Mesiniaga

annual report 2008

Annual Report 2008

cover rationale

The Journey Continues

Our annual report cover symbolises our journey in becoming the Malaysian IT Partner of Choice. The origami boat is Mesiniaga as we wend our way through the current business environment of stifling profit margins which is epitomised by the narrow straits. The rippling water at the river mouth represents an additional challenge that we are facing - the global economic climate.

The boat's position poised at the edge of the vast ocean signifies our confidence that abundant opportunities exist for us to achieve business success. Our implemented strategies to drive performance have started to bear fruit. While we have not yet achieved our aim, we know that the horizon gets closer every day.

Vision

To be the Malaysian IT Partner of Choice

Mission

Driving Customer Business Performance
through Technology and Innovation

Values

Passion for our customers' success and satisfaction
Respect for every individual
Innovation in our endeavours
Dynamism in our leadership
Excellence in our service and delivery

INNOVATIVE
SOLUTIONS

We offer true **value to our customers** by driving their business performance **through technology and innovation** that will impact their financial performance.

& IMPACTFUL
BENEFITS

CHAIRMAN'S STATEMENT

For the year under review we posted a **revenue** of RM263 million.

The drop in revenue was also a result of our conscious decision to steer away from low margin bulk hardware sales.

Dear Shareholders,

The business climate in 2008 was coloured by a number of significant events which included a dramatically evolving political backdrop, followed by international fuel and financial crises. Customers became more hesitant in committing to IT expenditure and we expect this will continue until the economy is in recovery.

For the year under review we posted a revenue of RM263 million. This represents a drop of 26% from the RM356 million posted the previous year. Pre-tax profits also dipped from RM19 million previously to RM14 million in 2008.

Not all of this was the result of the economic climate. The drop in revenue was also a result of our conscious decision to steer away from low margin bulk hardware sales. Working capital requirements to finance such business is high and often wipes out our margins.

Though the results represent a drop in financial performance, we feel that we are making great strides towards building a better future. We have persevered with our Business Transformation and we will talk you through some of the main elements of this initiative.

CHAIRMAN'S STATEMENT

The Business Transformation is based on three main pillars - effective resource management; superior service; and driving customer business performance through technology and innovation.

The main impetus for the Business Transformation is to improve our margins, which have been under attack in recent years. Through long term growth in IT expenditure, business opportunities are ever present but we find ourselves having to concede price.

The Business Transformation is based on three main pillars - effective resource management; superior service; and driving customer business performance through technology and innovation.

We reviewed the effectiveness of our resource management in search of further improvements, and have implemented certain measures.

Greater emphasis on Project Management

Though our project management is well regarded, not all projects are completed within the budgeted timeframe. These time overruns lead to cost overruns. And because margins are generally fine, improvements will have a noticeable impact on profits. We have strengthened management in this area and introduced incentives for 'on time and budget delivery with high customer satisfaction'. We have also invested in an Enterprise Project Management Solution that will improve our ability to track and manage utilisation of resources. Improvements in the Project Management area are also expected to have a positive impact on customer experience that will drive repeat business and our ability to command premiums.

Improvement in the Management of Maintenance Services Business

We have deployed new systems to track asset and resource utilisation, as well as manage our Service Level Agreements with customers. This will allow us to improve cost effectiveness whilst also improving customer experience. Again, because of the prevailing low margins, we expect the corresponding improvement in profitability to be noticeable.

Departmental profit accounting

We have deployed departmental 'net profit accounting' to better manage resource and promote the concept of 'internal customers'. We believe that this will lead our managers to make better resource management decisions and be more profit conscious. As support and service departments will be 'charging' for their services, they will need to meet heightened expectations. This will benefit both their internal and external customers. Future bonuses are being pegged to individual departments meeting their profitability targets. This will also offer employees greater influence over their bonuses by removing their dependency on others within the organisation in order to earn out their bonuses. Whilst these and other measures will improve profitability they will not create the future. This requires something more fundamental.

We have examined the reason for Mesiniaga's past success and concluded that it was mainly the result of 'keeping promises'. What we must determine is whether we are making the right promises. We have in the past been focused on technical delivery, as would be expected of a technology company. We recognise that this is not enough, and must further understand how this technology can best drive customer business performance.

We are therefore restating our Mission Statement to *'Driving Customer Business Performance through Technology and Innovation'*. This perspective will allow us to promote technology initiatives by demonstrating their financial impact.

It will also focus us not on the features of technology, but its tangible benefits. Though seemingly simple and obvious, this is in fact a complex endeavour. It requires us to acquire an appreciation of customer business, processes and success drivers.

We can no longer merely insinuate the prospective benefits but must be very articulate as to how exactly these benefits will occur and their significance to customer business performance.

To support this initiative, a large number of measures have been taken. These include recruiting salespeople who are able to articulate the returns on technology investment, developing training regimes that cater to this need, having 'proactive sales' targets, engaging solutions which directly impact business performance, developing value articulation methodology, and establishing a Concept Proposal Unit to develop value based technology arguments.

This demanding evolution will continue for years to come though we are already seeing some early successes. We believe that this initiative will clearly differentiate us from other technology companies. We are committed to improving customer returns on technology therefore we expect them to permit us better margins.

The current turbulence in the business environment forces us to consider whether we should be trying to dramatically reduce costs. Doing so however, would impact the transformation which is so crucial to our long term viability. Our assessment is that we are strong enough to weather the storm. Dramatic cost cutting would offer short term benefits but prevent us from taking advantage of the current circumstances. The IT industry will undoubtedly suffer a purging. We need to remain skilled and resourced to benefit from it.

We are keeping the situation under constant review and as long as we can remain profitable, we intend to push through with the strategies we have put in place. Incidentally, the transformation strategies remain relevant to managing the current crisis. Customers will now invest in IT only when the impact on business performance justifies it. We are certainly much better positioned today to make these arguments than we were previously.

We take this opportunity to thank our fellow directors. In 2008, Chung Thian Sinn retired from the Board and we welcome two new directors, Wong Fook Hon and Dato' Ab Rashid Mat Adam. We would also like to express our appreciation to our esteemed management team who have bravely faced this very demanding period of great change. Most importantly, we would like to thank you for your continued faith in us.

Datuk Wan Mohamed Fusil
Executive Chairman

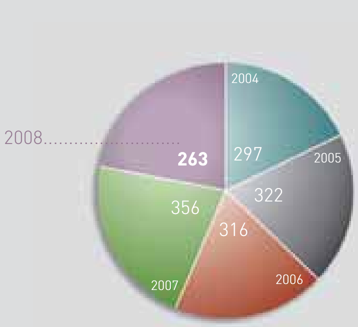
MESINIAGA MANAGING DIRECTOR

"We must now set our sights on becoming world-class."

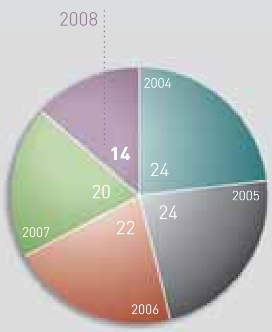
"This means offering a quality of service which is second to none, and complete commitment to driving customer business performance through technology and innovation."

Fathil Ismail
Managing Director

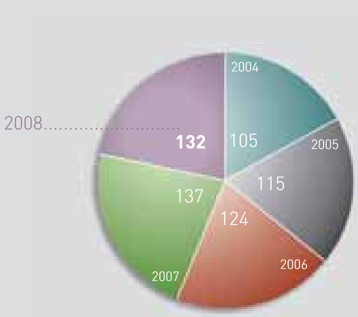
FIVE-YEAR PERFORMANCE STATISTICS



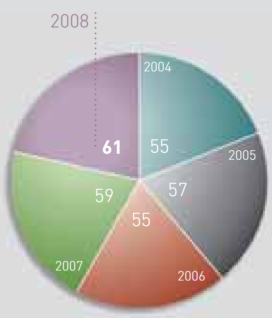
Revenue (RM million)



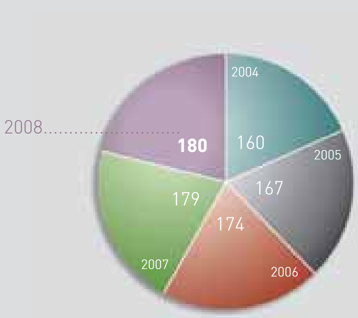
Profit Before Tax (RM million)



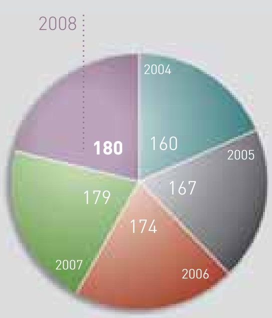
Net Current Assets (RM million)



Fixed Assets (RM million)



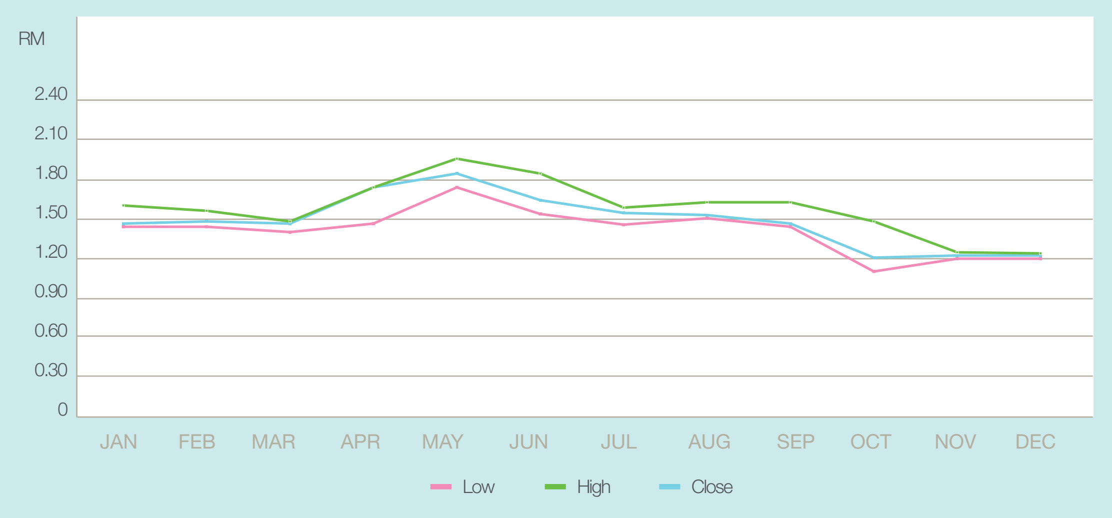
Net Tangible Assets (RM million)



Shareholders' Equity (RM million)

2008 SHARE PERFORMANCE STATISTICS

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Low	1.45	1.45	1.40	1.48	1.82	1.57	1.47	1.53	1.45	1.03	1.15	1.15
High	1.65	1.60	1.50	1.82	2.09	1.95	1.63	1.68	1.68	1.50	1.21	1.20
Close	1.48	1.50	1.48	1.82	1.95	1.70	1.58	1.56	1.48	1.16	1.18	1.18



S O L I D
FUNDAMENTALS

Our past successes have led to **strong fundamentals**. This, coupled with **sound management** practices, allows us to implement strategies that will propel the company to greater heights.


