Mesiniaga

HELPING
CUSTOMERS SUCCEED

ANNUAL REPORT 2012

31ST ANNUAL GENERAL MEETING

VENUE

AUDITORIUM ISMAIL SULAIMAN
MENARA MESINIAGA
1A, JALAN SS16/1
47500 SUBANG JAYA

TIME

WEDNESDAY, 19 JUNE 2013
2.30PM

HELPING CUSTOMERS SUCCEED

When we first embarked on our Transformation journey, we coined a mission statement that would encapsulate our ambition, which is to drive customer business performance through technology and innovation. After five years, we have simplified it to Helping Customers Succeed. The essence of our mission has not changed, the simplification is merely to provide better clarity.

This year's annual report cover of a Formula One pit crew embodies our aspirations for our customers. Our people work together in a highly orchestrated effort to push customer business performance forward. Each one plays a significant and specific role in the company towards building success for those who place their trust in us.

We work hard to ensure our strategies are well-executed so that our customers achieve maximum results – because when our customers are successful, we are too.

OUR VISION

TO BE THE MALAYSIAN IT PARTNER OF CHOICE

OUR MISSION

HELPING CUSTOMERS SUCCEED

CONTENTS

EVOLVING IN A CHANGING WORLD 1

We believe in evolving to explore different horizons and to realise new aspirations.

EMERGING FROM THE CROWD 2

We strive to move forward by differentiating ourselves within the IT industry.

MAKING IT MATTER 3

We make it our goal to discover new ways for IT to significantly enhance customer business performance.

1

DELIVERING SUCCESS

CREATING WEALTH FOR OUR CUSTOMERS

2

WORLD-CLASS EXCELLENCE

DESIGNING DIFFERENTIATED VALUE PROPOSITIONS

3

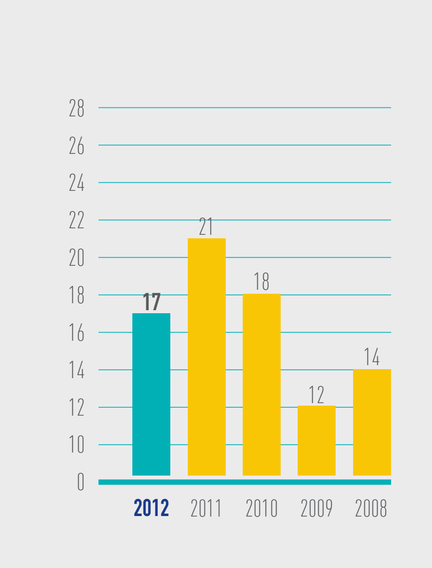
FOCUSED INNOVATION

MAXIMISING OPPORTUNITIES

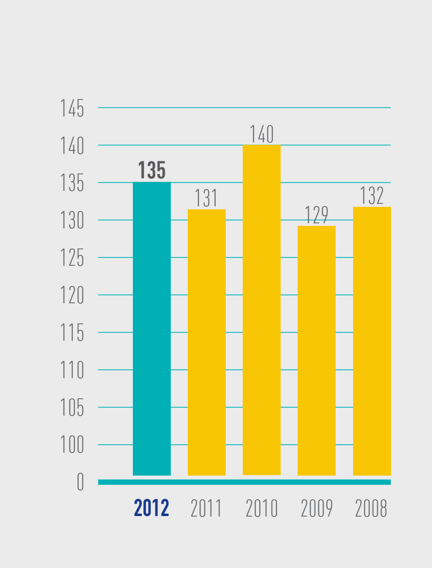
FIVE-YEAR PERFORMANCE STATISTICS

Revenue (RM Million)

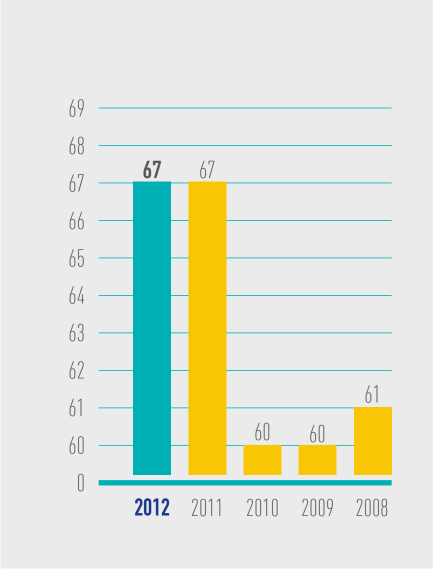
Profit Before Tax (RM Million)



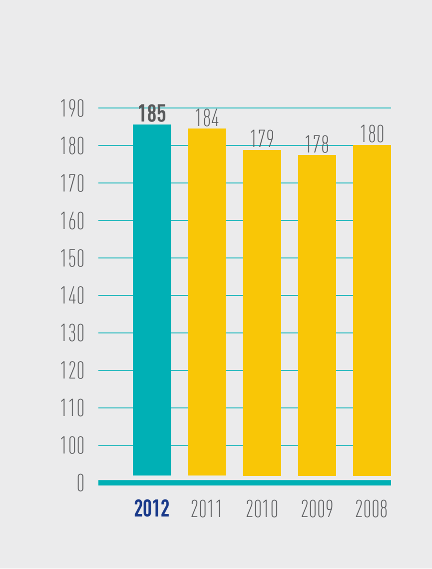
Net Current Assets (RM Million)



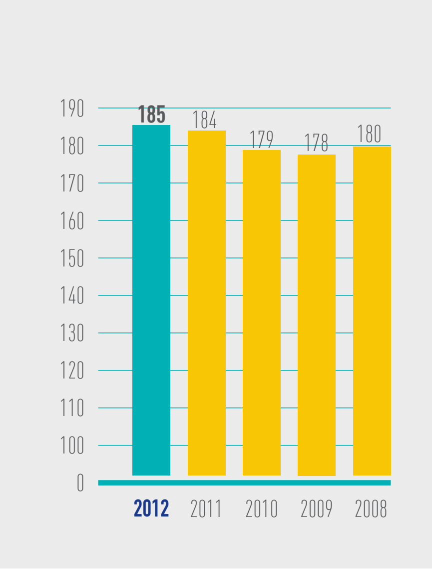
Fixed Assets (RM Million)



Net Tangible Assets (RM Million)

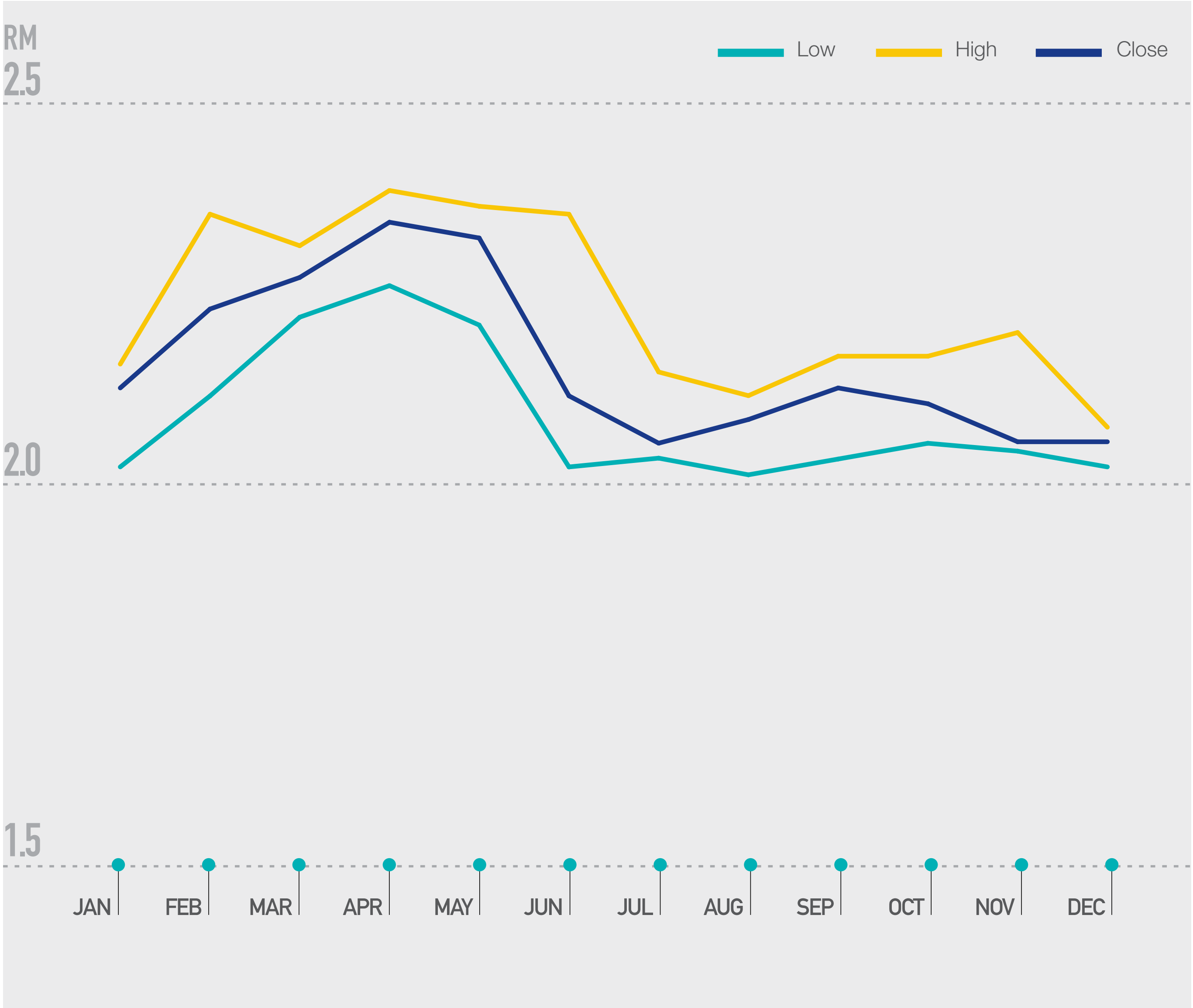


Shareholders' Equity (RM Million)



2012 SHARE PERFORMANCE STATISTICS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Low	2.02	2.11	2.21	2.25	2.20	2.02	2.03	2.01	2.03	2.05	2.04	2.02
High	2.15	2.34	2.30	2.37	2.35	2.34	2.14	2.11	2.16	2.16	2.19	2.07
Close	2.12	2.22	2.26	2.33	2.31	2.11	2.05	2.08	2.12	2.10	2.06	2.06



CHAIRMAN'S STATEMENT

"ON BEHALF OF THE BOARD, I WISH TO THANK ALL EMPLOYEES AND MANAGEMENT OF THE COMPANY AND ITS VARIOUS SUBSIDIARIES FOR THEIR SUPPORT."

