision of services by its business segment.

**27 CONTINGENT LIABILITIES (UNSECURED)**

As at 31 December 2004, the contingent liabilities arising in the ordinary course of business of the Group and Company are as follows:

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank guarantees for contracts undertaken by the Company	29,200	27,773

**28 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 14 April 2005.

## PROPERTIES OWNED BY THE GROUP

AS AT 31 DECEMBER 2004

Address	Description	Usage	Tenure	Terms of tenant's leases or under leases	Approximate age	Present capital value (RM'000)
HS(D) 65056, PT 12204, Mukim Damansara, Daerah Petaling, Selangor (1A, Jalan SS16/1, 47500 Subang Jaya)	Commercial land comprising a 15-storey Office Building	Office Building	Freehold	Nil	Twelve (12) Years	37,499
4th Floor, Unit 08-04, Lot No. 8 Jalan 4/146 Bandar Tasik Selatan Wilayah Persekutuan Kuala Lumpur	Shoplot	Retention Store	99 Years Leasehold expiring on 29.06.2087	Nil	Five (5) Years	275
5th Floor, Unit 08-05, Lot No. 8 Jalan 4/146 Bandar Tasik Selatan Wilayah Persekutuan Kuala Lumpur	Shoplot	Retention Store	99 Years Leasehold expiring on 29.06.2087	Nil	Five (5) Years	284
Lot 1047, Sek. 13, Daerah Timur Laut, Georgetown, Pulau Pinang (Mutiara Mesiniaga, No. 56, Jalan Larut, 10050 Georgetown, Pulau Pinang)	Commercial Land comprising a 4-storey Office Building	Office Building	Freehold	Nil	Five (5) Years	9,935

## SHAREHOLDING STATISTICS

### SHAREHOLDING STRUCTURE

as at 31st March 2005

Authorised Share Capital : RM100,000,000

Issued & Paid-up Capital : RM60,402,000

Class of Shares : There is only one class of shares, namely Ordinary Shares of RM1.00 each

### ANALYSIS OF SHAREHOLDINGS as at 31st March 2005

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	10	0.41	360	0.00
100 – 1,000	1,438	58.43	1,391,150	2.30
1,001 – 10,000	894	36.33	3,120,953	5.17
10,001 – 100,000	81	3.29	2,181,200	3.61
100,001 – 3,020,100				
(Less than 5% of issued shares)	34	1.38	32,516,006	53.83
3,020,101 and above				
(5% and above of issued shares)	4	0.16	21,192,331	35.09
<b>TOTAL</b>	<b>2,461</b>	<b>100.00</b>	<b>60,402,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustee & Deemed Interests)

as at 31st March 2005

No.	Names	Direct Shareholdings	%
1	Amanah Raya Nominees (Tempatan) Sdn Bhd <A/c For Skim Amanah Saham Bumiputera>	7,229,823	11.97
2	Estate of the late Ismail bin Sulaiman	5,298,468	8.77
3	Employees Provident Fund Board	4,335,100	7.18
4	Hor Yee @ Ho Cheong Fatt	4,328,940	7.17

### DIRECTORS DIRECT & DEEMED INTERESTS as at 31st March 2005

No.	Names	Direct Shareholdings	Deemed Interest	%
1	Dato' Dr. Mohamad Zawawi Ismail	0	0	0
2	Wan Mohd. Fusil Wan Mahmood	2,225,940	1,750,000 <sup>1</sup>	6.58
3	Mohd. Puzi Ahamad	1,867,940	2,181,000 <sup>2</sup>	6.70
4	Ramli Amat	63	500,000 <sup>3</sup>	0.83
5	Dato' Wan Abdullah Mohamad	28,000	0	0.05
6	Nor Hayati Mohd. Kasim	28,000	0	0.05
7	Chung Thian Sinn	0	0	0
8	Voon Seng Chuan	0	0	0
9	Zaiton Mohd. Hassan	0	0	0
10	Fathil Sulaiman Ismail	1,796,667	5,298,468 <sup>4</sup>	11.75