&
SOUND
MANAGEMENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK WAN MOHAMED FUSIL
(Executive Chairman)

FATHIL ISMAIL
(Managing Director)

MOHD PUZI AHAMAD

DATO' WAN ABDULLAH MOHAMAD

CHUNG THIAN SINN
(Retired w.e.f 18 June 2008)

VOON SENG CHUAN

ABDUL TALIB BABA

WONG FOOK HON
(Appointed w.e.f. 1 August 2008)

DATO' AB RASHID MAT ADAM
(Appointed w.e.f. 30 December 2008)

NOMINATION COMMITTEE

DATO' WAN ABDULLAH MOHAMAD
(Chairperson)

CHUNG THIAN SINN
(Retired w.e.f 18 June 2008)

DATUK WAN MOHAMED FUSIL

MOHD PUZI AHAMAD

WONG FOOK HON
(Appointed w.e.f. 1 August 2008)

EXECUTIVE DIRECTORS REMUNERATION COMMITTEE

VOON SENG CHUAN
(Chairperson)

DATO' WAN ABDULLAH MOHAMAD

NON-EXECUTIVE DIRECTORS REMUNERATION COMMITTEE

DATUK WAN MOHAMED FUSIL
(Chairperson)

MOHD PUZI AHAMAD

AUDIT COMMITTEE

ABDUL TALIB BABA
(Chairperson)

CHUNG THIAN SINN
(Retired w.e.f 18 June 2008)

DATUK WAN MOHAMED FUSIL
(Resigned w.e.f. 30 December 2008)

WONG FOOK HON
(Appointed w.e.f. 1 August 2008)

DATO' AB RASHID MAT ADAM
(Appointed w.e.f. 30 December 2008)

INVESTMENT COMMITTEE

DATUK WAN MOHAMED FUSIL
(Chairperson)

MOHD PUZI AHAMAD

CHUNG THIAN SINN
(Retired w.e.f 18 June 2008)

WONG FOOK HON
(Appointed w.e.f. 1 August 2008)

COMPANY SECRETARY

JASNI ABDUL JALIL (MACS 01359)

COMPANY REGISTRATION NUMBER

79244-V

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
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel: 03-2173 1188

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 SECURITIES

CORPORATE PROFILE

Mesiniaga is currently one of Malaysia's leading Bumiputera ICT solutions providers and integrators. We were established in 1981 in response to the country's New Economic Policy (NEP); one of the policy objectives was to increase local participation in the IT industry.

Creating Value

In the past 27 years, we have made significant contributions, not only to the industry but also to national development. While profitability has always been among our main driving factors, we have placed equal importance in creating value for all our stakeholders.

Our aim of being regarded as the 'Malaysian IT Partner of Choice' has led us to embark on sustainable and strategic relationships with both our customers and technology partners. The main value proposition that we bring to our customers is our commitment in helping them achieve their business goals through the implementation of our solutions.

We are also highly committed to providing value to our business partners, most of whom are established global technology players in their own right. All of them have acknowledged our contributions to their business by honouring us with numerous awards and premier partnership status.

Our commitment to creating value also extends to the development of human capital. We continually upgrade our employees' skills by providing comprehensive training programs and encouraging them to pursue professional certifications. In addition, we have undertaken to provide education and training to students and fresh graduates as part of our Corporate Responsibility initiative. Our shareholders too, have the assurance that we will always strive to reward them for their faith in our efforts.

Delivering value

We at Mesiniaga consider technology as a tool that can be harnessed to enhance our customers' productivity, provide them with a competitive edge and ultimately increase their profitability. We increase our value proposition by identifying our customers' main profit drivers and anticipating their future needs. Our solutions are meant to garner the best possible returns on any IT investments made.

Our solution offerings are categorised into six core groups - Build, Manage, Protect, Accelerate, Advise and Support. The groupings are based on how they empower businesses.

BUILD

- Enterprise & Campus LAN/WAN
- Data Centre & Cabling
- IP Communication/Voice
- Wireless/Mobility
- Service Provider
- Content Networking
- On-demand Server & Storage
- Messaging Infrastructure
- Server & Storage Consolidation
- Desktop & Printer
- Virtualisation

MANAGE

- Network Management
- Desktop Management
- Enterprise Storage & Backup Management
- Asset Management
- Service Management
- Server Management

PROTECT

- Integrated Network Security Solution
- IT & Network Security Services
- Data Protection
- High Availability
- Secured Content Management
- Identity & Access Management

ACCELERATE

- Balanced Scorecard
- Business Intelligence
- Customised Application
- Portal
- Messaging & Collaboration
- Enterprise Application Integration
- Unified Communications
- Enterprise Content Management

ADVISE

- Project Management
- Change Management

SUPPORT

- Software Post-Implementation Support
- Hardware & System
- IT Operations Support (ITOS)
- Operating System
- Training & Education
- Helpdesk Services

DRIVING CUSTOMER BUSINESS PERFORMANCE THROUGH TECHNOLOGY AND INNOVATION

MESINIAGA SOLUTIONS MAP

CORPORATE STRUCTURE

100%

MESINIAGA SERVICES SDN. BHD

Provision of maintenance and managed services

100%

MESINIAGA MSC SDN. BHD.

Provision of solution services, and technology research and development

100%

MESINIAGA TECHNIQUES SDN. BHD.

Business development of new product technologies and markets

100%

MESINIAGA-SCS SDN. BHD.

Provision of management training and consulting services in strategic and human resource planning

100%

NAVIGIS SDN. BHD.
Provision of training, management advisory and consultancy services

51%

VA DYNAMICS SDN BHD
Sales of networking cables and related products

35%

SJA INFOTECH SDN. BHD.
Development and maintenance of websites

30%

PWR POWERLAN (MALAYSIA) SDN BHD
Dormant

BOARD OF DIRECTORS

Datuk Wan Mohamed Fusil,
DMSM, 58
Executive Chairman

Datuk Wan Mohamed Fusil was appointed to the Board on 17 December 1981 as part of the team who founded the company. He was elected Chairman of the Board on 14 June 2007. Datuk Wan Fusil was the Chief Executive Officer of Mesiniaga until 31 December 2007. Prior to joining Mesiniaga, Datuk Wan Fusil was with IBM Malaysia. During his tenure with IBM Malaysia, he served in various managerial positions. This included serving as Country Manager - Information Products Division. Datuk Wan Fusil is one of the first serving Board Members of Multimedia Development Corporation (MDeC) and 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). Datuk Wan Fusil graduated with a Diploma in Accountancy from ITM (now known as UiTM) in 1972.

Fathil Sulaiman Ismail
45
Managing Director

Fathil Ismail began his involvement in Mesiniaga on 1 June 2002 as a Non-Independent Non-Executive Director. Effective from 1 January 2008, Fathil was appointed as Mesiniaga's Managing Director. An accountant by training, Fathil served with Ernst & Young and then with the Corporate Finance Department of Arab Malaysian Merchant Bank before pursuing private enterprise. He was a founding partner and the Managing Director of Genesis Healthcare (now known as ING Employee Benefits) for six years until late 2001. Fathil is an alumnus of Malay College Kuala Kangsar and graduated from the Association of Chartered Certified Accountants (ACCA).

Mohd Puzi Ahamad
RA (M), FCCA, 56
Executive Director and Chief Financial Officer

Mohd Puzi Ahamad was appointed to the Board on 17 December 1981 as part of the team who founded the company. Prior to joining the company, he served with IBM Malaysia in various capacities over a seven-year period from 1974-1981. His last position with IBM Malaysia was Sales and Administration Manager. A trained accountant who graduated from ITM (now known as UiTM), Mohd Puzi is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants (MIA).

from left:

Datuk Wan Mohamed Fusil, Fathil Ismail, Mohd Puzi Ahamad

from left:

Dato' Wan Abdullah Mohamad, Abdul Talib Baba, Voon Seng Chuan

BOARD OF DIRECTORS

Dato' Wan Abdullah Mohamad
DPMT, 68
Non-Independent Non-Executive Director

Dato' Wan Abdullah Mohamad was appointed to the Board on 27 December 1995. 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. From 1970 onwards, he served as Director of the Leaf Growing Scheme and Leaf Tobacco Development Corporation. In 1973, Dato' Wan Abdullah was promoted to Director, Rothmans of Pall Mall (Malaysia) Berhad. He then 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.

Chung Thian Sinn
(not represented in picture)
65
Independent Non-Executive Director

Chung Thian Sinn was appointed to the Board on 17 September 1999. 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 in IBM Malaysia 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 graduated with a Bachelor of Science (Hons). He has since retired from office effective from 18 June 2008.

Voon Seng Chuan
50
Non-Independent Non-Executive Director

Voon Seng Chuan was appointed to the Board on 24 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. He was then appointed as Managing Director of IBM Malaysia until January 2007, after which he was appointed as the ASEAN & India/South Asia Project Executive. Voon holds a Bachelor of Science degree in Mathematics from Universiti Malaya.

Abdul Talib Baba
RA (M), FCCA, 63
Independent Non-Executive Director

Abdul Talib Baba was appointed to the Board on 21 August 2007. He is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a registered member of Malaysian Institute of Accountants (MIA). He started his career with the Ministry of Defence in 1965 before joining the Department of Civil Aviation (DCA) in 1973. Abdul Talib left DCA to join Petronas Berhad as a Senior Internal Auditor in 1980. Apart from Petronas Berhad, Abdul Talib also served in Petronas Penapisan Sdn. Bhd. and Petronas Mitco Sdn. Bhd. He retired from Petronas as Senior Manager, Finance & Accounting in October 1999. Currently Abdul Talib is also the Audit Committee Chairman of Bank Kerjasama Rakyat and sits on the board of UDA Holdings Berhad.

BOARD OF DIRECTORS

Wong Fook Hon
65
Independent Non-Executive Director

Wong Fook Hon was appointed to the Board on 1 August 2008. Wong started his career in IBM Malaysia as a Systems Engineer in 1970. Throughout his 29-year career in IBM Malaysia, Wong also expanded his work portfolio to include becoming the Director of Management Services and Director of Marketing. His last position in IBM Malaysia before retiring in 1999 was as the Director of Finance. Wong holds a Masters in Engineering in Aeronautics.