DATUK WAN MOHAMED FUSIL
CHAIRMAN

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

BUSINESS ENVIRONMENT

Despite the gloomy outlook on the world economy caused by the debt crisis in Europe, the predominant sentiment at the beginning of the year was that the national economy would remain on track for sustained growth. This sentiment was borne out when Malaysia registered a GDP growth of 5.6% for 2012. This was mainly due to growth in private investments that came as a result of continued expansion of several mega projects.

Meanwhile, the local ICT industry registered RM8.3 billion* in hardware sales, RM2.7 billion* in software sales and RM4.9 billion* in services sales. While the government accounted for about 15% of the country's IT spending, in general, public sector spending experienced lower growth due to the on-going consolidation of the government's fiscal position. However, the government continued to drive the development of Malaysia's ICT sector by unveiling the Digital Malaysia Master Plan. Among the objectives of this Plan were to strengthen talent development within the ICT ecosystem as well as stimulate demand by consumers and businesses for ICT products and services.

FINANCIAL AND OPERATIONS OVERVIEW

Our financial results for 2012 did not compare favourably to previous years. While our revenue increased by 10% from RM298 million in 2011 to RM326 million, we experienced a drop in profits from RM21 million to RM16 million in 2012. This decrease of 26% has led to the Group registering net profit attributable to shareholders of RM10 million, with earnings per share of 16.12 sen. Our net cash position as at 31 December 2012 was at RM11 million.

Among other factors, our financial results were affected by the lack of growth in the public sector spending. This situation emphasised the importance of one of the strategies formulated at the start of our transformation programme; which was to expand our private sector or enterprise business so that we could achieve a balanced portfolio. We are happy to report that measures undertaken in response to this strategy are bearing fruit. Gross profit from enterprise business has grown approximately eight times since five years ago. We also made significant inroads into industry segments that were new to us such as oil and gas; as well as regained grounds in the financial services industry.

One of the measures undertaken to increase market penetration into enterprise business involved the creation of unique solutions and services. To this effect, two years ago we formed a technology visioning committee whose role was to advise on technology areas that would help improve customer business performance.

As previously reported, we ventured into Smart Developments, Business Analytics, Mobility, Network Operations Centre (NOC), and Cloud technology.

In venturing into these new areas, we made some bold moves and considerable investments in terms of human capital. The formation of CustomCodes Sdn. Bhd. as a subsidiary was one such move. CustomCodes started out as an application development division in the company. It evolved into a separate company because Mesiniaga was known more as a systems integrator. Therefore, in line with the direction to provide a unique value proposition to our customers, we wanted to develop a distinctive brand in application development which would expand our horizons further.

These new areas required us to invest and acquire skills which we did not own previously. As yet, our investments have not had the chance to mature fully. Since 2010, we have had several significant wins for our Smart Developments solutions and last year we were appointed as technology consultants to two major property developers. However, we are only beginning to enjoy some minor wins for NOC, Mobility and Cloud solutions. As a result, these investments have caused our profits to suffer a considerable drop, but we feel that these are worthwhile

** Source: Business Monitor International's Malaysia Information Technology Report Q1 2013*

CHAIRMAN'S STATEMENT

> **"THE OPPORTUNITIES FOR ENSURING CUSTOMER SUCCESS ARE VAST."**

investments because they will enable us to develop our own intellectual property, thereby allowing us to enjoy higher profit margins in the future.

Without a doubt, more effective productivity measures will help arrest some of the drop in profits, so we continued to utilise tools that would help us make better decisions. One of the measures undertaken last year was the Knowledge Management initiative. Its objectives were to identify and implement steps for knowledge creation, utilisation and application which will ultimately lead to productivity improvement. We have also begun to initiate plans to improve employee engagement as it has been shown to have an impact on productivity. Last year, we embarked on an initiative to measure our overall employee engagement score. This was meant to serve as a foundation on which we developed programmes to ensure that employees understand their role in improving company performance.

More stringent management of employee performance was another human resource exercise which we undertook last year. Towards the end of last year, we also implemented a partial hiring freeze, mainly in areas deemed as not crucial to business development and fulfilment. In the last four months of 2012, we managed to achieve about 2.5% drop in staff cost. We are continuing this measure in 2013 and hope that this will help manage the decline in profits.

CORPORATE RESPONSIBILITY

Good business ethics and strong integrity underpinned all engagements with our stakeholders. As with previous years, we continued all practices we had committed to under the Mesiniaga Care framework – more detailed information is provided further along in this report. Specifically for community relations, we continued to collaborate with the Ministry of Higher Education to be part of the work-based-learning programme. One of our social clubs – Kelab Islah dan Amal Mesiniaga (KIAM) - also made several visits and donations to the rural poor in Trong, Perak as part of our community service.

FUTURE OUTLOOK AND PROSPECTS

Malaysia's growth is expected to remain steady in 2013 with the services and manufacturing sectors as key contributors. Among others, the construction sector is also projected to remain strong. Owing to the facts that our customers come from a broad range of industries; and that the use of technology is pervasive in ensuring their success, it is to be expected that opportunities will always be present for us to capitalise on the nation's overall growth. Moreover, focus areas such as the development of a national cloud computing programme under the Digital Malaysia Plan should also drive further opportunities.

CHAIRMAN'S STATEMENT

However, external factors characterising 2012 as a challenging year are still present in 2013, especially within the first half of the year. The same can be said of internal factors. While we have no control over external factors and can only attempt to mitigate the effects, we are fully cognisant of the internal measures needed to improve company performance. By and large, these measures do not deviate from the stand we have taken in the past five years but we are fully committed to initiating further improvements in the weaker areas.

The opportunities for ensuring customer success are vast, and we strongly believe that with good execution of our plans, we will be able to offer differentiation and value to our customers.

DIVIDENDS

In line with the prior year, the Board of Directors have proposed a final gross dividend payment of 21 sen per share less income tax of 25%, subject to shareholders' approval at the upcoming 31st Annual General Meeting.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank my fellow directors for their valuable service and advice. On behalf of the Board, I wish to thank all employees and management of the company and its various subsidiaries for their support. I would also like to take this opportunity to congratulate our Managing Director, Fathil Ismail on receiving the Industry Excellence Award for ICT from the Kuala Lumpur Malay Chamber of Commerce. Finally, our appreciation goes to our shareholders, customers and business associates for their continued faith.

DATUK WAN MOHAMED FUSIL
CHAIRMAN

MANAGING DIRECTOR'S REPORT

"WE WILL CONTINUE TO INVEST IN AREAS THAT CAN DIFFERENTIATE US AS ONLY THESE CAN ULTIMATELY BE FINANCIALLY REWARDING."

FATHIL ISMAIL
MANAGING DIRECTOR

MANAGING DIRECTOR'S REPORT

Dear Valued Shareholders,

"The world did not end in 2012 as widely predicted. It was, however, more challenging than we anticipated. We were unable to capitalise on the momentum of recent years and our Profit Before Tax dropped to RM 16 million in 2012 from RM 21 million previously."

We managed a 10% revenue growth from RM 298 million to RM 326 million, and 5% Added Value growth from RM 118 million to RM 124 million. The apparent increase in business was the product of two events, a drop in business in one area that was offset by new business in another. We had to recruit people to deliver on the new business, but retained people in the areas where there was a drop in business. There was not enough time to scale down, and we anticipated the drop to be temporary. This had a negative impact on profit.

The drop in profit was also due to investments we made in new business areas as discussed below. We do not yet have enough business in these areas. We made the investments because we expect them to play an important role in the future. We believe that these were good decisions, and we must bear the gestation cost in order to achieve longer term success. This cost versus income gap exceeded RM4 million in 2012. We do not expect the costs to grow substantially in 2013 and we expect business that will allow us to narrow the gap or reverse it altogether.

We have always favoured organic growth over acquisitive growth. In pursuing organic growth, investments are mostly in people and this impacts immediate profits. We will, however, continue to invest in areas that can differentiate us as only these can ultimately be financially rewarding. It is clear to us that the industry is at an inflection point. Customers will leverage more and more on cloud and mobility. This has an obvious impact for systems integrators like us because customers will own less infrastructure, and devices supporting mobility will be different from those we support today. Growth in the traditional infrastructure integration area will grow slowly, and competitive pressures will continue to escalate.

We are developing an improved understanding of our customers and the impact that technology can have on their performance. This goes beyond our traditional role, often confined to the provision of technical skills. Our traditional services will continue, but there will be more situations where we offer richer and unique value propositions, consistent with our Mission of 'driving customer business success through technology and innovation'. The customers' need for success is permanent, and technology will continue to be a primary driver for this. The technologies themselves will evolve and we too must evolve with them. We are simplifying our Mission Statement to read 'Helping Customers Succeed', though the substance of our Mission remains the same.

MANAGING DIRECTOR'S REPORT

DRIVING IMPROVED CUSTOMER EXPERIENCE WILL ALLOW CUSTOMERS TO FAVOUR US OVER OUR COMPETITORS.

The following are our initiatives to differentiate us from our competitors:

1. Positioning proposals that address customer business needs. Such proposals will ultimately translate into technology based solutions. Our Concept Proposal Unit is responsible for this and presently 20% of our Added Value derives from such proposals. We had intended that this reach 30% by next year but it now seems that we will need more time. Margins in this area are measurably superior, and it has an impact on our customer relationships because we are expressing ambition for the customer.

2. Investing in technology areas that provide a better opportunity to differentiate. Areas such as Analytics, Infrastructure Management, Application Development and Strategic Outsourcing can substantially impact customer success, and there is scope for us to differentiate from competitors. We moved these operations into CustomCodes Sdn. Bhd. and Mesiniaga Alliances Sdn. Bhd., both wholly-owned subsidiaries. They are expected to deliver over 30% of our Added Value within five years.

3. Building new technology driven businesses such as our Smart Developments initiative. This is a unique proposition aimed at increasing the success of property developers by improving the experience offered to their customers. We are hopeful that such businesses will constitute 10% - 20% of our Added Value within the next three years.

4. Increasing the impact of our current services through stronger business outcome orientation. It may involve optimised solutions for certain industries or functions. Optimisation like this will allow us to win more in specific market spaces. As most of our existing staff is in these areas, it is important that we increase our differentiation here. Success in this area would signify that we have migrated a substantial part of our business into a more outcome oriented model.