<sup>1</sup> Interest held under his nominee accounts with Bumiputera-Commerce Trustee Berhad, Alliancegroup Nominees (Tempatan) Sdn Bhd and Citicorp Nominees (Tempatan) Sdn Bhd

<sup>2</sup> Interest held under his nominee account with Bumiputera Commerce Trustee Berhad and Citicorp Nominees (Tempatan) Sdn Bhd

<sup>3</sup> Interest held under his nominee account with Bumiputra Commerce Nominees (T) Sdn. Bhd

<sup>4</sup> Deemed interested by virtue of relationship to Ismail Sulaiman, a substantial shareholder of the Company

**30 Largest Shareholders  
as at 31st March 2005**

No	Name	Holdings	(%)
1	Amanah Raya Nominees (Tempatan) Sdn Bhd <A/c For Skim Amanah Saham Bumiputera>	7,229,823	11.97
2	Estate of the late Ismail bin Sulaiman	5,298,468	8.77
3	Employees Provident Fund Board	4,335,100	7.18
4	Hor Yee @ Ho Cheong Fatt	4,328,940	7.17
5	IBM World Trade Corporation	3,013,400	4.99
6	Permodalan Nasional Berhad	2,884,626	4.78
7	Malaysian Assurance Alliance Berhad (As Beneficial Owner)	2,424,000	4.01
8	Wan Mohamed Fusil Wan Mahmood	2,225,940	3.69
9	Amanah Raya Nominees (Tempatan) Sdn. Bhd <A/c for Amanah Saham Malaysia>	2,213,400	3.66
10	Pharida Sulaiman @ Philomena Sulaiman	2,037,667	3.37
11	Bumiputera-Commerce Trustee Berhad <A/c For Mohd. Puzi Ahamad>	2,000,000	3.31
12	Amanah Raya Nominees (Tempatan) Sdn. Bhd <A/c for Amanah Saham Wawasan 2020>	1,952,000	3.23
13	Mohd. Puzi Ahamad	1,867,940	3.09
14	Safiah Sulaiman Ismail	1,866,666	3.09
15	Fathil Sulaiman Ismail	1,796,667	2.97
16	Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Amanah Saham Didik)	1,721,000	2.85
17	Bumiputera-Commerce Trustee Bhd <A/c For Wan Mohamed Fusil Wan Mahmood >	1,000,000	1.66
18	HSBC Nominees (Tempatan) Sdn. Bhd. (OSK-UOB Small Cap Opportunity Unit Trust)	684,500	1.13
19	Alliancegroup Nominees (Tempatan) Sdn Bhd <A/c For Wan Mohamed Fusil Wan Mahmood >	550,000	0.91
20	Bumiputera-Commerce Trustee Berhad <A/c For Ramli Amat>	500,000	0.83
21	Low Kong Boo	449,000	0.74
22	HSBC Nominees (Tempatan) Sdn. Bhd. <A/c For Employees Provident Fund Board>	415,200	0.69
23	Wong Ta Nooy @ Wong Keng Yong	350,000	0.58
24	Manulife Insurance (Malaysia) Berhad	318,000	0.53
25	Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Mayban Dana Yakin)	300,000	0.50
26	Mayban Securities Nominees (Tempatan) Sdn Bhd <A/c For Noor Azman @ Noor Hizam bin Mohd Nurdin>	300,000	0.50
27	Nor Hayati Binti Abd Malik	227,000	0.38
28	Citicorp Nominees (Tempatan) Sdn Bhd <Pledged Securities A/c For Wan Mohamed Fusil bin Wan Mahmood>	200,000	0.33
29	Lim Poh Tiong	194,000	0.32
30	Citicorp Nominees (Tempatan) Sdn Bhd <Mohd Puzi bin Ahamad>	181,000	0.30
<b>Total</b>		<b>52,864,337</b>	<b>87.52</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty Third Annual General Meeting of the Company will be held at The Auditorium, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya on Thursday 9th June 2005 at 2.30 p.m. for the following purposes:

## Agenda

1. To receive and adopt the Audited Accounts for the year ended 31st December 2004 together with the Reports of Directors and Auditors thereon. **Resolution 1**
2. To approve a First and Final Gross Dividend of 13% less tax and 3% tax exempt, for the year ended 31st December 2004. **Resolution 2**
3. To approve Directors' Fees for the year ended 31st December 2004. **Resolution 3**
4. To re-elect the following Directors retiring pursuant to Article 104 of the Company's Articles of Association:
  - i. Nor Hayati Mohd Kasim **Resolution 4**
  - ii. Chung Thian Sinn **Resolution 5**
  - iii. Voon Seng Chuan **Resolution 6**
5. To re-appoint Messrs. PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**
6. As Special Business, to consider and, if thought fit, to pass the following Ordinary Resolution:

"THAT pursuant to Section 132D of the Companies Act, 1965 the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the Issued Share Capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies for such issue and allotment."

**Resolution 8**

**BY ORDER OF THE BOARD**  
**JASNI ABDUL JALIL (MACS 01359)**  
Company Secretary  
Subang Jaya  
13th May 2005

## Note:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
3. All forms of proxy should be deposited at the Company's Share Registrar's Office at Symphony Share Registrars Sdn. Bhd., Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
4. The proposed Ordinary Resolution No. 8 under item 6 if passed, will authorise the Directors of the Company to allot and issue up to ten per cent (10%) of the issued capital of the Company for time being for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company in general meeting will expire at the next Annual General Meeting of the Company.

## ADDITIONAL STATEMENTS

1. As stated in the Notice of Annual General Meeting on page 72 of this Annual Report, the Directors standing for re-election are:

**Pursuant to Article 104 of the Company's Articles of Association:**

- i. Nor Hayati Mohd Kasim
- ii. Chung Thian Sinn
- iii. Voon Seng Chuan

Details of the Directors standing for re-election are as stated in the Directors' profile column in pages 14 to 16.

2. Securities holdings of all Directors in the Company is as stated on page 70.
3. Details of Board Meetings and the attendance of Directors at those meetings are as stated on page 18.
4. The Twenty Third Annual General Meeting of the Company will be held at The Auditorium, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya on Thursday 9th June 2005 at 2.30 p.m.

## NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the forthcoming Annual General Meeting, a first and final dividend of 13% less tax and 3% tax exempt will be paid on 6th July 2005 to shareholders whose names appear in the Record of Depositors on 13th June 2005.

A Depositor shall qualify for entitlement only in respect of:

- a) Securities transferred into the Depositor's Securities account before 4.00 p.m. on 13th June 2005 in respect of ordinary transfer; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD**  
**JASNI ABDUL JALIL (MACS 01359)**  
Company Secretary  
Subang Jaya  
13th May 2005





## PROXY FORM



I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of the abovementioned Company, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the **Twenty Third Annual General Meeting** of the Company, to be held on **Thursday, 9th June 2005 at 2.30 p.m.** and at any adjournment thereof. The proxy is to vote on the resolutions set out in the Notice of Meeting as indicated, with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

Resolution	For	Against
1		
2		
3		
4		
5		
6		
7		
8		

Signature of Shareholder \_\_\_\_\_

No. of Shares held

### Note:

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney. All forms of proxy should be deposited at the Company's Share Registrar Office at Symphony Share Registrars Sdn. Bhd., Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

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STAMP

**SYMPHONY SHARE REGISTRARS SDN. BHD.**  
LEVEL 26, MENARA MULTI PURPOSE, CAPITAL SQUARE  
NO. 8, JALAN MUNSHI ABDULLAH  
50100 KUALA LUMPUR

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**MESINIAGA BERHAD** 79244V

Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan.

Tel: 603-5635 8828 Fax: 603-5636 3838 Web: <http://www.mesiniaga.com.my>