Dato' Ab Rashid Mat Adam
DIMP, 59
Independent Non-Executive Director

Dato' Ab Rashid Mat Adam was appointed to the Board on 30 December 2008. Dato' Ab Rashid began his career in 1974 as a Principal Assistant Director in the Malaysian Public Services Department (PSD). After a 10-year stint in PSD, he served in various capacities in several government ministries and agencies such as the Malaysian Highway Authority, Ministry of Finance and Ministry of National Unity and Social Development. He was appointed as the Deputy Director General of the National Anti-Dadah Agency in 1996. His last posting before retiring was as the Deputy Secretary General 1 in the Ministry of Home Affairs. Dato' Ab Rashid holds a Bachelor of Arts (Hons) degree in International Relations from Universiti Malaya and a Masters degree in Public Administration from University of Southern California.

All Board Members are Malaysian citizens. All the Board Members have no other relationship among themselves or with any of the substantial shareholders of the Company except for Fathil Sulaiman Ismail who has a kin relationship with Safiah Sulaiman Ismail, a substantial shareholder 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 directorship positions held by Abdul Talib Baba in other public companies as stated in his profile, the Directors do not hold any directorship positions in any public companies other than Mesiniaga Berhad.

Details of the Directors' membership in the Board Committees are listed in the Corporate Information on page 16.

from left:
Wong Fook Hon, Dato' Ab Rashid Mat Adam

SENIOR MANAGEMENT TEAM

from left:

1. Datuk Wan Mohamed Fusil *Executive Chairman*
2. Fathil Ismail *Managing Director*
3. Mohd Puzi Ahamad *Chief Financial Officer*
4. Noorizan Ali *Director of Maintenance and Managed Services (MMS)*
5. Yeow Daw Swee *Director of Solutions, Services and Technology (SST)*
6. Wong Keng Hoe *Director of Project Management and Solutions Marketing (PMSM)*

Refer to Board of Directors page for profile of Datuk Wan Mohamed Fusil, Fathil Ismail and Mohd Puzi Ahamad

Noorizan Ali
Director of Maintenance and Managed Services (MMS)

Noorizan Ali was appointed as Director in 2002. Prior to becoming Director, Noorizan has served the company in various capacities throughout his 27-year career. Noorizan started his IT career as a Customer Engineer with IBM Malaysia in 1979. He then joined us in 1982, continuing to serve as Customer Engineer. Six years later, he was made Field Manager and subsequently became Senior Services Manager in 1995. His position prior to becoming Director was General Manager-Technical Services Department, which he assumed in 1998. Noorizan brings vast experience and expertise to the company through his hands-on approach in managing customer support operations.

Yeow Daw Swee
Director of Solutions, Services and Technology (SST)

Yeow commenced his career with Mesiniaga in 1982 as a Product Support Representative. After spending five years in the technical support area, he was promoted to Advisory Systems Engineer in 1988. In 1989, he was promoted to Technical Support Manager and subsequently, to Country Support Manager in 1993. He was appointed General Manager-Services in 1997, responsible for the Technical Support and Services Business unit. He was then appointed Director-Marketing Services on 1 October 2000 where he was responsible for the solution units that eventually evolved into the Enterprise Solutions Division. Yeow is now the Director of Solutions, Services and Technology and Head of Northern Sector Sales. He has a total of 27 years in the IT Industry.

Wong Keng Hoe
Director of Project Management and Solutions Marketing (PMSM)

Wong Keng Hoe began his career in Mesiniaga in 1990 when he was appointed as Information Systems Trainee. In his 19-year career, Wong proved his mettle by rising up the ranks to various managerial positions. He became a manager for the Network Services Unit in 1996 and was subsequently made Senior Manager in the year 2000. Two years later, Wong took on the post of General Manager of Network Services & Project Management. In February 2008, Wong became the Director of Project Management and Solutions Marketing. Wong graduated with a Bachelor in Computer Science from Universiti Sains Malaysia (USM).

SIGNIFICANT EVENTS AND AWARDS

Datuk Wan Fusil welcoming Fathil Ismail


IBM Platinum Club Award 2007

Fathil Ismail - new Managing Director (MD)

We welcomed our new MD, Fathil Ismail - who took over from the previous CEO, Datuk Wan Fusil - in a simple ceremony held at Auditorium Ismail Sulaiman.

Employee Briefing by new MD

Our employees had the chance to engage in a dialogue session with the new MD, who took the opportunity to present the company's plans and strategies for the near future.

EPSA showcased at IBM Technology Conference & Expo 2008

We proudly showcased E-Pembelajaran Sektor Awam (EPSA), a learning portal that we developed for Institut Tadbiran Awam (INTAN). It is the first-ever e-learning package specifically for civil servants; aimed at making quality training easily available.

Cisco Service Partner of the Year Award

We received the Cisco Service Partner of the Year Award for our outstanding achievements in 2007. This award was given in 2008.

26th Annual General Meeting (AGM)

Our 26th AGM at Menara Mesiniaga was attended by all members of the Board as well as more than 70 shareholders and proxies. We also held an Extraordinary General Meeting (EGM) immediately after the AGM. The purpose of the EGM was to pass several amendments to the company's Articles of Association.

Quarterly recognition event - Mesiniaga Diamond Club

We celebrated our employees' achievements during the Mesiniaga Diamond Club Dinner; a quarterly event. Employees are recognised based on contributions in areas that enhance our business and image, and increase customer and employee satisfaction.

Johor Solutions Day

We held our first-ever Solutions Day in Johor. The objective was to showcase our full range of solutions and increase awareness on our ability to deliver value to our customers' organisations.

IBM Platinum Club Award 2007

We remain as one of IBM's most trusted partner in Malaysia. Proof of this came in the form of the *IBM Platinum Club Award* and *IBM Software Top Contributor Award* for 2007 that we received during the IBM Business Partner Kick-Off & Awards Night held last year. Together with the above award, we were also recognised for achieving outstanding results in the *IBM Client Satisfaction Survey*.

Collaborating more effectively

Our customers in Penang had the chance to find out more on Microsoft Unified Communications solutions at the *Co-action ... Co-existence ... Collaboration* event held in Mutiara Mesiniaga.

Significant Partnership Status

Throughout the year, we were accorded several new partnership status, such as:

1) Symantec Platinum Partner: we were upgraded to Platinum Partner after being named their Top Gold Reseller.

2) VMWare Enterprise Partner: as Enterprise Partner, we need to maintain the skills and expertise required for the implementation of VMWare products.

3) Trend Micro AffinityONE Partner: this means that we autonomously drive revenue for Trend Micro within our own markets and enjoy the highest level of benefits from them.

4) Microsoft Voice Specialised Partner: with this added competency, we can offer our customers value-added services such as streamlined communications solutions.

5) Juniper Elite Partner: this means that we have exceeded their stringent standards for customer satisfaction, personnel qualifications, training and service and can offer the full Juniper portfolio of network and security technologies.

Cisco Express - Network on Wheels in Mesiniaga

Together with our partner, Cisco, we brought Cisco Express to Mesiniaga. Cisco Express is a 40-foot container that acts as a mobile solutions showcase. It allowed our customers to experience our network solutions firsthand.

Cisco Express is a 40-foot container that acts as a mobile solutions showcase.

SIGNIFICANT EVENTS AND AWARDS

Company Kick-Off meetings

Company Kick-Off meetings

We held our twice-yearly Kick Off meetings to update employees on company performance and strategies for the year. We also presented our long-serving staff and high performers with awards, in appreciation of their service and contribution to the company.

Symantec Top Gold Reseller Award

Last year, we were awarded the *Symantec Top Gold Reseller Award* for our substantial contributions to their revenue in 2007. As Gold Reseller, we also need to own specific skills and expertise which are relevant to the implementation of Symantec products.

Protecting confidential data

We jointly organised two events - *Protect Your Messaging and Collaboration Infrastructure;* and *Trend Micro Goes Live* - with Symantec and Trend Micro respectively. The objective was to demonstrate how our solutions can help alleviate data storage problems and avoid possible loss of critical company information and intellectual property.

Launch of Ideas to Innovate (i2i) Program

We recently launched the i2i Program to encourage employee involvement in the Transformation process. The program aims to produce innovative ideas that will result in overall improvements for the company.

Official Opening of new office in Sime UEP Industrial Park

The Official Opening of our new building in Sime UEP Industrial Park was held in conjunction with the Maal Hijrah celebration. The Mesiniaga warehouse and our Maintenance and Managed Services division was relocated to the new premises in late 2007.

APC Best Growth Partner Award

In 2008, we received the *APC Best Growth Partner Award 2007* from Schneider Electric. This award is one of only two presented to partners in each country.

Virtualisation technology helps reduce cost

Together with VMWare, we introduced our virtualisation solution at the Strategies for Virtualisation Success event targeted at government agencies. Virtualisation is the new buzz word in technology especially as it optimises infrastructure utilisation thereby resulting in greater cost effectiveness.

HP Top Public Sector Business Partner Award

HP honoured us with their 2008 Top Public Sector Business Partner Award for Commercial Imaging and Printing.

HP 2008 Top Public Sector Business Partner Award

STRONG
ETHICS

We are **stringent in matters of corporate governance** and business integrity. We create **sustainable programs that aid human capital development.**

&

SUSTAINABLE DEVELOPMENT

CORPORATE RESPONSIBILITY

Bring Your Kids to Work Day

Corporate Responsibility (CR) is more than just a matter of compliance and obligation to Mesiniaga. Since our establishment, we have implemented many initiatives that fall under the umbrella of employee welfare, ethical business practices and human capital development.

Recently, we further reinforced our commitment to CR by streamlining our initiatives into a more cohesive and structured plan. Our initiatives are developed to support government efforts in nation building and are in tandem with its intention to promote business integrity.

Ethical and Best Business Practices

We are committed to conducting our business with integrity. Our Statement of Corporate Governance makes clear our commitment in complying with all the regulatory requirements. As a complement to this, we also have the Mesiniaga Business Conduct Guidelines - a stated policy in the Employee e-Handbook. Its purpose is to ensure that our employees' behaviour when performing their duties is consistent with our values and business principles. The Guidelines also address potential ambiguous legal and ethical issues that may arise during the course of work.

We also place equal importance on quality excellence. The ISO 9001:2008 accreditation that we received from SIRIM QAS International Sdn Bhd is a testament of our dedication in adhering to international best practices. Mesiniaga was accorded ISO accreditation from 29 December 1994. In order to improve our business practices further and enhance the value that we provide to customers, we have launched Ideas to Innovate (i2i) - an employee ideas programme. Employees are rewarded for giving ideas that can improve company and customer processes.

Sourcing and Retaining the Best Talents

Our employees are our greatest assets. As of 31 December 2008, our staff strength was at 774 people. We believe in supporting local employment and our workforce is completely made up of Malaysian citizens; of this - 66% are Malays, 26% are Chinese, 6% are Indians and 2% belong to other ethnic groups. Women make up 34% of our staff. We value this diversity, therefore we provide equal opportunities to all existing and potential employees without discrimination to race, religion or gender and we respect the basic rights of individual employees.

We employ several strategies in sourcing out the best talents. We participate in career fairs that attract a large pool of quality talents; we have in place an employee referral programme; we train our managers to identify desirable traits when hiring (Character First Training); and we make use of various human capital management tools such as behavioural (Personality and Preference Inventory - PAPI) and intelligence tests.