MANAGING DIRECTOR'S REPORT

5. Driving improved customer experience will allow customers to favour us over our competitors. We measure the degree of preference we enjoy and this was 68% for 2012. This represents a drop from the 74% we recorded in 2011, but we expect to reach and exceed this level in 2013. We are embarking on more challenging projects, and this sometimes involves a learning curve.

We are also more receptive now to pursuing new financial models that allow customers to pay based on utilisation, and maybe even results. It is clear that more and more business is being done this way instead of traditional tender based models. It allows customers to avoid capital expenditure. Unwillingness to do this may result in diminishing relevance. Size could give us an advantage in working with these types of models. We will, however, remain prudent in the amount of risk we assume.

Though market conditions are not ideal, we are targeting improved financial performance for 2013. We think that our newer initiatives can provide the growth in profits that we seek. Though our 2012 performance was below expectations, I assure you that we have continued to push through with our longer term agenda of differentiation. There is still much scope for improvement, and we shall persevere with our efforts to do so in 2013.

I thank our employees and customers for their loyalty, and our shareholders for your patience.

FATHIL ISMAIL
MANAGING DIRECTOR

CORPORATE PROFILE

- **Incorporated on 17 December 1981**
- **Paid up capital of RM60.4 million**
- **Listed on Bursa Securities (Main Market) on 17 November 1999**
- **Headquarters - Subang Jaya; Branches – Pulau Pinang and Johor Bahru**
- **41 nationwide service locations**
- **Staff strength of more than 1,000 employees**
- **Leading Partnership Status:**
  - IBM Premier Partner
  - Microsoft Gold Partner
  - Cisco Gold Partner
  - Symantec Platinum Partner
  - Juniper Elite Partner
  - Trend Micro Affinity Platinum Partner
  - VMware Enterprise Partner
  - Oracle Gold Partner
  - HP Gold Partner
  - APC (Schneider Electric) Elite Partner
  - Hitachi Data Systems Gold Partner

Mesiniaga has been in the technology business for the past three decades. We started out as a company selling IBM office products and have now evolved into a multi-platform business solutions provider with a paid-up capital of RM60.4 million. Within the last 30 years, the technology landscape has changed tremendously. New trends have emerged resulting in a sea of change in the way companies do business. Across the board, companies these days are constantly on the lookout for solutions that will give them an edge over their competition. As such, we are constantly striving for ways to provide our customers with an experience that will allow them to achieve their business objectives.

MESINIAGA SOLUTIONS MAP

BUILD

We build reliable and scalable ICT systems for any businesses. Regardless of the requirements, we deliver the building blocks needed for a solid ICT infratructure.

MANAGE

We provide solutions that allow businesses to measure system performance. The solutions monitor and align system processes to resources thereby ensuring optimum performance and availability of ICT infrastructure.

PROTECT

We safeguard businesses from both external and internal ICT threats thereby ensuring system security for smooth business flow and peace of mind.

CORPORATE PROFILE

This is why we have made it our Mission to Help Customers Succeed. In order to fulfil our Mission, it is imperative that we understand their environment and challenges. While we will continue to leverage on our strong partnerships with globally renowned partners to provide customers with innovative technology, we view technology merely as an enabler in improving their business performance. Our main aim is to enhance our value proposition by maximising the returns on their IT investments.

Another important element in enhancing customer experience is in the management of customer satisfaction. To this effect, we have implemented multiple initiatives that are aimed at improving service delivery and our understanding of customer needs. Our people are already acknowledged as having superior technical skills, mainly because we actively encourage them to pursue or upgrade their professional certifications. They also undergo numerous soft skills training sessions in order to improve their understanding of customer requirements and how best to meet them. The end objective of these initiatives is to give our customers the least possible worry in their dealings with the company.

We believe that the strategies implemented for driving customer business performance and enhancing customer satisfaction will ultimately translate into improving our own business performance. This will allow us to reward our shareholders for their faith in us. In order to fulfil this promise, we have also made a commitment to improve our productivity yield. We are now a company of more than 1,000 employees. We have invested significantly in developing measurements over our resource utilisation because it is imperative that all our resources are employed to their most optimum potential.

All of these efforts are undertaken to ensure that Mesiniaga remains a force to be reckoned with in the IT industry.

ACCELERATE

We offer a suite of cutting-edge solutions to provide businesses with a competitive edge that will maximise business potential.

ADVISE

We provide strategic consultation and conceptualisation throughout the ICT architecture ensuring that systems achieve the best fit with organisational requirements.

SUPPORT

We extend continuous technical assistance, maintenance and coverage throughout the entire ICT architecture.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- DATUK WAN MOHAMED FUSIL
  (Chairman and Executive Director)
- FATHIL ISMAIL
  (Managing Director)
- MOHD PUZI AHAMAD
- VOON SENG CHUAN
- ABDUL TALIB BABA
- WONG FOOK HON
- DATO' AB RASHID MAT ADAM
- IR. DR. MUHAMAD FUAD ABDULLAH

NOMINATION AND REMUNERATION COMMITTEE

VOON SENG CHUAN *(Chairperson)*

WONG FOOK HON

IR. DR. MUHAMAD FUAD ABDULLAH

AUDIT AND RISK MANAGEMENT COMMITTEE

ABDUL TALIB BABA *(Chairperson)*

WONG FOOK HON

DATO' AB RASHID MAT ADAM

INVESTMENT COMMITTEE

VOON SENG CHUN *(Chairperson)*

MOHD PUZI AHAMAD

WONG FOOK HON

FATHIL ISMAIL

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

PRICEWATERHOUSECOOPERS
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel : 03-2173 1188
Fax : 03-2173 1288

PRINCIPAL BANKERS

CITIBANK BERHAD

STANDARD CHARTERED BANK (MALAYSIA) BERHAD

MAYBANK BERHAD

HSBC AMANAH MALAYSIA BERHAD

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8008

STOCK EXCHANGE LISTING

Main Market of BURSA SECURITIES

CORPORATE STRUCTURE

Mesiniaga

100% | MESINIAGA SERVICES SDN. BHD.
Provision of maintenance and managed services.

100% | MESINIAGA ALLIANCES SDN. BHD.
Provision of strategic IT outsourcing services.

100% | MESINIAGA MSC SDN. BHD.
Provision of solution services and technology, research and development.

100% | CUSTOMCODES SDN. BHD.
Provision of design, development and implementation of business solutions related to business intelligence, business analytics, customised applications and software products.

100% | MESINIAGA TECHNIQUES SDN. BHD.
Under members' voluntary winding-up.

100% | MESINIAGA SSO SDN. BHD.
Under members' voluntary winding-up.

51% | VA DYNAMICS SDN. BHD.
Sale of networking cables and related products.

BOARD OF DIRECTORS

DATUK WAN MOHAMED FUSIL, DMSM, 62
CHAIRMAN AND EXECUTIVE DIRECTOR

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 founding 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).

FATHIL ISMAIL, 49
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 subsequently 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).

BOARD OF DIRECTORS

MOHD PUZI AHAMAD, RA (M), FCCA, 60
CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR

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).

VOON SENG CHUAN, 54
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. Since then, he held several key local and regional positions such as Country Brand Manager; General Manager for Channels Management, IBM ASEAN/South Asia; and Vice President for Business Partners, Sales and Marketing for IBM Asia Pacific. In January 2000, he became Managing Director of IBM Malaysia and Brunei. After which, he was assigned to IBM Asia Pacific headquarters to handle their headquarters organisation restructuring. His last role before retiring in 2010 was as Director for Mid-Market and Strategy for Asia Pacific. Voon holds a Bachelor of Science degree in Mathematics from Universiti Malaya.

BOARD OF DIRECTORS

DATO' AB RASHID MAT ADAM, DIMP, 63
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 in International Relations from Universiti Malaya and a Masters in Public Administration from University of Southern California.

IR. DR. MUHAMAD FUAD ABDULLAH, 60
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Ir. Dr. Muhamad Fuad Abdullah was appointed to the Board on 16 July 2010. He began his career in 1977 as an Electrical Engineer in the Malaysian Public Works Department. After spending six years in the technical area, he took on the position of Engineering Logistics Manager in Uniphone Sdn. Bhd. He then served as a tutor in Universiti Kebangsaan Malaysia (UKM) in 1992 and thereafter became the Vice President in Kolej UNITI in 1996. He was also the Managing Director of Five-H Associates Sdn Bhd. and CEO of Kausar Corporation Sdn Bhd. He is now the owner of Muhamad Fuad Consulting and a Director in MIDF Berhad, MIDF Property Berhad, Institut Kefahaman Islam Malaysia, Sime Darby Berhad and Sime Darby Property Berhad. He is a Fellow of the Institution of Engineers Malaysia and an Accredited Mediator, Construction Industry Development Board (CIDB) Malaysia. Ir. Dr. Muhamad Fuad holds a Bachelor of Science in Electrical Engineering and an M.Phil in Electrical Engineering from University of Southampton. He also holds a Bachelor of Arts (Jayyid) in Syariah from Jordan University and a Ph.D in Muslim Civilisation from University of Aberdeen.

BOARD OF DIRECTORS

ABDUL TALIB BABA, RA (M), FCCA, 67
INDEPENDENT NON-EXECUTIVE DIRECTOR

Abdul Talib bin Baba was appointed to the Board on 21 August 2007. Abdul Talib is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and is 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 and subsequently served in Petronas Penapisan Sdn. Bhd. and Petronas Mitco Sdn. Bhd. He retired from Petronas in October 1999. Currently Abdul Talib is also sitting on the board of PFCE Berhad and Emas Kiara Industries Berhad.

WONG FOOK HON, 69
INDEPENDENT NON-EXECUTIVE DIRECTOR

Wong Fook Hoon 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.

All Board Members are Malaysian citizens. All Board Members have no other relationship among themselves or with any of the substantial shareholders of the Company except for Fathil 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 of anything other than traffic offences within the past 10 years. Other than the Directorship positions held by Abdul Talib Baba and Ir. Dr. Muhamad Fuad Abdullah in other public companies as stated in their profiles, all of 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.

SENIOR MANAGEMENT TEAM

SENIOR MANAGEMENT TEAM

1. DATUK WAN MOHAMED FUSIL, DMSM
CHAIRMAN

Refer to profile on Board of Directors page.

2. FATHIL ISMAIL
MANAGING DIRECTOR

Refer to profile on Board of Directors page.

3. MOHD PUZI AHAMAD, RA (M), FCCA
CHIEF FINANCIAL OFFICER

Refer to profile on Board of Directors page.