Mesiniaga Diamond Club

In retaining the best talents, we continually provide our employees with education and training. We encourage them to pursue professional certifications - to date, our workforce possesses more than 70 certifications among them. Our training programmes are for leadership skills, as well as technical and behavioural competencies. In 2008, total training hours was 20,904 hours and accounted for 2% of our total staff cost. Employee training is part of our commitment to employee career development and is run in tandem with our formal appraisal system which applies to all employees. Employees who pursue further education that is job related and is approved by the company are eligible to receive up to 75% or RM5,000 refund of their tuition fees.

We provide both defined benefits and additional benefits. Our defined benefits include EPF contributions for all employees and a separate retirement plan that applies to 40% of permanent employees. For 2008, the total amounted to RM5.5 million.

Additional benefits include health, accident and life insurance; medical, dental and maternity expenses; and interest subsidies for car and housing loans. We also offer incentives such as overseas travel and cash to reward good performance. Our recognition programmes include the Director's Merit Awards and Mesiniaga Diamond Club.

CORPORATE RESPONSIBILITY

Caring for Environment

Safe and Fun Working Environment

We take the safety of our employees very seriously. We have certain policies in place to safeguard their wellbeing. Among such policies are Fire Safety Policy, Smoking Policy and First Aid Policy. Our Emergency Management Team (EMT) is responsible for supporting these measures. EMT members receive training from various bodies such as National Institute of Occupational Health & Safety (NIOSH) and the Malaysian Red Crescent.

We believe in promoting a healthy lifestyle. Menara Mesiniaga is equipped with facilities such as a gym and swimming pool for our employees' convenience. We also subsidise part of their membership fees if they choose to join an external gym. Other measures include holding talks on a variety of health topics. The Mesiniaga Sports and Recreational Club (MSRC) and the Penang Recreational Club (PRC) regularly initiate sports and social activities to build camaraderie among staff. Examples of these activities are Futsal and Badminton Tournaments, White Water Rafting Expeditions and Appreciation Days.

Caring for the Environment

Both Menara Mesiniaga in Subang and Mutiara Mesiniaga in Penang are bioclimatic oriented buildings. The design incorporates passive energy features such as solar shading and optimum positioning of service cores. It maximises natural lighting and ventilation, therefore reducing energy consumption. This minimises the buildings' impact on the environment. We further reduce our impact on the environment by recycling items such as non-confidential documents, newspapers, cardboards, and unused computer equipment and peripherals.

Another initiative is to promote the Green Computing concept. We recently embarked on a company-wide server virtualisation upgrade. Virtualisation is a new technology that allows us to share servers and storage resources. We can now cater to the increased demand in IT capacity without increasing our hardware resources. Effectively, this minimised the need for increased power consumption. On a more basic level, we have also promoted the Green Computing concept to children by holding talks on the subject.

Educating Our Youths

Education is the focus of our community programs. We either develop or participate in programs that can develop Malaysia's human capital. One of our objectives is to help produce employable graduates who will evolve into a highly skilled workforce. We participated in the Work-based Learning (WBL) program initiated by the Department of Polytechnic and Community College Education in the Ministry of Higher Education. Our WBL program offers diploma students in Computer Technology an opportunity to apply academic experiences to real-life work situations.

These students spend two thirds of their course in Mesiniaga. While here, they attend lectures and work on field assignments. We provide them with collaborative applications - portal, emails, online document and spreadsheet database, online calendar system and online chatting - for a more effective learning experience. We also give each student a subsistence allowance.

Teaching children the Green Computing Concept

Our employees volunteer, not only their time as mentors who teach, guide and assess the student's performance but also their expertise in developing the syllabus. We have donated 1,217 hours of company time per year for this purpose. 80% of students from the pioneer batch have found employment in various companies within 3 months of graduating. We continue to participate in this program and have enrolled the second batch of students on 15 August 2008.

Another community program is our collaboration with Protect & Save the Children (PS the Children), an NGO that educates adults and children on the prevention of child sexual abuse. Apart from providing facilities and resources for their workshops, we are also developing an interactive learning module for children that will be used by PS the Children in their workshops. This learning module will teach children personal safety skills in a fun, and engaging manner. It also includes simple messages that will educate children on their rights. We intend to distribute this interactive CD to schools and orphanages.

STATEMENT OF CORPORATE GOVERNANCE

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 30 June 2001, the Board recognises the importance for the Company to practise 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 overseeing the business of the Group. The Board is responsible for the Group's progress and for ensuring the Group is well managed. It also sets the group's strategic direction and objectives. The Board is also responsible in approving performance targets, monitoring the Management's achievements, providing overall policy guidance and ensuring that policies and procedures for internal control systems are in place.

Throughout 2008, the Board of Directors met four times. Details of the meetings are as follows:

Date	4 Apr 2008	18 Jun 2008	30 Oct 2008	22 Dec 2008
DATUK WAN MOHAMED FUSIL WAN MAHMOOD	•	•	•	•
MOHD PUZI AHAMAD	•	•	•	•
DATO' WAN ABDULLAH MOHAMAD	•	•	A	•
CHUNG THIAN SINN	•	•	Retired	Retired
VOON SENG CHUAN	•	•	•	•
FATHIL SULAIMAN ISMAIL	•	•	•	•
ABD TALIB BABA	•	•	•	A
WONG FOOK HON	-	-	•	•
DATO' AB RASHID MAT ADAM	-	-	-	-

Key: • Attended A Absent with apologies

Note: Wong Fook Hon joined the Board on 1 August 2008
Dato' Ab Rashid Mat Adam joined the Board on 30 December 2008

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.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Board Balance

As at 31 December 2008, the Board consists of three Executive Directors and five Non-Executive Directors, three of whom are Independent Non-Executive Directors.

The representation of the members of the Board is as follows:

		%
Executive Directors	3/8	37.5
Non-Independent Non-Executive Directors	2/8	25.0
Independent Non-Executive Directors	3/8	37.5

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

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 pages 22 to 27.

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 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

Wong Fook Hon and Dato' Ab Rashid Mat Adam joined the Board on 1 August 2008 and 30 December 2008 respectively.

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 (MAP) organised by Bursa Securities. In addition, Board members have also attended various training programmes which the Board believes have aided them in discharging their duties as Directors of the Company.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION

The Executive Directors remuneration is determined by the Remuneration Committee, which is headed by Voon Seng Chuan. Considerations such as Director's responsibilities, experience and market rates are taken into account when deciding remuneration.

Details of the remuneration for the Directors are as follows:

	Basic Salary RM	Fees RM	Bonus RM	Benefits-in-kind RM	Pension RM	Others RM	Total RM
Executive Directors	1,301,160	0	0	240,055	(57,000)	156,372	1,640,587
Non-Executive Directors	0	123,750	0	0	0	5,000	128,750

Directors' Remuneration in Bands

	No. of Executive Directors	No. of Non-Executive Directors
Below RM50,000	0	6
RM400,000 to 449,999	1	0
RM600,000 to 649,999	2	0

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 16.

SHAREHOLDERS

Dialogue between the Company and Investors

The Managing Director holds discussions with analysts and shareholders from time to time especially after the announcement of the Company's quarterly financial results. The Company's web site www.mesiniaga.com.my is also accessible for further information.

Chung Thian Sinn was the designated Independent Director to receive public and employees' concerns and enquiries relating to Corporate Governance matters and served in that capacity until his retirement on 18 June 2008.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

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 announcements 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 Responsibility pursuant to Section 169 of the Companies Act, 1965 is set out on page 44 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 continually review the adequacy and integrity of its system of internal control.

RELATIONSHIP WITH AUDITORS

The role of the Audit Committee is as stated on pages 46 to 48. 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' RESPONSIBILITY IN RELATION TO 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 consider that, in preparing the financial statements of the Company for the year ended 31 December 2008, 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 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 are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company.

STATEMENT OF INTERNAL CONTROL

The Board has overall responsibility for the Company's system of internal control. This requires the establishment of an appropriate framework and control environment, involving the financial, organisational and operational aspects of the Company.

The Board recognises that in pursuing business objectives, internal controls can only provide reasonable and not absolute assurance against the risk of material errors, losses, fraud or occurrences of unforeseeable circumstances. The Company's system of internal control has been designed to place greater emphasis on the control of items of material significance in order to provide reasonable assurance that the major effects of these risks are minimised.

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

1. Defined lines of authority, responsibility and accountability within the Company;

2. Documented internal procedures;

3. 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 Committee of Directors (AC). The AC has full access to both internal and external auditors.

The Board remains committed towards the establishment of a sound system of internal control and therefore recognises that the system must continuously evolve to support growth. In striving for continuous improvement, the Company will put in place appropriate action plans, when necessary, to further enhance the Company's system of internal control.

The above internal control framework does not cover associate companies.

BOARD OF DIRECTORS
MESINIAGA BERHAD

AUDIT COMMITTEE

CHAIRPERSON

ABD TALIB BABA
Independent Non-Executive Director

MEMBERS

CHUNG THIAN SINN
Independent Non-Executive Director
(Retired w.e.f. 18 June 2008)

WONG FOOK HON
Independent Non-Executive Director
(Appointed w.e.f. 1 August 2008)

DATUK WAN MOHAMED FUSIL
Executive Director
(Resigned w.e.f. 30 December 2008)

DATO' AB RASHID MAT ADAM
Independent Non-Executive Director
(Appointed w.e.f. 30 December 2008)

SECRETARY

SIM SOON PHENG

TERMS OF REFERENCE

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 three members, the majority of whom shall be independent Directors.

At least one member of the Committee:

a. must be a member of the Malaysian Institute of Accountants; or

b. if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three years' working experience and:
   i. he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
   ii. he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   iii. Fulfils such requirements as prescribed by Bursa Securities.

The Chairman of the Committee shall be an Independent Director.

AUDIT COMMITTEE (cont'd)

Frequency of Meetings

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

a. To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
b. To review the scope, functions and resources of the internal audit function.
c. To review the internal audit programme and monitor its implementation.
d. To review the internal audit reports and follow-up on the action taken to implement the recommendations of the internal auditor.
e. To review the year-end financial statements, prior to the approval by the Board of Directors.
f. To review and approve the release of the quarterly results.
g. To review the related party transactions and conflict of interest situations within the company or group.
h. To perform other related duties as directed by the Board of Directors.

Meetings Held

Date	Abd Talib Baba	Chung Thian Sinn	Datuk Wan Mohamed Fusil	Wong Fook Hon
17 February 2008	•	•	•	-
3 April 2008	•	•	•	-
29 May 2008	•	•	•	-
27 August 2008	•	Retired	•	•
18 November 2008	•	Retired	•	•

Key: • Attended
Note: Chung Thian Sinn retired from the Board on 18 June 2008
Wong Fook Hon joined the Board on 1 August 2008

AUDIT COMMITTEE (cont'd)

Summary of Activities

1. Review and approve financial results announcement to Bursa Securities.
2. Review and adopt quarterly financial results.
3. Review yearly financial statements and recommend to the Board of Directors the adoption of yearly financial statements.
4. Review related party transactions.
5. Review internal audit plan, functions and resources.
6. Review internal audit reports.
7. Participate in training programmes in related areas.
8. 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.
9. Attend independent meetings with external auditor.

Summary of Internal Audit Functions

1. Prepare annual audit plan
2. Perform field audit and assessment to comply with policies and procedures, and operating effectiveness and controls.
3. Present internal audit reports.
4. Maintain effective audit programmes.
5. Plan and coordinate ISO quality audit.
6. Prepare Audit Committee meeting reports for review.
7. Perform secretarial functions to the Audit Committee.
8. Provide full cooperation to the external auditors in carrying out their audit.
9. Perform any other functions as instructed by the Audit Committee and the Board of Directors.

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 BUYBACK

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options issued and exercised throughout the year 2008 and 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 RM69,382 was paid for tax services provided by PwC Taxation Services Sdn. Bhd.

VARIATION IN RESULTS

There was no significant difference between the audited and unaudited results.

PROFIT GUARANTEE

The Company has never 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 were not aware of any conflict of interest among the directors with the Company, existing at the end of the financial year 2008.

REVALUATION OF LANDED PROPERTIES

Certain land and buildings were re-valued based on the Open Market Value in existing use using the Comparison Method and Depreciated Replacement Cost Method by independent professional valuers.

The revaluation surplus arising from the valuation is taken up in the revaluation reserve. The most recent revaluation performed on various Company land and buildings was in December 2008.

EMPLOYEE SHARE OPTION SCHEME

The Company did not implement any employee share option scheme in the Financial Year 2008.

Financial Statements

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 2008.

PRINCIPAL ACTIVITIES

The Company is principally involved in the sale 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 during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Equity holders of the Company	7,454	46
Minority interest	1,516	0
Profit for the year	8,970	46

DIVIDENDS

The dividends on ordinary shares paid by the Company since 31 December 2007 are as follows:

	RM'000
In respect of the financial year ended 31 December 2007 as shown in the Directors' Report of that year:	
- final gross dividend of 19 sen per share, less income tax of 26%, paid on 11 July 2008	
	8,493

The Directors now recommend the payment of a final gross dividend of 19 sen per share, less income tax of 25%, amounting to RM8,607,285 subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (cont'd)

DIRECTORS

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

Datuk Wan Mohamed Fusil bin Wan Mahmood	
Mohd Puzi bin Ahamad	
Dato' Wan Abdullah bin Mohamad	
Voon Seng Chuan	
Fathil Sulaiman Ismail	
Abdul Talib Baba	
Wong Fook Hon	(appointed with effect from 1.8.2008)
Dato' Ab Rashid bin Mat Adam	(appointed with effect from 31.12.2008)
Chung Thian Sinn	(retired with effect from 18.6.2008)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangement 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 1.1.2008 '000	Bought '000	Sold '000	At 31.12.2008 '000
Datuk Wan Mohamed Fusil bin Wan Mahmood[1]	3,976	0	0	3,976
Mohd Puzi bin Ahamad[2]	4,049	0	0	4,049
Dato' Wan Abdullah bin Mohamad	28	0	0	28
Fathil Sulaiman Ismail	5,057	0	0	5,057

[1] Including interests held under nominee accounts with CIMB Trustee Berhad, Citicorp Noms (Tempatan) Sdn. Bhd. and Alliancegroup Noms (Tempatan) Sdn. Bhd.

[2] Including interests held under nominee accounts with CIMB Trustee Berhad, Citicorp Nominees (Tempatan) Sdn. Bhd. and Mayban Noms (Tempatan) 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, options over shares and debentures of the Company and its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

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:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) 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.

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 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.

DIRECTORS' REPORT (cont'd)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

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 or the Company for the year in which this report is made.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 9 April 2009.

FATHIL SULAIMAN ISMAIL
DIRECTOR

MOHD PUZI BIN AHAMAD
DIRECTOR

STATEMENT BY DIRECTORS

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

We, Fathil Sulaiman Ismail 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 59 to 96 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 2008 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 for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 9 April 2009.

FATHIL SULAIMAN ISMAIL
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 59 to 96 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 Kuala Lumpur on 9 April 2009 before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MESINIAGA BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Mesiniaga Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 59 to 96.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF MESINIAGA BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

THAYAPARAN A/L S. SANGARA PILLAI
(No. 2085/09/10 (J))
Chartered Accountant

Kuala Lumpur
9 April 2009

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Revenue	5	263,154	355,865	236,661	326,378
Changes in inventories of finished goods		(1,130)	(350)	(1,920)	(1,078)
Finished goods and services purchased		(178,085)	(269,593)	(178,783)	(267,348)
Staff cost	6	(52,165)	(49,488)	(42,010)	(39,377)
Depreciation of property, plant and equipment		(4,423)	(4,602)	(3,845)	(4,387)
Travelling expenses		(4,625)	(3,988)	(3,910)	(3,503)
Office administrative expenses		(4,842)	(5,332)	(4,438)	(5,217)
Loss on disposal of an associated Company		0	(201)	0	(155)
Other operating income		1,025	397	3,264	2,342
Other operating expenses		(4,858)	(2,126)	(3,526)	(540)
Profit from operations	7	14,051	20,582	1,493	7,115
Finance cost	8	(541)	(765)	(541)	(765)
Share of results of associate		0	54	0	0
Profit before taxation		13,510	19,871	952	6,350
Tax expense	9	(4,540)	(5,717)	(906)	(2,004)
Profit for the year		8,970	14,154	46	4,346
Attributable to:					
Equity holders of the Company		7,454	12,740	46	4,346
Minority interest		1,516	1,414	0	0
Profit for the year		8,970	14,154	46	4,346
Basic earnings per share (sen)	10	12.34	21.09		
Gross dividends per share (sen)	11	19	19		

The notes on pages 66 to 96 form part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	60,906	59,240	58,131	57,873
Investment in subsidiaries	13	0	0	1,326	1,326
Investment in associates	14	0	0	0	0
Deferred tax assets	15	69	110	0	0
		60,975	59,350	59,457	59,199
Current Assets					
Inventories	16	14,415	15,545	8,920	10,840
Receivables, deposits and prepayments	17	110,282	166,057	112,431	155,696
Tax recoverable		4,713	4,629	3,581	4,629
Deposits with a licensed financial institution	18	33,007	5,661	27,191	91
Cash and cash equivalents	18	3,845	3,510	1,922	2,915
		166,262	195,402	154,045	174,171
TOTAL ASSETS		227,237	254,752	213,502	233,370
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	60,402	60,402	60,402	60,402
Share premium		4,126	4,126	4,126	4,126
Revaluation reserve		15,302	13,192	15,302	13,192
Retained earnings		99,974	101,013	80,281	88,728
		179,804	178,733	160,111	166,448
Minority interest		6,396	5,387	0	0
TOTAL EQUITY		186,200	184,120	160,111	166,448

BALANCE SHEETS (cont'd)

AS AT 31 DECEMBER 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-current liabilities					
Post-employment benefits obligations	20	2,617	2,568	2,617	2,568
Other long-term liabilities	22	3,915	9,248	3,915	9,248
Deferred tax liabilities	15	425	779	48	619
		6,957	12,595	6,580	12,435
Current liabilities					
Payables	19	31,687	55,752	46,811	53,751
Bank overdraft (unsecured and interest bearing)	18	0	736	0	736
Taxation		2,393	1,549	0	0
		34,080	58,037	46,811	54,487
TOTAL LIABILITIES		41,037	70,632	53,391	66,922
TOTAL EQUITY AND LIABILITIES		227,237	254,752	213,502	233,370

The notes on pages 66 to 96 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Attributable to equity holders of the Company							
		Issued and fully paid ordinary shares of RM1.00 each							
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total RM'000
At 1 January 2007		60,402	60,402	4,126	12,425	96,651	173,604	4,457	178,061
Reversal of deferred tax on revaluation gains previously recognised		0	0	0	767	0	767	0	767
Final dividends:									
- 31 December 2006	11	0	0	0	0	(8,378)	(8,378)	0	(8,378)
Profit for the year		0	0	0	0	12,740	12,740	1,414	14,154
Acquisition of minority interest in subsidiaries		0	0	0	0	0	0	(126)	(126)
Dividends paid to minority interest		0	0	0	0	0	0	(358)	(358)
At 31 December 2007		60,402	60,402	4,126	13,192	101,013	178,733	5,387	184,120
At 1 January 2008		60,402	60,402	4,126	13,192	101,013	178,733	5,387	184,120
Revaluation surplus		0	0	0	2,110	0	2,110	0	2,110
Final dividends:									
- 31 December 2007	11	0	0	0	0	(8,493)	(8,493)	0	(8,493)
Profit for the year		0	0	0	0	7,454	7,454	1,516	8,970
Dividends paid to minority interest		0	0	0	0	0	0	(507)	(507)
At 31 December 2008		60,402	60,402	4,126	15,302	99,974	179,804	6,396	186,200

The notes on pages 66 to 96 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	
	Note	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 2007		60,402	60,402	4,126	12,425	92,760	169,713
Reversal of deferred tax on revaluation gains previously recognised		0	0	0	767	0	767
Final dividends:							
- 31 December 2006	11	0	0	0	0	(8,378)	(8,378)
Profit for the year		0	0	0	0	4,346	4,346
At 31 December 2007		60,402	60,402	4,126	13,192	88,728	166,448
At 1 January 2008		60,402	60,402	4,126	13,192	88,728	166,448
Revaluation surplus		0	0	0	2,110	0	2,110
Final dividends:							
- 31 December 2007	11	0	0	0	0	(8,493)	(8,493)
Profit for the year		0	0	0	0	46	46
At 31 December 2008		60,402	60,402	4,126	15,302	80,281	160,111

The notes on pages 66 to 96 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
OPERATING ACTIVITIES				
Profit for the year	8,970	14,154	46	4,346
Adjustments to reconcile profit for the year to cash from operations:				
Taxation	4,540	5,717	906	2,004
Loss on disposal of an associated company	0	201	0	155
Allowances for doubtful debts	1,479	310	1,193	310
Depreciation of property, plant and equipment	4,423	4,602	3,845	4,387
Write-off of property, plant and equipment	514	9	513	9
Gross dividend income from a subsidiary	0	0	(714)	(784)
Interest expense	541	765	541	765
Interest income	(702)	(293)	(477)	(154)
Retirement benefits	549	559	549	559
Share of results of associates	0	(54)	0	0
Unrealised foreign exchange gain	(160)	(357)	(157)	(357)
	20,154	25,613	6,245	11,240
Changes in working capital:				
Inventories	1,130	350	1,920	1,078
Receivables	54,284	(13,158)	62,125	(24,586)
Payables	(23,904)	9,259	(26,836)	27,242
Cash from operations	51,664	22,064	43,454	14,974
Interest paid	(541)	(765)	(541)	(765)
Retirement benefits paid	(500)	(674)	(500)	(674)
Tax paid	(4,082)	(6,948)	(243)	(4,459)
Net cash generated from operating activities	46,541	13,677	42,170	9,076

The notes on pages 66 to 96 form part of these financial statements.