4. 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. He 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 for Network Services and 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.

5. YEOW DAW SWEE
DIRECTOR OF SOLUTIONS, SERVICES AND TECHNOLOGY (SST)

Yeow Daw Swee started his career in 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 for Services in 1997, responsible for the Technical Support and Services Business unit. He was then appointed as Director of 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 Region.

6. NORDIN MAT ISA
DIRECTOR OF SALES, TELCO AND PUBLIC SECTOR BUSINESS

Nordin Mat Isa joined Mesiniaga in 2008 as Head of Public Sector Business. Within two years, he successfully led his team to expand the scope of public sector sales and increase its revenue. He was subsequently further entrusted with the Telco Sales portfolio and in December 2010, he became the Director of Sales for Telco and Public Sector Business. Prior to joining Mesiniaga, he was the Head of Public Sector Sales in Hewlett Packard Malaysia Sdn Bhd. Nordin has had 20 years of experience in the corporate world and graduated with a Bachelor in Computer Science, Mathematics and Statistics from Australian National University.

7. EFFENDI AZMI HASHIM
DIRECTOR OF SALES, ENTERPRISE BUSINESS

Effendi Azmi Hashim's involvement in the company began in 2005 when he was appointed as consultant for the Office of Strategic Initiatives. He was previously in iPerintis Sdn Bhd, the IT Outsourcing arm of Petronas Berhad. He also has extensive management consulting experience especially in formulating growth strategies and business development initiatives for various multinationals and government ministries. His background made him the ideal candidate for the dual post of General Manager for Strategy, Technology and Innovation and General Manager for GLC Sales when he became an employee of Mesiniaga in 2008. Thereafter he was appointed as Director of Sales for Enterprise Business in December 2010. An MIM Young Manager of the Year in 2008, Effendi holds a Masters in International and Comparative Corporate Law from London.

SENIOR MANAGEMENT TEAM

8. SAFARUDDIN JAIS, CA (M), ACMA
GENERAL MANAGER, FINANCE AND CORPORATE SERVICES

Safaruddin Jais has had a long-standing career with Mesiniaga starting with his first job as Accounts Assistant Trainee in 1985. Within the space of ten years, he climbed up the ranks to become Accounting Services Manager. After four years in this position, his scope of responsibility was increased and he was appointed as the General Manager for Finance and Corporate Services responsible for the organisation's entire financial operations. He is an Associate Member of the Chartered Institute of Management Accountant (CIMA) and a member of the Malaysian Institute of Accountants (MIA). Safaruddin graduated with a Diploma in Accountancy from ITM (now known as UiTM).

9. PATRICIA CHAN
GENERAL MANAGER, SOLUTIONS INTEGRATION AND INTERNAL SYSTEMS HEAD, CUSTOMCODES SDN. BHD.

Patricia has been with Mesiniaga since 1989 when she first became a Trainee Programmer Analyst. After nine years of serving as a programmer analyst and subsequently a systems analyst, she took on the post of Development Services Manager in 1998. From then on, she has held various managerial positions including for Sales Support, Implementation Services, Systems Integration and Solutions Integration. In December 2010, she was promoted to General Manager in charge of an extensive portfolio comprising Solutions Integration, Internal Systems and Application Development. She was also appointed as Head of CustomCodes, a subsidiary of Mesiniaga, in May 2012. Patricia graduated with a Bachelor in Computer Science from Universiti Sains Malaysia.

10. SITI NOORBAYA MD. YUSOF
MANAGER, HUMAN RESOURCE

Siti Noorbaya joined Mesiniaga in 2000 as a graduate trainee. She began her career in the company as a Systems Engineer in Maintenance and Managed Services (MMS), which was then known as Customer Service Division, for nine years. Her leadership ability in handling maintenance services for public sector accounts was evident and she was made a Service Manager in 2010. Two years later, she was given the opportunity to expand her skills by joining the Human Resource department as a Recruitment Manager. Her responsibilities grew when she was appointed as the Head of Human Resource in 2013. Noorbaya graduated with a Bachelor in Computer Systems Engineering from University of Manchester Institute of Science & Technology.

SENIOR MANAGEMENT TEAM

11. WILLIAM CHAU

GENERAL MANAGER, APPLIED TECHNOLOGY AND INNOVATION
HEAD, MESINIAGA ALLIANCES SDN. BHD.

William Chau joined Mesiniaga in 2009 as Head of Applied Technology and Innovation. His responsibility is to spearhead the Concept Proposal Unit aimed at promoting value creation to customers' business. He was also instrumental in spearheading the Smart Developments initiative where innovative technology is applied to create new generation of connected services in smart townships and cities. Today, he also heads the strategic outsourcing arm, Mesiniaga Alliances Sdn. Bhd. (MASB). Prior to joining Mesiniaga, William served as Head of Technology Services for iPerintis Sdn. Bhd. One of the recipients of the 2011 MIM Public Bank Manager of the Year Award, William graduated with a Bachelor in Mathematics, Computer Science Information Systems from University of Waterloo and holds an MBA from University of Leicester.

12. NUR HARYATI HISHAM

GENERAL MANAGER, MAINTENANCE AND MANAGED SERVICES (MMS)

Nur Haryati first joined Mesiniaga in 1997 as a Graduate Trainee in the Mesiniaga Entry Level Trainee (ELT) program. After which, she served as an Application Engineer for seven years. In 2004, she became one of Mesiniaga's youngest managers when she was promoted to Information Systems Manager. Three years later, she took up a new challenge as the Human Resource Manager responsible for aligning the company's human capital requirements to its business strategy. Starting from February 2013, she became the General Manager of Maintenance and Managed Services and has been given a new portfolio in managing customer support operations. Nur Haryati graduated with a Bachelor in Business and Management Studies from the University of Salford and holds an MBA from Universiti Malaya.

AWARDS AND PARTNERSHIP STATUS

We received many recognitions in 2012. A major highlight was when our Managing Director, Fathil Ismail, was honoured with the Kuala Lumpur Malay Chamber of Commerce 2012 Malaysia Business Awards for Industry Excellence in the ICT Sector. He also received the HP C.E.O. Award 2012 in the Gold category.

Apart from these two achievements, we were proud to have received other significant awards below:

1. Symantec Top Government Partner of the Year 2012
2. IBM Social Business – Business Partner of the Year 2011 Malaysia Award
3. IBM Authorised Software Value Plus Partner 2012
4. IBM Authorised Software Value Plus Partner 2013
5. HP Million Dollar (USD) Club Award 2012
6. HP Top Gold Partner Award 2012 for Industry Standards Servers
7. HP Top Gold Partner Award 2012 for Business Critical Systems
8. HP Top Gold Partner Award 2012 for Storage Division
9. HP Top Gold Partner Award 2012 for Technology Services
10. ECS One Million Dollar Club Award 2012
11. Hitachi Data Systems Outstanding Achievement Award 2012
12. Cisco Public Sector Partner of the Year 2012
13. IBM Software Group Valued Partner 2012

COMPANY EVENTS

1. 2012 YEAR START KICK-OFF MEETING

We held a Kick-Off meeting in Klang Valley and Penang at the beginning of the year to update employees on company performance and direction for the year. The events, held at Grand Dorsett Subang Hotel on 16 February 2012 and at E&O Hotel Penang on 20 February 2012, also gave recognition to our long-service employees and high performers who received awards in appreciation of their contributions to the company.

2. 30TH ANNIVERSARY DINNER

2012 marked 30 years since Mesiniaga was formed. There had been vast growth and many achievements within the company in these 30 years, and a grand dinner event was held at Sunway Resort Hotel & Spa on 12 May 2012 to celebrate the occasion with performances, awards presentation and lucky draw sessions.

3. FIRST TOWN HALL MEETING

In an effort to provide a platform for two-way communication between employees and management, we ran our first Town Hall meeting on 2 October 2012. Based on the large turnout of this first meeting at the Auditorium Ismail Sulaiman, we will be organising the Town Hall sessions on a quarterly basis.

COMPANY EVENTS

4. EMPLOYEE APPRECIATION LUNCHES

We organised lunch events to appreciate employees who displayed outstanding work performance. During the events, we presented letters of appreciation to the employees in recognition of their commendable effort.

5. MESINIAGA 30TH ANNUAL GENERAL MEETING (AGM)

Our 30th AGM was held on 13 June 2012 at Auditorium Ismail Sulaiman, Menara Mesiniaga. It was attended by all members of the Board and more than 100 shareholders and proxies.

6. MODERNISING DESKTOPS SEMINAR

We organised a seminar aimed at providing knowledge on how virtualisation can provide a modern desktop environment that is highly flexible, easy to manage, customisable to users' needs and ready for new and future technology. The event was held on 17 July 2012 at One World Hotel.

COMPANY EVENTS

7.

8.

7. SAFEGUARDING YOUR PERSONAL DATA SEMINAR

Together with Symantec, we organised this seminar to spread awareness on complying with the Personal Data Protection Act and the importance of ensuring privacy of customer data. The event was held on 12 September 2012 at The Gardens Hotel & Residences.

8. MOVING AHEAD WITH MOBILITY SEMINAR

We organised a seminar on mobility to showcase how mobility solutions can add value to an organisation's business by increasing productivity and revenue gains. The half-day event was held on 18 October 2012 at Sime Darby Convention Centre.

9. MDEC IT DAY

This event was organised for MDeC to celebrate the various aspects of IT in our lives. The highlights of the day included talks by prominent local names, exhibition booths by technology brands and games area. It was held on 7 December 2012 at MDeC's headquarters in Cyberjaya.

COMPANY EVENTS

10. JUNIPER TECHNOLOGY UPDATE FOR AGROBANK

We introduced the latest technology offerings by Juniper in relation to financial industry transformation and data centre trends and architecture to Agrobank. This casual-themed event was held on 17 July 2012 at Galactic Laser, Mid Valley Megamall.

11. MANAGING DIRECTOR RECEIVED INDUSTRIAL EXCELLENCE AWARD

Our Managing Director, Fathil Ismail, was honoured with the Kuala Lumpur Malay Chamber of Commerce 2012 Malaysia Business Awards for Industry Excellence in the ICT Sector. The award was presented to individuals who have achieved outstanding success in their respective industries and have demonstrated excellence in their business practices. He also received the HP C.E.O. Award 2012 in the Gold category, which honoured individuals who have demonstrated growth in enterprise group performance.

CORPORATE RESPONSIBILITY

CARE FRAMEWORK

Investors
Ensure good corporate governance through compliance, transparency and accountability.