CASH FLOW STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(4,493)	(8,909)	(2,506)	(7,489)
Purchase of shares in a subsidiary		0	(126)	0	(126)
Proceeds on disposal of an associated company		0	3,000	0	3,000
Interest received		702	293	477	154
Net dividends received from subsidiaries		0	0	528	572
Net cash used in investing activities		(3,791)	(5,742)	(1,501)	(3,889)
FINANCING ACTIVITIES					
Dividends paid to shareholders of the Company		(8,493)	(8,378)	(8,493)	(8,378)
Dividends paid to minority interests		(507)	(358)	0	0
Repayment of short term borrowings		0	(5,002)	0	(5,002)
(Repayment)/ Proceeds from vendor financing		(5,333)	9,248	(5,333)	9,248
Repayment of finance lease liabilities		0	(323)	0	(323)
Net cash used in financing activities		(14,333)	(4,813)	(13,826)	(4,455)
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		28,417	3,122	26,843	732
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		8,435	5,313	2,270	1,538
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	18	36,852	8,435	29,113	2,270

The notes on pages 66 to 96 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and the Company's shares are publicly traded on the Main Board of Bursa Malaysia Securities Berhad.

The Company is principally involved in the sale 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 nature of the principal activities of the Group during the financial year.

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.

2 BASIS OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies' Act 1965.

During the financial year ended 31 December 2008, the Group and Company had adopted new and revised FRSs which are mandatory for financial year beginning on and after 1 January 2008 as described in Note (a) below.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies whereby, land and buildings are stated at fair value.

The preparation of financial statements in conformity with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities requires the use of certain critical accounting 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 period. It also requires Directors to exercise their judgment in the process of applying the Group's and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

(a) Standards, amendments to published standards and interpretations that are applicable to the Group and are effective.

The new accounting standards, amendments to published standards and interpretations to existing standards effective for the Group's financial year ended 31 December 2008 and applicable to the Group are as follows:

Amendment to FRS 121	- Effects of Changes in Foreign Exchange Rates - *Net Investment in a Foreign Operations*
FRS 112	- Income Taxes

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards, amendments to published standards and interpretations. All standards, amendments and interpretations adopted by the Company require retrospective application.

Adoption of the above new and revised standards did not result in any significant impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2 BASIS OF PREPARATION (cont'd)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective.

The new standards and IC Interpretation that is applicable to the Group, but which the Group has not early adopted, are as follows:

IC Interpretation 10 Interim Financial Reporting and Impairment (effective for annual period beginning on or after 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply this standard from financial periods beginning on 1 January 2010.

The following standards will be effective for annual period beginning on or after 1 January 2010. The Group will apply these standards from financial periods beginning on 1 January 2010. The Company has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the standard on the financial statements of the Company.

- FRS 139 - Financial Instruments: Recognition and Measurement
- FRS 7 - Financial Instruments: Disclosures

(c) Standards, amendments to published standards and interpretations to existing standards that are effective and are not relevant to the Group

FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

(d) Standards, amendments to publish standards and interpretations to existing standards which are not effective and are not relevant to the Group

FRS 4	Insurance Contracts

FRS 8 Operating Segments (effective for annual period beginning on or after 1 July 2009). FRS 8 replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

IC Interpretation 9 Reassessment of Embedded Derivatives (effective for annual period beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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

Subsidiaries are entities in which the Group has the power to control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

The Group has taken advantage of the exemption provided by FRS122$_{2004}$ and FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. See accounting policy on goodwill in Note 3(c). Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group directly or indirectly through subsidiaries. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Associated companies

Associates are entities in which the Group exercises significant influence but which it does not control, generally accompanying a shareholding of between 20% and 50% of voting rights, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investments and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, including any long-term interest that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not conterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purposes of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combinations, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land and buildings are subsequently shown at revaluation, based on valuations by external independent valuers, less subsequent depreciation for buildings and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves directly in equity, all other decreases are charged to the income statement.

Freehold land has an infinite life and therefore is not depreciated. Depreciation on capital work-in-progress commences when the asset is ready for its intended use.

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

Building	2%
Machines	14% - 33%
Office equipment, furnitures and fittings	7% - 33%

Fully depreciated assets still in use are retained in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment and depreciation (cont'd)

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of property, plant and equipment.

All items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on those items is taken directly to retained earnings.

At each balance sheet date, the group assess if there is impairment. If such indication exists, an analysis is performed to assess if the carrying amount of the asset is recoverable. A writedown is made if the carrying amount exceeds the recoverable amount. See accounting policy on 3(e) on impairment of non-financial assets.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

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

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Cost, which includes purchase price and incidental charges, is determined on a weighted average basis.

(g) Financial instruments

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.

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

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

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

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

(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 established when there is an objective evidence that the Group will not be able to collect all amounts due.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit held at call and short term highly liquid investments which has an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in current laibilities on the balance sheet.

(j) Trade payables

(a) Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(b) Other long term liabilities

Payables with settlement dates more than 12 months from the balance sheet date are accounted at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(k) Share capital

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

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

Distribution to holders of a financial instrument, classified as an equity instrument is charged directly to equity. Dividends to shareholders are recognized as a liability in the period in which they are declared.

(l) Foreign currencies

(i) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Foreign currencies (cont'd)

(ii) Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rate prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(m) 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 lower of the fair value of the leased property and the estimated present value of the minimum lease payments at the date of inception. Each lease payment is allocated between the liability and charges so as to achieve a constant rate on the 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Defined benefit plans

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 obligations at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The Group 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 currency and terms of maturity approximating the terms of the related liability.

Plan assets in excess of the defined obligation are subject to the asset limitation specified in FRS 119_{2004}.

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 FRS 119_{2004} and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plan.

Past service costs are recognised immediately in income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon taxable profits and is measured using the tax rates that have been enacted at the balance sheet date.

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

Deferred tax is measured at tax rate that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(p) Revenue Recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of taxes, rebates and discounts, and after eliminating sales within the Group. Revenue arising from the sale of hardware and software is recognised upon delivery of goods or when significant risk and rewards of ownership of goods are transferred to the customers. Revenue arising from the rendering of services is recognised in the period the services are rendered.

Dividend income is recognised when the right to receive payment is established. Rental income is recognised on an accrual basis. Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(q) 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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. 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 and borrowings. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

5 REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of:				
- hardware	109,047	186,726	94,113	170,519
- software	37,194	52,596	37,084	52,541
- services	116,913	116,543	105,464	103,318
	263,154	355,865	236,661	326,378

6 STAFF COST

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Wages, salaries, bonus and other employment benefits	46,683	44,480	39,291	36,850
Defined contribution retirement plan (Note 20)	4,933	4,449	2,170	1,968
Defined benefit retirement plan (Note 20)	549	559	549	559
	52,165	49,488	42,010	39,377

Details of the defined contribution and defined benefit plans of the Group and Company are set out in Note 20 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-executive Directors				
- fees	124	111	124	111
- others	5	35	5	35
Executive Directors				
- salaries and bonus	1,301	880	1,301	820
- defined contribution plan	156	99	156	99
- defined benefit retirement plan	(57)	51	(57)	51
	1,529	1,176	1,529	1,116

Estimated money value of benefits-in-kind of Directors for the Group and Company is RM240,000 (2007: RM282,000 and RM222,000 respectively).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

7 PROFIT FROM OPERATIONS

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Audit	135	150	86	92
Depreciation of property, plant and equipment	4,423	4,602	3,845	4,387
Gross dividend income from a subsidiary	0	0	(714)	(784)
Interest income	(702)	(293)	(477)	(154)
Net realised foreign exchange (gain)/loss	(2,766)	(76)	(2,768)	1
Unrealised foreign exchange (gain)/loss	(160)	(357)	(157)	(357)
Property, plant and equipment written off	514	9	513	9
Rental income from rental of premises	(81)	(78)	(321)	(78)
Rental of premises	128	151	91	79
Allowance for doubtful debts:				
- trade receivables	1,479	310	1,193	310

8 FINANCE COST

	Group and Company	
	2008	2007
	RM'000	RM'000
Interest expense on:		
- bank overdraft	35	31
- short term borrowings	51	559
- lease financing	455	175
	541	765

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

9 TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax:				
Current year - Malaysian income tax	4,853	5,624	1,477	2,079
Deferred tax:				
Reversal and origination of temporary differences (Note 15)	(313)	93	(571)	(75)
	4,540	5,717	906	2,004

The explanation of the relationship between tax expense and profit before tax is as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate				
Malaysian tax rate	26	27	26	27
Tax effects of:				
- expenses not deductible for tax purposes	7	2	54	4
- current year deferred tax asset not recognised	0	1	0	0
- tax incentive for small and medium scale companies	0	(1)	0	0
- change in tax rate	1	0	15	1
Average effective tax rate	34	29	95	32

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

	Group	
	2008 RM'000	2007 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	5	62

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

9 TAX EXPENSE (cont'd)

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	
	2008 RM'000	2007 RM'000
Unutilised tax losses	2,532	2,586
Unabsorbed capital allowances	77	82
	2,609	2,668

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes.

Dividends paid under this system are tax exempt in the hands of shareholders. However, companies who have not utilised fully their Section 108 credits balances up to 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits under the special transitional provisions of the Finance Act 2007 and pay single-tier dividends.

The Company did not elect for the irrevocable option to disregard the Section 108 balance.

As at 31 December 2008, subject to the agreement by the tax authorities, the Company has sufficient Section 108 tax credits and tax exempt income to pay in full all the retained earnings of the Company as franked and exempt dividends.