Partners
Promote good business conduct by effecting fair and ethical transactions.

Employees
Create an environment which is conducive to employee wellbeing, career development and productivity.

Environment
Minimise impact to the environment through green efforts and technology.

Customers
Enhance customer experience by understanding their needs, keeping promises and delivering value.

CORPORATE RESPONSIBILITY

We view Corporate Responsibility (CR) activities as strategic tasks that will integrate our business and employees with the surrounding community and environment, while creating sustainable value for the company and all our stakeholders. This is in line with the Mesiniaga CARE framework which is reflective of our long-term commitment to sustainable development.

CORPORATE RESPONSIBILITY

PROMOTING BUSINESS ETHICS AND BEST PRACTICES

We are committed to conducting our business with integrity. Our statement on Corporate Governance also makes clear our commitment in complying with all other regulatory requirements. As a complement to this, we have the Mesiniaga Business Conduct Guidelines – a stated policy in the Employee e-Handbook, serving as a reference to employees in their daily conduct. The guidelines cover areas of personal conduct, fairness in business, relationship with other organisations, use and dissemination of proprietary and confidential information; and fraud. Our commitment to ethical and best practices is further evident as we continue to maintain our ISO 9001:2008 accreditation. We also remain committed in supporting the use of genuine software and instituting good software asset management practices.

ENSURING WORK-LIFE BALANCE

We are committed to promoting work life balance to our employees. As such, our office premises are equipped with facilities such as a swimming pool, recreational room and nursing room facilities. Employees play miniature golf, pool, video games and darts, or use the massage chairs available in the Chill8 recreational area. We subsidise a portion of our employees' aerobics classes and external gym membership. Table tennis, futsal and badminton matches are held weekly, fully-funded by the company.

The Mesiniaga Sports and Recreational Club (MSRC) and the Penang Recreational Club (PRC) are also on hand to organise a range of fun and social activities. Among our yearly activities are the Mesiniaga Health Week and Finance Week, where our employees can benefit from health and finance advice.

CORPORATE RESPONSIBILITY

CREATING A HEALTHY AND SAFE WORKING ENVIRONMENT

We also proactively cultivate and maintain a safe and healthy environment through company policies, commitment from top management and organised activities. Examples of safety related policies include the Health and Safety Policy, Fire Safety Policy, Smoking Policy, First Aid Policy and Infectious Diseases Outbreak Policy. The Human Resources Department together with our Emergency Management Team (EMT) monitor the enforcement of these policies.

In 2012, we continued to execute various health and safety-related activities as a follow through from these policies. These activities included the Mesiniaga Health Week campaign where we invited medical service providers to hold talks and perform health checks within the office premises.

ENCOURAGING INNOVATION, CELEBRATING DIVERSITY.

Our employees are our most important asset so we value their opinions and ideas. We practise an open door policy and we have in place an employee ideas programme to encourage innovation and idea sharing from our employees. Employees are also provided with the opportunity to explore new areas through internal transfers or enhance their current careers through the Accelerated Development Programme which is not only aimed at enhancing employee development, but also acts as an added assurance for a succession of dynamic future leaders.

In 2012, we held our very first town hall meeting, providing an opportunity for an open dialogue session between employees and the senior management. The town hall meeting allows the senior management to be more accessible and responsive to employee concerns and feedback. Not only that, the town hall meeting also leads to greater employee understanding of our business direction and goals. Another avenue for employee engagement was the Breakfast with Managing Director sessions. Each session provides an opportunity for direct engagement with our Managing Director and involves a small group of employees at a time, allowing for a more meaningful and informative engagement.

We also offer our employees a wide range of courses for professional certifications, soft skills and technical skills. Employees also enjoy partial tuition fees reimbursement when they enrol for courses in tertiary institutions. In 2012, we invested up to 2.9% of our total staff cost for training and skills development purposes.

Significant investments in developing talents will be meaningless unless coupled with a thriving working environment. We believe that workplace diversity can contribute positively to creating such an environment. With this, we remain committed to providing equal opportunities regardless of race, gender or religious background. As of December 2012, we have more than 1,000 employees, out of which 78% are Malays, 16% are Chinese, 4% are Indians and 2% are from other ethnic groups. 36% of our employees are female.

Apart from workplace diversity, we also provide both defined contribution and benefits plans. Defined contributions plan are EPF contributions for all employees and defined benefit plans are retirement plans that apply to 15% of permanent employees. In 2012, this retirement plan amounted to RM514,000. Other fringe benefits include health, accident and life insurance; medical, dental and maternity expenses; as well as car and housing loan interest subsidies. On top of this, deserving employees are regularly given due recognition through various ways such as Appreciation Lunches and Merit Awards. A total of 1% of staff cost was spent for employee recognition programmes.

CORPORATE RESPONSIBILITY

ENHANCING CUSTOMER EXPERIENCE

We continuously monitor our customer satisfaction levels by conducting annual surveys as we believe that customer satisfaction is the key to achieving a sustainable competitive advantage. For 2012, we achieved a score of 68% in our Customer Preference Index (CPI) score. Our Customer Service Improvement (CSI) Executive continues to works with various internal groups and customers to ensure prompt resolution of issues as well as facilitates the changes needed to increase our customer satisfaction level. Our target is to achieve a score of 80% in 2013.

Deserving employees are also recognised as Customer Satisfaction Champions. These champions are employees who receive commendations from customers on their outstanding performance.

CARING FOR THE COMMUNITY

The main objective of our community CR programmes is to address issues contributing to graduate unemployment in Malaysia. Our on-going effort in this area is the successful continuation of the Mesiniaga Academy programme where we equip college students with marketable and relevant practical work experiences. Our employees are also on-hand to share their invaluable work-life experiences with visiting college students. These career visits have proven to be an effective way for students to gain a deeper understanding of what is required of them when they join the workforce.

Another initiative is the development of an interactive learning CD, our collaboration with P.S. The Children, an NGO that educates adults and children on the prevention of child sexual abuse. This CD is targeted at primary school children and will teach them personal safety skills. The development of the CD is targeted to be completed in mid-2013.

Last year, we also extended our efforts in giving back to the community by improving the well-being of the poor community in Trong, Perak. Our employees banded together to bring positive change to the lives of many poor families in Trong. Through their dedicated efforts, we were able to raise funds for the purchase of essential items for the community there.

CARING FOR THE ENVIRONMENT

Even though our company's impact on the environment is relatively low, this does not stop us from being responsible towards the environment. Our office buildings, Menara Mesiniaga and Mutiara Mesiniaga are renowned for their green features. Both buildings are bioclimatic in design in order to minimise their impact on the environment.

We have also embraced other green concepts which included the virtualisation of our servers and switching to energy efficient light bulbs, validating our commitment in reducing energy consumption.

We continue our collaboration with property developers to build sustainable cities. Our involvement will help pave the way in promoting technology as a core element in sustainable living.

On 31 March 2012, we supported the global Earth Hour movement for the fourth time by switching off lights for one hour. We also continue our practice of recycling items such as non-confidential documents, newspapers, peripherals, cardboards and unused or old computer equipment.

STATEMENT OF CORPORATE GOVERNANCE

CODE

The Board in its pursuit of discharging their roles and responsibilities to protect and enhance shareholder value and the financial performance of the Company recognises and commits towards adhering to the requirements and guidelines as per the Malaysian Code on Corporate Governance 2012 ("the Code").

The Board of Directors is of the view that it has satisfied the major recommendations in the Code. A key outstanding recommendation is one that requires the board to comprise a majority of independent directors where the chairman of the board is not an independent director.

The company will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders.

The following is a summary of the Company's practice of the Code on Corporate Governance:

THE BOARD OF DIRECTORS

The Board is entrusted and duly committed to lead and oversee 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 for 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 2012, the Board of Directors met four times. Details of the meetings are as follows:

	10 Apr 2012	13 Jun 2012	24 Sep 2012	3 Dec 2012
DATUK WAN MOHAMED FUSIL WAN MAHMOOD	Y	Y	Y	Y
MOHD PUZI AHAMAD	Y	Y	Y	Y
VOON SENG CHUAN	Y	Y	Y	Y
FATHIL SULAIMAN ISMAIL	Y	Y	Y	Y
ABD TALIB BABA	Y	Y	Y	Y
WONG FOOK HON	Y	Y	Y	Y
DATO' AB RASHID MAT ADAM	Y	Y	Y	Y
IR. DR. MUHAMAD FUAD ABDULLAH	Y	Y	Y	Y

Key: **Y** - Attended

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

Board Balance

As at 3 April 2013, the Board consists of three (3) Executive Directors and five (5) Non-Executive Directors, four (4) of whom are Independent Non-Executive Directors.

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

		%
Executive Directors	3	37.5
Non-Independent Non-Executive Directors	1	12.5
Independent Non-Executive Directors	4	50.0

The composition, though complies with the listing requirements of Bursa Securities, which requires that at least one third of the Board should comprise independent directors, does not satisfy Recommendation 3.5 of the Code which stipulates that the Board must comprise a majority of independent directors where the chairman of the Board is not an Independent Director.

The existing 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 18 to 21.

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.

Re-election

In accordance with the Company's Articles of Association, all Directors are to retire from office at least once every three years but shall be eligible for re-elections.

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

Commitment of Directors

All Board members commit to attend all Board meetings. This was evidenced by the full attendance of all Board members at Board meetings held in Year 2012.

The Board is notified whenever any of its members are to accept any new directorships elsewhere.

DIRECTORS' REMUNERATION

The Executive Directors remuneration is determined by the Nomination and Remuneration Committee, which is headed by Voon Seng Chuan who is a Senior Independent Director. 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	1,522,960	0	317,787	NIL	0	499,734	2,340,481
Non-Executive Directors	0	187,500	0	0	0	8,000	195,500

Directors' Remuneration in Bands

	No. of Executive Directors	No. of Non-Executive Directors
Below RM50,000	0	5
RM600,000 to RM650,000	2	0
RM1,100,000 to RM1,150,000	1	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. The chairmanship of the various Board committees are in compliance with the Code.

STATEMENT OF CORPORATE GOVERNANCE

SHAREHOLDERS

Dialogue between the Company and Investors

The Managing Director provides updates on Company performance to analysts 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.

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 financial information for disclosure.