In addition, the Company has tax exempt income as at 31 December 2008 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 RM1,016,520 and RM832,500 (2007: RM1,016,520 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 BASIC EARNINGS PER SHARE

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

	Group	
	2008 RM'000	2007 RM'000
Net profit attributable to ordinary equity holder of the Company (RM'000)	7,454	12,740
Weighted average number of ordinary shares in issue ('000)	60,402	60,402
Basic earnings per share (sen)	12.34	21.09

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

11 DIVIDENDS

Dividends paid during the financial year are as follows:

	Group and Company	
	2008	2007
	RM'000	RM'000
Final dividends in respect of financial year 2007/2006: 19 sen per share, less income tax at 26% (2007: 19 sen per share, less income tax at 27%)	8,493	8,378

The Directors have recommended the payment of a final gross dividend of 19 sen per share, less income tax 25%, amounting to RM8,607,285 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 2008, which will only be accrued as a liability in the financial year ending 31 December 2009, after approval by the shareholders.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land, at valuation RM'000	Building, at valuation RM'000	Machines, at cost RM'000	Office equipment, furnitures and fittings, at cost RM'000	Total RM'000
Group					
2008					
Cost/Valuation					
At 1 January 2008	24,152	35,953	5,638	25,845	91,588
Revaluation surplus	2,110	0	0	0	2,110
Additions	0	438	0	4,055	4,493
Assets written off	0	(620)	(9)	(1)	(630)
At 31 December 2008	26,262	35,771	5,629	29,899	97,561
Accumulated depreciation					
At 1 January 2008	0	8,555	5,520	18,273	32,348
Charge for the financial year	0	724	82	3,617	4,423
Assets written off	0	(108)	0	(8)	(116)
At 31 December 2008	0	9,171	5,602	21,882	36,655
Net book value					
At 31 December 2008	26,262	26,600	27	8,017	60,906

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land, at valuation RM'000	Building, at valuation RM'000	Machines, at cost RM'000	Office equipment, furnitures and fittings, at cost RM'000	Total RM'000
Group					
2007					
Cost/Valuation					
At 1 January 2007	21,332	33,221	5,638	24,084	84,275
Additions	2,820	2,732	0	3,357	8,909
Assets written off	0	0	0	(1,596)	(1,596)
At 31 December 2007	24,152	35,953	5,638	25,845	91,588
Accumulated depreciation					
At 1 January 2007	0	7,886	5,021	16,426	29,333
Charge for the financial year	0	669	499	3,434	4,602
Assets written off	0	0	0	(1,587)	(1,587)
At 31 December 2007	0	8,555	5,520	18,273	32,348
Net book value					
At 31 December 2007	24,152	27,398	118	7,572	59,240

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land, at valuation RM'000	Building, at valuation RM'000	Machines, at cost RM'000	Office equipment, furnitures and fittings, at cost RM'000	Total RM'000
Company					
2008					
Cost/Valuation					
At 1 January 2008	24,152	35,953	5,638	24,031	89,774
Revaluation surplus	2,110	0	0	0	2,110
Additions	0	438	0	2,068	2,506
Assets written off	0	(620)	0	(6)	(626)
At 31 December 2008	26,262	35,771	5,638	26,093	93,764
Accumulated depreciation					
At 1 January 2008	0	8,555	5,520	17,826	31,901
Charge for the financial year	0	724	82	3,039	3,845
Assets written off	0	(108)	0	(5)	(113)
At 31 December 2008	0	9,171	5,602	20,860	35,633
Net book value					
At 31 December 2008	26,262	26,600	36	5,233	58,131

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land, at valuation RM'000	Building, at valuation RM'000	Machines, at cost RM'000	Office equipment, furnitures and fittings, at cost RM'000	Total RM'000
Company					
2007					
Cost/Valuation					
At 1 January 2007	21,332	33,221	5,638	23,067	83,258
Additions	2,820	2,732	0	1,937	7,489
Assets written off	0	0	0	(993)	(993)
Transfers	0	0	0	20	20
At 31 December 2007	24,152	35,953	5,638	24,031	89,774
Accumulated depreciation					
At 1 January 2007	0	7,886	5,021	15,587	28,494
Charge for the financial year	0	669	499	3,219	4,387
Assets written off	0	0	0	(984)	(984)
Transfers	0	0	0	4	4
At 31 December 2007	0	8,555	5,520	17,826	31,901
Net book value					
At 31 December 2007	24,152	27,398	118	6,205	57,873

Freehold land and buildings were revalued based on the Open Market Value in existing use using the Comparison Method and Depreciated Replacement Cost Method by independent professional valuers with an effective date of 2 December 2008.

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

	Group and Company	
	2008 RM'000	2007 RM'000
Freehold land	3,805	3,805
Building	17,666	18,186

Included in property, plant and equipment of the Group and Company are equipment acquired under finance lease agreements, with net book value of RM34,288 (2007: RM116,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	1,976	1,976
Accumulated impairment losses	(650)	(650)
	1,326	1,326

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:

Name of company	Principal activities	Group's effective interest 2008 %	2007 %
Mesiniaga Techniques Sdn. Bhd.	Business development of new product technologies and markets	100	100
Mesiniaga Services Sdn. Bhd.	Provision of maintenance and managed services	100	100
Mesiniaga MSC Sdn. Bhd.	Provision of solution services and technology research and development	100	100
Mesiniaga SCS Sdn. Bhd.	Provision of management training & consulting services in strategic and human resource planning	100	100
VA Dynamics Sdn. Bhd.	Sales of networking cables and related products	51	51
Navigis Sdn.Bhd.	Provision of training, management advisory and consultancy services	100	70

All the above subsidiaries are audited by PricewaterhouseCoopers, Malaysia.

Aquisition of remaining interest in Navigis Sdn. Bhd did not result in any material impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

14 INVESTMENT IN ASSOCIATES

	Company 2008 RM'000	Company 2007 RM'000
Unquoted shares, at cost	185	185
Accumulated impairment losses	(185)	(185)
	0	0

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

Group's effective interest

Name of company	Principal activities	Group's effective interest 2008 %	Group's effective interest 2007 %
PWR Powerlan (Malaysia) Sdn. Bhd. #	Dormant	30	30
SJA-Infotech Sdn. Bhd.	Development and maintenance of web-site	35	35

Not audited by PricewaterhouseCoopers, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	69	110	0	0
Deferred tax liabilities:				
- subject to income tax	(425)	(779)	(48)	(619)
At 1 January	(669)	(1,343)	(619)	(1,461)
Credited directly to revaluation reverse	0	767	0	767
(Charged)/credited to income statement (Note 9):				
- property, plant and equipment	98	159	380	314
- accruals	(64)	(424)	(63)	(455)
- post employment benefit obligations	12	7	12	7
- allowance	267	165	242	209
	313	(93)	571	75
At 31 December	(356)	(669)	(48)	(619)
Subject to income tax:				
Deferred tax assets (before offsetting)				
- post employment benefit obligations	680	668	680	668
- allowances	606	339	451	209
- accruals	(4)	60	(4)	59
	1,282	1,067	1,127	936
Offsetting	(1,213)	(957)	(1,127)	(936)
Deferred tax assets (after offsetting)	69	110	0	0

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

15 DEFERRED TAX ASSETS/LIABILITIES (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(1,638)	(1,736)	(1,175)	(1,555)
Offsetting	1,213	957	1,127	936
Deferred tax liabilities (after offsetting)	(425)	(779)	(48)	(619)

16 INVENTORIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Equipment	9,304	11,302	8,907	10,820
Spare parts	1,845	1,624	0	0
Supplies	13	20	13	20
Cable	3,253	2,599	0	0
	14,415	15,545	8,920	10,840

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	30,189	114,408	16,777	102,316
Allowance for doubtful debts	(2,306)	(804)	(2,020)	(804)
	27,883	113,604	14,757	101,512
Accrued unbilled revenue	79,987	50,726	79,987	50,726
Other receivables	1,919	1,301	1,115	918
Deposits and prepayments	493	282	436	203
Amounts due from subsidiaries	0	0	16,136	2,193
Amounts due from associates	0	144	0	144
	110,282	166,057	112,431	155,696

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

Trade receivables are denominated in Ringgit Malaysia.

Credit terms of trade receivables range from 30 days to 60 days (2007: 30 days to 60 days).

The trade receivable due from subsidiaries and associates are subject to the normal trade terms. The non-trade receivables due from subsidiaries and associates are unsecured, interest free and repayable on demand.

Accrued unbilled revenue represents unbilled value of goods delivered and services rendered to be billed in accordance with respective terms and conditions agreed with customers.

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	3,845	3,510	1,922	2,915
Deposits with a licensed Financial Institution	33,007	5,661	27,191	91
	36,852	9,171	29,113	3,006
Bank overdraft (unsecured and interest bearing)	0	(736)	0	(736)
	36,852	8,435	29,113	2,270

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

The Group and Company's effective weighted average interest rate of deposits at the end of the financial year is 2.80% (2007: 3.05%) per annum.

Deposits of the Group and Company as at 31 December 2008 are time deposits, which have an average maturity period of 30 days (2007: 30 days).

Cash and cash equivalents are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

19 PAYABLES

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade payables	21,628	40,462	19,821	37,801
Payroll liabilities	3,406	2,935	1,740	1,729
Accruals	1,320	6,930	1,044	2,157
Finance lease liabilities (Note 21)	0	92	0	92
Vendor financing (Note 22)	5,333	5,333	5,333	5,333
Amounts due to subsidiaries	0	0	18,873	6,639
	31,687	55,752	46,811	53,751

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	7,843	23,198	6,036	21,029
US Dollar	13,785	17,225	13,785	16,772
Singapore Dollar	0	39	0	0
	21,628	40,462	19,821	37,801

Credit terms of trade payables range from 7 days to 90 days (2007: 7 days to 90 days).

Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

20 POST-EMPLOYMENT BENEFITS 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 contributions have been paid, the Group has no further payment obligations.

(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 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 2008 was carried out on 24 March 2009.

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

	Group and Company	
	2008 RM'000	2007 RM'000
At 1 January	2,568	2,683
Charged to the income statement	549	559
Contributions and benefits paid	(500)	(674)
At 31 December	2,617	2,568

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

	Group and Company	
	2008 RM'000	2007 RM'000
At 31 December		
Present value of funded obligations	5,394	4,860
Fair value of plan assets	(2,103)	(2,124)
Liability	3,291	2,736
Unrecognised actuarial loss*	(674)	(168)
Net liability	2,617	2,568

* These are recognised in accordance to accounting policy Note 3(n)(iii).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

20 POST-EMPLOYMENT BENEFITS OBLIGATIONS (cont'd)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current service cost	255	241	255	241
Interest cost	293	266	293	266
Expected return on plan assets	(125)	(88)	(125)	(88)
Actuarial gain recognised during the financial year	126	(90)	126	(90)
Amortisation of transitional liability	0	230	0	230
Total defined benefit retirement plan	549	559	549	559
Defined contribution retirement plan	4,933	4,449	2,170	1,968
Total included in staff cost (Note 6)	5,482	5,008	2,719	2,527

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

	Group and Company	
	2008 %	2007 %
At 31 December		
Discount rates	6.0	6.0
Expected return on plan assets	4.4	6.5
Expected rate of salary increases		
- prior to age 30	10.0	10.0
- from age 30 to 39	7.0	7.0
- thereafter	6.0	6.0

	Group and Company	
	2008 RM'000	2007 RM'000
Actual return on plan assets	479	232

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

21 FINANCE LEASE LIABILITIES

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

	Group and Company	
	2008 RM'000	2007 RM'000
Minimum lease payments:		
Repayable within 12 months	0	102
Repayable after 12 months		
- between 1 and 2 years	0	0
- between 2 and 5 years	0	0
	0	102
Future finance charges on finance leases	0	(10)
Present value of the finance lease liability	0	92
Current (Note 19)	0	92
Non-current	0	0
	0	92

The finance lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default.