The Statement of Directors Responsibility pursuant to Section 169 of the Companies Act, 1965 is set out on page 40 of this Annual Report. The signed statement by Fathil Sulaiman Ismail and Mohd Puzi Ahamad is duly incorporated into the Company's audited financial statements for year ending 2012 as set out on page 52 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 while the Risk Management Committee coordinates the implementation of a group-wide risk management programme. The Company will continually review the adequacy and integrity of its system of internal control. Among others, input and recommendations from the external auditors would form as basis for any improvement to be made on its adequacy and integrity of its system of internal control.

RELATIONSHIP WITH AUDITORS

The role of the Audit and Risk Management Committee is as stated on pages 43 to 45. Through the Audit and Risk Management 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 statements of comprehensive income and cash flows of the Company for the financial year.

In preparing the financial statements of the Company for the year ended 31 December 2012, the Directors have ensured that 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 as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility to ensure 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 ON RISK MANAGEMENT AND INTERNAL CONTROL

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

A Risk Management Committee was established to coordinate the implementation of a group-wide risk management programme for the Group. The objective is to formalise the identification of principal risks affecting the achievement of the Group's business objectives and allow for a more structured and focused approach in managing the Group's significant business risks and enable the Group to effectively adopt a risk-based internal control system that is embedded within the Group.

The Risk Management Committee's terms of reference are as follows:

- Coordinate with relevant business units to identify key risk exposures of the Group;
- Compile key risk profile and ensure the risk control systems are in place to manage such risks; and
- Prepare Group risk management reports with recommendations to improve the current risk management system to further strengthen the integrity of the internal control mechanism.

Group-wide risk management is an on-going process to ensure a more coordinated and consistent approach in managing the Group's significant risk exposures. The information provided by the Risk Management Committee is reviewed by the Senior Management as part of the periodical business performance process. Starting Year 2013, the risk management programme would be subject to reviews by the Audit and Risk Management Committee for and on behalf of the Board. The Audit and Risk Management Committee would in turn escalate to the Board any matter requiring the Board's attention and resolution.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Additionally and separately, the Internal Audit Department performs on-going reviews of processes and activities within the Company in accordance to an internal audit plan based on the areas of significant risk exposure to the company and as approved by the Audit and Risk Management Committee. The internal audit reports provide independent assurance and assessment of the effectiveness and soundness of internal control mechanisms that are in place. All findings are reported to the Audit and Risk Management Committee and recommended actions are placed upon the respective management for implementation. Such process has been in place during the financial year ended 31 December 2012 and is an on-going process for the Company.

As assured by its Managing Director and the Chief Financial Officer during the Board Meeting dated 9 April 2013, based on the Risk Management framework adopted by the Company and presented by the Risk Management Committee to the Senior Management, the Board is of the view that the established framework of Risk Management system is currently adequate and effective. Additionally and separately, the Board is also of the view that the Internal Control system is currently adequate and effective based on the established Internal Control framework as reported to the Audit and Risk Management Committee of the Board. The Board remains committed in ensuring a sound system of risk management and internal control and therefore recognises that the systems must continuously evolve to support growth and will take any appropriate action plans, when necessary, to further enhance the Company's system of risk management and internal control.

The Company strives to continually improve the processes in place and will further enhance these practices based on the recommendations of Malaysian Code on Corporate Governance 2012 and the recently issued guidelines for Public Listed Issuers to comply with the statement on Risk Management and Internal Controls ("Guidelines"). In view of the Guidelines, the Board in 2013 will review the current systems in the Company, including the assurance process to strengthen the internal controls and risk management in the Company.

The above internal control framework does not cover associate companies.

BOARD OF DIRECTORS
MESINIAGA BERHAD

AUDIT AND RISK MANAGEMENT COMMITTEE

CHAIRPERSON

ABD TALIB BABA
Independent Non-Executive Director

MEMBERS

WONG FOOK HON
Independent Non-Executive Director

DATO' AB RASHID MAT ADAM
Independent Non-Executive Director

SECRETARY

ZINNIRAH BINTI ABBAS
Internal Audit Manager

TERMS OF REFERENCE FOR THE AUDIT AND RISK MANAGEMENT COMMITTEE

Size and Composition

The Committee shall be appointed by the Board of Directors of Mesiniaga from amongst their members and shall consist of not less than 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 Chairperson of the Committee shall be an Independent Director.

AUDIT AND RISK MANAGEMENT COMMITTEE

Frequency of Meetings

Meetings shall be held not less than four times a year and 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. Minutes of meetings shall be recorded.

Purpose of the Committee

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

Functions and Duties

The functions and duties of the Audit and Risk Management Committee are:

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

Meetings Held

	23 February 2012	10 April 2012	15 May 2012	15 August 2012	22 November 2012
ABD TALIB BABA	Y	Y	Y	Y	Y
WONG FOOK HON	Y	Y	Y	Y	Y
DATO AB RASHID MAT ADAM	Y	Y	Y	Y	Y

Key: **Y** - Attended

AUDIT AND RISK MANAGEMENT COMMITTEE

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 for adoption of yearly financial results.
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 reports on audits carried out.
4. Maintain effective audit programmes.
5. Prepare Audit Committee meeting reports for review.
6. Perform secretarial functions to the Audit Committee.
7. Provide full cooperation to the external auditors in carrying out their audit.
8. Perform any other functions as instructed by the Audit Committee and the Board of Directors.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

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 2012 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 RM43,000 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 2012.

EMPLOYEE SHARE OPTION SCHEME

The Company did not implement any employee share options scheme in the Financial Year 2012.

CONTENTS

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 2012.

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 14 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Equity holders of the Company	9,738	10,547
Non-controlling interest	1,701	0
Profit for the year	11,439	10,547

DIVIDENDS

The dividends on ordinary shares declared and paid by the Company since 31 December 2011 are as follows:

	RM'000
In respect of the financial year ended 31 December 2011 as shown in the Directors' Report of that year:	
- final gross dividend of 21 sen per share, less income tax of 25%, paid on 7 July 2012	9,513

The Directors now recommend the payment of a final gross dividend of 21 sen per share of RM1.00 each, less income tax of 25%, amounting to RM9,513,315 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

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
Voon Seng Chuan
Fathil Sulaiman Ismail
Abdul Talib Baba
Wong Fook Hon
Dato' Ab Rashid bin Mat Adam
Ir. Dr. Muhamad Fuad bin Abdullah

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 1.1.2012 '000	Bought '000	Sold '000	At 31.12.2012 '000
Datuk Wan Mohamed Fusil bin Wan Mahmood(1)	3,726	0	0	3,726
Mohd Puzi bin Ahamad(2)	3,919	0	0	3,919
Fathil Sulaiman Ismail	6,540	58	0	6,598
Wong Fook Hon	1	0	0	1
Voon Seng Chuan	200	60	0	260

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (CONT'D)

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

(2) Including interests held under nominee accounts with CIMB Trustee Berhad and Citicorp Nominees (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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial positions 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 or 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 as and when they fall due.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group 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 2013.

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, the Directors of Mesiniaga Berhad, state that, in the opinion of the Directors, the financial statements on pages 56 to 119 are drawn up so as to exhibit a true and fair view of the financial position of the Group and the Company as at 31 December 2012 and of its financial performance and the cash flows of the Group and the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The supplementary information set out in Note 31 on page 119 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 9 April 2013.

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 56 to 119 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MOHD PUZI BIN AHAMAD
DIRECTOR

Subscribed and solemnly declared by the abovenamed, Mohd Puzi bin Ahamad, at Subang Jaya in Malaysia on 9 April 2013 before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MESINIAGA BERHAD (Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Mesiniaga Berhad, on pages 56 to 119 which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on Notes 1 to 30.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT' AUDITORS' REPORT

TO THE MEMBERS OF MESINIAGA BERHAD (Incorporated In Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We are satisfied that the financial statements of the subsidiaries that 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 REPORTING RESPONSIBILITIES

The supplementary information on Note 31 to the financial statements on page 119 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2 to the financial statements, Mesiniaga Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. 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

AMRIT KAUR
(No. 2482/01/15 (J))
Chartered Accountant

Kuala Lumpur
9 April 2013

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	5	326,350	297,619	307,178	256,596
Changes in inventories of finished goods		(10,426)	2,012	(5,315)	430
Finished goods		(148,718)	(144,798)	(146,536)	(120,253)
IT services purchased		(43,548)	(37,088)	(96,364)	(71,438)
Staff cost	6	(83,777)	(80,383)	(48,699)	(51,786)
Depreciation of property, plant and equipment		(6,816)	(4,345)	(2,413)	(2,308)
Travelling expenses		(5,146)	(5,109)	(986)	(1,159)
Office administrative expenses		(7,719)	(6,523)	(6,409)	(5,431)
Other operating income		1,253	2,140	15,947	10,845
Other operating expenses		(4,787)	(2,269)	(4,045)	(1,516)
Profit from operations	7	16,666	21,256	12,358	13,980
Finance cost	8	(1,060)	(56)	(1,060)	(56)
Profit before taxation		15,606	21,200	11,298	13,924
Tax expense and Zakat	9	(4,167)	(5,881)	(751)	(2,399)
Profit for the year/Total comprehensive income		11,439	15,319	10,547	11,525
Attributable to:					
Equity holders of the Company		9,738	13,580	10,547	11,525
Non-controlling interest		1,701	1,739	0	0
Profit for the year/Total comprehensive income		11,439	15,319	10,547	11,525
Basic/Diluted earnings per share (sen)	10	16.12	22.48		

The notes from pages 63 to 119 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	Group			Company		
		31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	12	66,710	67,236	60,231	54,456	55,696	55,389
Investment property	13	1,418	1,443	0	1,418	1,443	0
Investment in subsidiaries	14	0	0	0	1,235	1,235	1,611
Finance lease receivables	18	1,141	2,945	393	1,141	2,945	393
Deferred tax assets	15	360	25	0	0	0	0
		69,629	71,649	60,624	58,250	61,319	57,393
Current Assets							
Inventories	16	25,602	15,176	13,164	9,687	4,372	3,942
Trade and other receivables	17	218,889	162,215	160,959	222,266	166,839	142,565
Tax recoverable		4,319	4,088	3,543	4,319	3,579	3,103
Deposits with licensed financial institutions	19	6,191	7,589	7,426	103	1,103	91
Cash and bank balances	19	5,323	11,417	29,592	2,851	8,233	26,003
		260,324	200,485	214,684	239,226	184,126	175,704
TOTAL ASSETS		329,953	272,134	275,308	297,476	245,445	233,097
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the company							
Share capital	24	60,402	60,402	60,402	60,402	60,402	60,402
Share premium	26	4,126	4,126	4,126	4,126	4,126	4,126
Retained earnings	25	120,062	119,837	115,317	93,124	92,090	89,625
		184,590	184,365	179,845	157,652	156,618	154,153
Non-controlling interest		10,030	9,247	8,585	0	0	0
TOTAL EQUITY		194,620	193,612	188,430	157,652	156,618	154,153

The notes from pages 63 to 119 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Non-current liabilities							
Post-employment benefits obligations	22	1,736	1,572	1,511	1,736	1,572	1,511
Finance lease liabilities	23	4,586	4,133	9,659	4,586	4,133	9,659
Deferred tax liabilities	15	3,397	3,005	1,156	652	587	145
		9,719	8,710	12,326	6,974	6,292	11,315
Current liabilities							
Trade and other payables	20	71,122	59,189	73,544	79,534	71,590	67,516
Borrowing	21	52,903	9,920	0	52,903	9,920	0
Taxation		1,589	703	1,008	413	1,025	113
		125,614	69,812	74,552	132,850	82,535	67,629
		135,333	78,522	86,878	139,824	88,827	78,944
TOTAL EQUITY AND LIABILITIES		329,953	272,134	275,308	297,476	245,445	233,097

The notes from pages 63 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Issued and fully paid ordinary shares of RM1.00 each						
		Number of shares '000	Nominal value RM'000	Share premium (Note 26) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000
At 1 January 2011	29	60,402	60,402	4,126	115,317	179,845	8,585	188,430
Transactions with owners								
Final dividends:								
- 31 December 2010	11	0	0	0	(9,060)	(9,060)	(882)	(9,942)
Repayment of capital		0	0	0	0	0	(195)	(195)
		60,402	60,402	4,126	106,257	170,785	7,508	178,293
Profit for the year/Total comprehensive income		0	0	0	13,580	13,580	1,739	15,319
At 31 December 2011		60,402	60,402	4,126	119,837	184,365	9,247	193,612
At 1 January 2012		60,402	60,402	4,126	119,837	184,365	9,247	193,612
Transactions with owners								
Final dividends:								
- 31 December 2011	11	0	0	0	(9,513)	(9,513)	(918)	(10,431)
		60,402	60,402	4,126	110,324	174,852	8,329	183,181
Profit for the year/Total comprehensive income		0	0	0	9,738	9,738	1,701	11,439
At 31 December 2012		60,402	60,402	4,126	120,062	184,590	10,030	194,620

The notes from pages 63 to 119 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Issued and fully paid ordinary shares of RM1.00 each				
		Number of shares '000	Nominal value RM'000	Share premium (Note 26) RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2011	29	60,402	60,402	4,126	89,625	154,153
Transactions with owners						
Final dividends:						
- 31 December 2010	11	0	0	0	(9,060)	(9,060)
		60,402	60,402	4,126	80,565	145,093
Profit for the year/Total comprehensive income		0	0	0	11,525	11,525
At 31 December 2011		60,402	60,402	4,126	92,090	156,618
At 1 January 2012		60,402	60,402	4,126	92,090	156,618
Transactions with owners						
Final dividends:						
- 31 December 2011	11	0	0	0	(9,513)	(9,513)
		60,402	60,402	4,126	82,577	147,105
Profit for the year/Total comprehensive income		0	0	0	10,547	10,547
At 31 December 2012		60,402	60,402	4,126	93,124	157,652

The notes from pages 63 to 119 form part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
OPERATING ACTIVITIES				
Profit after taxation	11,439	15,319	10,547	11,525
Adjustments for:				
Tax expense	4,167	5,881	751	2,399
Impairment/(Reversal) of receivables	336	(246)	281	(201)
Depreciation of property, plant and equipment	6,816	4,345	2,413	2,308
Write-off of property, plant and equipment	0	29	0	20
Gross dividend income from subsidiaries	0	0	(12,275)	(7,224)
Interest expense	1,060	56	1,060	56
Interest income	(719)	(1,992)	(455)	(1,766)
Retirement benefits	514	536	514	536
Write-off of investment	0	0	0	52
Write-off of bad debts	2,323	0	2,323	0
Impairment of investment in a subsidiary	0	0	0	121
Unrealised foreign exchange gain	(141)	(169)	(138)	(162)
	25,795	23,759	5,021	7,664
Changes in working capital:				
Inventories	(10,426)	(2,012)	(5,315)	(430)
Receivables	(57,179)	(3,449)	(53,630)	(21,952)
Payables	7,667	(13,220)	3,678	5,202
Cash (used in)/from operations	(34,143)	5,078	(50,246)	(9,516)
Interest paid	(1,060)	(56)	(1,060)	(56)
Retirement benefits paid	(350)	(475)	(350)	(475)
Tax paid	(3,454)	(4,907)	(1,719)	(1,215)
Net cash used in operating activities	(39,007)	(360)	(53,375)	(11,262)

The notes from pages 63 to 119 form part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(6,265)	(11,379)	(1,331)	(2,635)
Addition on investment property		0	(1,079)	0	(1,079)
Interest received		371	1,516	107	1,290
Net dividends received from subsidiaries		0	0	11,956	6,918
Proceeds from winding up of a subsidiary		0	0	0	203
Other payments from subsidiaries		0	0	(2,066)	(4,560)
Net cash (used in)/generated from investing activities		(5,894)	(10,942)	8,666	137
FINANCING ACTIVITIES					
Dividends paid to shareholders of the Company		(9,513)	(9,060)	(9,513)	(9,060)
Dividends paid to non-controlling interest		(918)	(882)	0	0
Repayment of vendor financing		0	(749)	0	(749)
Proceeds from finance lease liabilities		11,780	0	11,780	0
Repayment of finance lease liabilities		(6,923)	(5,744)	(6,923)	(5,744)
Drawdown of borrowing		114,389	9,920	114,389	9,920
Repayment of borrowing		(71,406)	0	(71,406)	0
Repayment of capital to non-controlling interest		0	(195)	0	0
Net cash (used in)/generated from financing activities		37,409	(6,710)	38,327	(5,633)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(7,492)	(18,012)	(6,382)	(16,758)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		19,006	37,018	9,336	26,094
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	19	11,514	19,006	2,954	9,336

The notes from pages 63 to 119 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 Market 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 14 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company 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.

These financial statements were authorised for issue by the Board of Directors in accordance with their resolution on 9 April 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements of the Group and the Company for the year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards'. Subject to certain transition elections disclosed in Note 29, the Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. Comparative figures for 2011 in these financial statements have been restated to give effect to these changes. Note 29 discloses the impact of the transition to MFRS on the Group's and Company's reported financial position, financial performance and cash flows.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

The Group will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 January 2013

- MFRS 10, 'Consolidated Financial Statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127, 'Consolidated and Separate Financial Statements' and IC Interpretation 112, 'Consolidation - Special Purpose Entities'.

- MFRS 13, 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127, 'Separate Financial Statements' (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- Amendment to MFRS 101, 'Presentation of Items of Other Comprehensive Income' (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' ('OCI') in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(i) Financial year beginning on/after 1 January 2013 (Cont'd)

- Amendment to MFRS 119, 'Employee benefits' (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach.

- Amendment to MFRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

(ii) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9, 'Financial Instruments- Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ('FVTPL'). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(iii) Financial year beginning on/after 1 January 2015 (Cont'd)

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

Unless otherwise disclosed, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Group and of the Company in the year of initial application.

2.2 CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The Group also assesses existence of control where it does not have more 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 CONSOLIDATION (CONT'D)

(a) Subsidiaries (Cont'd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the successive acquisition dates at each stage, and the changes in fair value is taken through profit or loss.

Profit or loss and each component of other comprehensive income of the subsidiaries are attributed to the parent and the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control over a subsidiary any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 INVESTMENT IN SUBSIDIARIES

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Managing Director that makes strategic decisions. Management has determined there is only one business segment based on the information reviewed by the Managing Director.

2.5 FOREIGN CURRENCIES

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains – net'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 FOREIGN CURRENCIES (CONT'D)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit and loss as incurred.

Freehold land has an unlimited useful 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 livers, at the following annual rates:

Building	2%
Machines	14% - 33%
Office equipment, furniture and fittings	7% - 33%
Motor vehicle	25%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. See accounting policy on impairment of non-financial assets.

The residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

All items of property, plant and equipment is 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 profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 INVESTMENT PROPERTY

Investment property is property which is held to earn rental yields or for capital appreciation or for both and is not occupied by the Group. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided for on a straight line basis over the estimated useful life.

Investment property is de-recognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

Leasehold land is amortised over its remaining lease period of 96 years. The principal annual rates used for building is 2% per annum.

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the Statement of Comprehensive Income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 FINANCIAL ASSETS

(a) Classification

The Group classifies its financial assets in the following category: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statements of financial position (Notes 17 and 19).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(c) Subsequent measurement – Gains and losses

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 FINANCIAL ASSETS (CONT'D)

(d) Subsequent measurement – Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 FINANCIAL ASSETS (CONT'D)

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not de-recognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.10 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventories includes purchase price and incidental charges. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials.

2.12 TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdraft. In the statements of financial position, banks overdrafts are shown within borrowings in current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 SHARE CAPITAL

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. See accounting policy Note 2.16 on borrowings.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

(c) Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

2.15 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 EMPLOYEE BENEFITS

(a) Short term employee 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 EMPLOYEE BENEFITS (CONT'D)

(b) Post-employment pension benefits

The Group has various post-employment pension benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefits plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

The defined benefit liability recognised in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Company determines the present value of the defined benefit obligation and the fair value of any 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 end of the reporting period.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, by discounting the estimated future cash outflows using market yields at the end of the reporting period on high quality corporate bonds which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the statement of comprehensive income is determined by the corridor method in accordance with MFRS 119 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 profit or loss, 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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

2.20 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of all taxes, returns, 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/services 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. 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.

2.21 INTEREST INCOME

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.22 DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Accounting by lessee

Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall financial risk management objectives are to ensure that the Group creates value for its shareholders and to ensure that adequate financial resources are available for the development of the Group's businesses. The Group operates within clearly defined objectives and seeks to minimise potential adverse effects on its financial performance. Financial risk is managed by the Managing Director and the respective key management personnel who in turn report to the Board of Directors on any significant risks and the resolution or mitigation of that risks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 FINANCIAL RISK FACTORS (CONT'D)

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Market risk

Market risk refers to the risk that changes in market prices such as foreign exchange rates, interest rates and prices will affect the Group's financial position and cash flows.