22 OTHER LONG TERM LIABILITIES-VENDOR FINANCING

Other long-term liabilities relates to financing under deferred payment arrangements with supplier as follows;

	Group and Company	
	2008 RM'000	2007 RM'000
Vendor financing:		
Repayable within 12 months	5,333	5,333
Repayable after 12 months		
- between 1 and 2 years	3,166	5,333
- between 2 and 5 years	749	3,915
	9,248	14,581
Current (Note 19)	5,333	5,333
Non-current	3,915	9,248
	9,248	14,581

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

22 OTHER LONG TERM LIABILITIES-VENDOR FINANCING (cont'd)

The vendor financing bears interest rate of 0% and is repayable in quarterly instalment from 2008 to 2010. The vendor financing is conditioned to a sale associated with the vendor's goods and services to a particular customer. The terms of payment from the customer to the Company and the Company to the vendor are similar.

23 SHARE CAPITAL

	Group and Company	
	2008 RM'000	2007 RM'000
Ordinary shares of RM1.00 each:		
Authorised:	100,000	100,000
Issued and fully paid:		
At 1 January and 31 December	60,402	60,402

24 FINANCIAL INSTRUMENTS

(a) Fair values

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.

(iii) Other long term liabilities - Vendor financing

The carrying amounts of vendor financing is carried at their fair value. The fair value at the balance sheet date are as follows.

	Group and Company	
	2008 RM'000	2007 RM'000
Vendor financing	8,802	13,562

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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.

The related party transactions described above were carried out on terms and conditions obtainable in transactions with unrelated parties.

(a) The significant related party transactions are as follows:

Related party	2008 RM'000	2007 RM'000
Fellow subsidiary companies		
- Purchase of goods	352	960
- Purchase of services	42,081	36,542
- Sales of services	13,321	12,871

(b) Key management compensation

Key management are categorised as head or senior management officers of key operating divisions within the Company. The key management compensation is disclosed as follows.

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Salaries and other short-term employees benefits	593	1,077	280	378
Defined contribution plan	71	110	34	41
Defined benefit plan	45	30	(35)	30
	709	1,217	279	449

There are no significant balances from or to key management personnel as at the end of the financial year. Please refer Notes 6 for details of directors' remuneration.

26 SEGMENTAL REPORTING

The Group is primarily engaged in one business segment, namely the sales and service 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 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 9 April 2009.

PROPERTIES OWNED BY THE GROUP
as at 31 December 2008

Address	Description	Usage	Tenure	Terms of Tenant's leases or under leases	Approximate age	Net Book Value (RM'000)
HS(D) 65056, PT 12204, Mukim of Damansara, District of Petaling, Selangor (Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya, Selangor)	Commercial land comprising a 15-storey office building	Office building	Freehold	Nil	Fifteen (15) years	37,478
Lot 1047, Sek. 13, District of 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	Eight (8) years	9,461
Lot PT 277, Mukim of Damansara, District of Petaling, Selangor (No. 3, Jalan TP 6, Taman Perindustrian UEP Subang Jaya, 47600 Subang Jaya, Selangor	Industrial premises	Office building and store	Freehold	Nil	One (1) year	5,923

SHAREHOLDING STATISTICS

SHAREHOLDING STRUCTURE
as at 15 April 2009

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 15 April 2009

Category	No. of Holders	%	No. of Securities	%
1 - 99	20	0.71	672	0.00
100 - 1,000	1,290	45.58	1,228,738	2.03
1,001 - 10,000	1,246	44.03	4,969,453	8.23
10,001 - 100,000	232	8.20	6,391,800	10.58
100,001 to less than 5% of issued shares	38	1.34	23,549,356	38.99
5% and above of issued shares	4	0.14	24,261,981	40.17
Total	2,830	100.00	60,402,000	100.00

SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees & Deemed Interests)
as at 15 April 2009

NO.	NAMES	SHAREHOLDINGS	%
1	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD {SKIM AMANAH SAHAM BUMIPUTERA}	11,114,449	18.40
2	FATHIL SULAIMAN BIN ISMAIL	5,056,539	8.37
3	HOR YEE @ HO CHEONG FATT	4,328,940	7.17
4	SAFIAH SULAIMAN BINTI ISMAIL	3,762,053	6.23

SHAREHOLDING STATISTICS (cont'd)

DIRECTORS DIRECT & DEEMED INTERESTS
as at 15 April 2009

NO.	NAMES	DIRECT SHAREHOLDINGS	DEEMED INTEREST	%
1	DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD	2,175,940	1,800,000 [1]	6.58
2	MOHD PUZI AHAMAD	1,867,940	2,181,000 [2]	6.70
3	DATO' WAN ABDULLAH BIN MOHAMAD	28,000	0	0.05
4	FATHIL SULAIMAN BIN ISMAIL	5,056,539	0	8.37
5	VOON SENG CHUAN	0	0	0.00
6	ABD TALIB BIN BABA	0	0	0.00
7	WONG FOOK HON	16,000	0	0.03
8	DATO' AB RASHID BIN MAT ADAM	0	0	0.00

[1] Interest held under his nominee accounts with CIMB Trustee Berhad, Alliancegroup Nominees (Tempatan) Sdn Bhd and Citicorp Nominees (Tempatan) Sdn Bhd

[2] Interest held under his nominee accounts with CIMB Trustee Berhad and Citicorp Nominees (Tempatan) Sdn Bhd

30 LARGEST SHAREHOLDERS
as at 15 April 2009

NO	NAMES	SHAREHOLDINGS	%
1	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD {SKIM AMANAH SAHAM BUMIPUTERA}	11,114,449	18.40
2	FATHIL SULAIMAN BIN ISMAIL	5,056,539	8.37
3	HOR YEE @ HO CHEONG FATT	4,328,940	7.17
4	SAFIAH SULAIMAN BINTI ISMAIL	3,762,053	6.23
5	IBM WORLD TRADE CORPORATION	3,013,400	4.99
6	PHARIDA SULAIMAN @ PHILOMENA SULAIMAN	2,699,976	4.47
7	DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD	2,175,940	3.60
8	CIMB TRUSTEE BERHAD {MOHD PUZI BIN AHAMAD}	2,000,000	3.31
9	MOHD PUZI BIN AHAMAD	1,867,940	3.09
10	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD {AMANAH SAHAM DIDIK}	1,721,000	2.85

SHAREHOLDING STATISTICS (cont'd)

30 LARGEST SHAREHOLDERS
as at 15 April 2009 (cont'd)

NO	NAMES	SHAREHOLDINGS	%
11	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD {AMANAH SAHAM MALAYSIA}	1,330,800	2.20
12	CIMB TRUSTEE BERHAD {DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD}	1,000,000	1.66
13	EMPLOYEES PROVIDENT FUND BOARD	830,700	1.38
14	WONG TA NOOY @ WONG KENG YONG	670,000	1.11
15	LEE YU YONG @ LEE YUEN YING	651,300	1.08
16	NEOH CHOO EE & COMPANY, SDN BERHAD	600,000	0.99
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD {PLEDGED SECURITIES ACCOUNT FOR DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD}	550,000	0.91
18	LOW KONG BOO	440,000	0.73
19	LIM POH TIONG	280,000	0.46
20	CITICORP NOMINEES (TEMPATAN) SDN BHD {PLEDGED SECURITIES ACCOUNT FOR DATUK WAN MOHAMED FUSIL BIN WAN MAHMOOD (473685)}	250,000	0.41
21	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD {UOB-KAY HIAN PTE LTD FOR DEVA DASSAN SOLOMAN (MARGIN)}	241,600	0.40
22	HO WAI KOK	227,000	0.38
23	SHEILA ELEANOR DE COSTA	223,000	0.37
24	PERMODALAN NASIONAL BERHAD	220,800	0.37
25	HO WAI HOE	200,000	0.33
26	TOH KAM CHOY	198,000	0.33
27	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD {PLEDGED SECURITIES ACCOUNT FOR NOR HAYATI BINTI ABD MALIK (1181002)}	183,900	0.30
28	CITICORP NOMINEES (TEMPATAN) SDN BHD {PLEDGED SECURITIES ACCOUNT FOR MOHD PUZI BIN AHAMAD (473678)}	181,000	0.30
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD {PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (CEB)}	172,900	0.29
30	MAYBAN NOMINEES (TEMPATAN) SDN BHD {PLEDGED SECURITIES ACCOUNT FOR SWALDEX SDN BHD}	150,000	0.25

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Seventh Annual General Meeting of the Company will be held at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya on Wednesday, 17 June 2009 at 2.30pm for the following purposes:

Agenda

1. To receive the Audited Accounts for the year ended 31 December 2008 together with the Reports of Directors and Auditors thereon.

2. To approve a First and Final Gross Dividend of 19 sen less tax at 25%,for the year ended 31 December 2008. Resolution 1

3. To approve Directors' Fees for the year ended 31 December 2008. Resolution 2

4. To re-elect the following Directors retiring pursuant to Article 104 of the Company's Articles of Association:
   i. Datuk Wan Mohamed Fusil Wan Mahmood Resolution 3
   ii. Fathil Sulaiman Ismail Resolution 4

5. To re-elect the following Directors retiring pursuant to Article 108 of the Company's Articles of Association:
   i. Wong Fook Hon Resolution 5
   ii. Dato' Ab Rashid Mat Adam Resolution 6

6. To re-appoint Messrs PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration. Resolution 7

7. 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
22 May 2009

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 neednot 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 must 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 7 if passed, will authorise the Directors of the Company to allot and issue up to ten percent (10%) of the issued capital of the Company for the 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

Additional Statements

1. As stated in the Notice of Annual General Meeting on page 101 of this Annual Report, the Directors standing for re-election are:

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

   i. Datuk Wan Mohamed Fusil Wan Mahmood
   ii. Fathil Sulaiman Ismail

   Pursuant to Article 108 of the Company's Articles of Association:

   i. Wong Fook Hon
   ii. Dato' Ab Rashid Mat Adam

2. Details of Board Meetings and the attendance of Directors at those meetings are as stated on page 40.

3. The Twenty Seventh Annual General Meeting of the Company will be held at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya on Wednesday, 17 June 2009 at 2.30pm.

4. Details of the Directors standing for re-election are as stated in the Directors' profile column in pages 22 to 27. Their securities holdings in the Company are as stated on page 99.

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 19 sen less tax at 25% will be paid on 9 July 2009 to shareholders whose names appear in the Record of Depositors on 23 June 2009.

A Depositor shall qualify for entitlement to the dividend only in respect of:

a. Securities transferred into the Depositor's Securities account before 4.00pm on 23 June 2009 in respect of transfers; 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
22 May 2009

Mesiniaga

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 Seventh Annual General Meeting of the Company, to be held on Wednesday, 17 June 2008 at 2.30pm 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 must 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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www.mesiniaga.com.my

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