(i) Foreign exchange risk

The Group is exposed to risks arising from various currency exposures primarily with respect to the United States Dollar denominated borrowings and payables to suppliers. The Group's policy is to minimise the exposure of transaction risk by making payment within credit terms which are short term.

The table illustrates the impact on the profit for the year, equity and net assets resulting from currency sensitivities.

	Impact on profit for the year/period RM'000	Impact on equity RM'000	Impact on net assets RM'000
2012			
1 percent increase in US Dollar exchange rate	(445)	(445)	(445)
1 percent decrease in US Dollar exchange rate	445	445	445
2011			
1 percent increase in US Dollar exchange rate	(99)	(99)	(99)
1 percent decrease in US Dollar exchange rate	99	99	99

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 FINANCIAL RISK FACTORS (CONT'D)

(a) Market risk (Cont'd)

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed rate borrowings and deposits with short term tenure.

During 2012, 2011 and 2010, the Group's borrowings are shown in the table below:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Fixed rate loans	52,903	9,920	0	52,903	9,920	0
Total borrowings	52,903	9,920	0	52,903	9,920	0

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

(i) Receivables

The Group's exposure to credit risk is monitored on an ongoing basis. The risk is managed through the application of the Group's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on customers requiring credit over a certain amount and period, adherence to credit limits and regular monitoring.

The Group's customers are mainly significant entities in the information, communication and telecommunication industry. The Group considers the risk of material loss in the event of non-performance by a customer to be unlikely.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 FINANCIAL RISK FACTORS (CONT'D)

(b) Credit risk (Cont'd)

(i) Receivables (Cont'd)

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. 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. Credit risk arising from non-trade receivables is not significant.

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Counterparties without external credit rating						
- Existing customers with no defaults in the past	82,888	57,497	69,136	74,408	46,503	48,215
- Accrued unbilled revenue	130,754	100,643	85,338	122,819	94,577	85,338

(ii) Intercompany balances

Intercompany balances with subsidiaries are largely trade in nature. The Company monitors the results of the subsidiaries regularly. As at 31 December 2012, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position as shown in Note 17.

Management has taken reasonable steps to ensure that intercompany receivables are stated at realisable values. As at 31 December 2012, there was no indication that the intercompany receivables from subsidiaries are not recoverable.

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 FINANCIAL RISK FACTORS (CONT'D)

(b) Credit risk (Cont'd)

(iii) Bank balances and deposits with licensed financial institutions

Bank balances and deposits with licensed financial institutions are with approved financial institutions and reputable banks.

As at the end of the reporting period, the maximum exposure to credit risk arising from cash and bank balances including deposits with licensed financial institutions is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparties to fail to meet their obligations. The credit quality of the financial institutions in respect of above balances is as follows:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
AAA	11,363	19,006	31,667	2,803	9,336	25,835
A	151	0	5,351	151	0	259

The credit quality of the above bank balances and deposits with licensed financial institutions are assessed by reference to RAM Ratings Services Berhad.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group or the Company has sufficient cash and bank balances and maintains standby credit lines to ensure availability of funding to meet operational requirements. The Group's borrowings and standby credit lines are provided by financial institutions with sound credit ratings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 FINANCIAL RISK FACTORS (CONT'D)

(c) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	31.12.3012			
	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	Total RM'000
Group				
Financial Liabilities				
Payables	61,190	0	0	61,190
Borrowings	52,903	0	0	52,903
Finance lease liabilities	9,932	4,586	0	14,518
Total undiscounted financial liabilities	124,025	4,586	0	128,611
Company				
Financial Liabilities				
Payables	69,602	0	0	69,602
Borrowings	52,903	0	0	52,903
Finance lease liabilities	9,932	4,586	0	14,518
Total undiscounted financial liabilities	132,437	4,586	0	137,023

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 FINANCIAL RISK FACTORS (CONT'D)

(c) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	31.12.2011			
	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	Total RM'000
Group				
Financial Liabilities				
Payables	53,663	0	0	53,663
Borrowings	9,920	0	0	9,920
Finance lease liabilities	5,526	4,133	0	9,659
Other long term liabilities	0	0	0	0
Total undiscounted financial liabilities	69,109	4,133	0	73,242
Company				
Financial Liabilities				
Payables	66,064	0	0	66,064
Borrowings	9,920	0	0	9,920
Finance lease liabilities	5,526	4,133	0	9,659
Other long term liabilities	0	0	0	0
Total undiscounted financial liabilities	81,510	4,133	0	85,643

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 FINANCIAL RISK FACTORS (CONT'D)

(c) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	01.01.2011			
	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	Total RM'000
Group				
Financial Liabilities				
Payables	67,051	0	0	67,051
Borrowings	0	0	0	0
Finance lease liabilities	5,760	5,527	4,133	15,420
Other long term liabilities	749	0	0	749
Total undiscounted financial liabilities	73,560	5,527	4,133	83,220
Company				
Financial Liabilities				
Payables	61,023	0	0	61,023
Borrowings	0	0	0	0
Finance lease liabilities	5,760	5,527	4,133	15,420
Other long term liabilities	749	0	0	749
Total undiscounted financial liabilities	67,532	5,527	4,133	77,192

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statements of financial position plus net debt.

	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Group			
Total borrowings (Note 21)	52,903	9,920	0
Less: cash and cash equivalents (Note 19)	(11,514)	(19,006)	(37,018)
Net debt	41,389	0	0
Total equity	194,620	193,612	188,430
Total capital	236,009	184,527	151,412
Gearing ratio	18%	0%	0%

The increase in the gearing ratio during 2012 resulted primarily from the increase of borrowings during the year (Note 21).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There are no critical judgments made in applying the Group's and the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

5 REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue from:				
- hardware	116,354	110,001	108,227	91,177
- software	56,627	38,452	56,627	38,452
- services	153,369	149,166	142,324	126,967
	326,350	297,619	307,178	256,596

6 STAFF COST (INCLUDING DIRECTORS' EMOLUMENTS)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages, salaries, bonuses and other employment benefits	74,911	72,618	45,977	48,799
Defined contribution retirement plan	8,352	7,229	2,208	2,451
Defined benefit retirement plan	514	536	514	536
	83,777	80,383	48,699	51,786

Details of the defined contribution and defined benefit plans of the Group and Company are set out in Note 22 to the financial statements.

6 STAFF COST (INCLUDING DIRECTORS' EMOLUMENTS) (CONT'D)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-executive Directors				
- fees	187	186	187	186
- others	8	18	8	18
Executive Directors				
- salaries and bonuses	1,973	1,719	1,841	1,719
- others	279	316	279	316
- defined contribution plan	237	208	221	208
- defined benefit retirement plan	0	46	0	46
	2,684	2,493	2,536	2,493

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

7 PROFIT FROM OPERATIONS

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Auditors' remuneration				
- Audit	190	182	96	90
- Non-audit (Tax compliance fees)	43	64	12	36
Depreciation of property, plant and equipment	6,816	4,345	2,413	2,308
Gross dividend income from subsidiaries	0	0	(12,275)	(7,224)
Interest income	(719)	(1,992)	(455)	(1,766)
Net realised foreign exchange gain	(5,267)	(2,580)	(4,485)	(2,043)
Unrealised foreign exchange gain	(141)	(169)	(138)	(162)
Property, plant and equipment written off	0	29	0	20
Impairment of investment in a subsidiary	0	0	0	121
Write-off of investment	0	0	0	52
Rental income	(120)	(120)	(360)	(360)
Rental expense	327	203	19	19
Bad debts written off	2,323	0	2,323	0
Impairment/(Reversal) of receivables	336	(246)	281	(201)

8 FINANCE COST

	Group and Company	
	2012 RM'000	2011 RM'000
Interest expense on:		
- bank overdraft	7	5
- borrowing	714	35
- lease financing	339	16
	1,060	56

9 TAX EXPENSE AND ZAKAT

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax:				
Current year - Malaysian income tax	3,930	4,057	506	1,957
Deferred tax:				
Current year (Note 15)	57	1,824	65	442
	3,987	5,881	571	2,399
Zakat	180	0	180	0
	4,167	5,881	751	2,399

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

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate				
Malaysian tax rate	25	25	25	25
Tax effects of:				
- income not subject to tax	(6)	0	(15)	(11)
- expenses not deductible for tax purposes	1	3	5	3
Average effective tax rate	20	28	15	17

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

9 TAX EXPENSE AND ZAKAT (CONT'D)

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

	Group	
	2012 RM'000	2011 RM'000
Unutilised tax losses	2,846	2,559
Deductible temporary differences	405	82
	3,251	2,641

The deductible temporary differences and unutilised tax losses are available indefinitely for offset against future taxable profits of the Group and Company subject to agreement with the tax authorities. These tax benefits will only be obtained if the Group and Company derive future assessable income of a nature and amount sufficient for the tax benefits to be utilised. Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences of certain entities within the group as certain entities within the group have a history of losses or dormant.

10 BASIC EARNINGS PER SHARE

Basic earnings per share ("EPS") 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	
	2012	2011
Net profit attributable to ordinary equity holder of the Company (RM'000)	9,738	13,580
Weighted average number of ordinary shares in issue ('000)	60,402	60,402
Basic earnings per share (sen)	16.12	22.48

Basic and diluted EPS are the same in both periods.

11 DIVIDENDS

Dividends paid during the financial year are as follows:

	Group and Company	
	2012 RM'000	2011 RM'000
Final dividends in respect of financial year 2011/2010:		
21 sen per share, less income tax at 25%	9,513	
(2011: 20 sen per share, less income tax at 25%)		9,060

The Directors have recommended the payment of a final gross dividend of 21 sen per share, less income tax 25%, amounting to RM9,513,315 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 2012, which will only be accrued as a liability in the financial year ending 31 December 2013, after approval by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land, at cost RM'000	Building, at cost RM'000	Machines, at cost RM'000	Office equipment, furniture and fittings, at cost RM'000	Motor vehicle, at cost RM'000	Total RM'000
Group						
31.12.2012						
Cost						
At 1 January 2012	26,262	35,836	5,629	46,198	155	114,080
Additions	0	0	0	6,137	128	6,265
Assets written off	0	0	0	(200)	0	(200)
At 31 December 2012	26,262	35,836	5,629	52,135	283	120,145
Accumulated depreciation						
At 1 January 2012	0	11,322	5,629	29,802	91	46,844
Charge for the financial year	0	717	0	6,023	51	6,791
Assets written off	0	0	0	(200)	0	(200)
At 31 December 2012	0	12,039	5,629	35,625	142	53,435
Net book value						
At 31 December 2012	26,262	23,797	0	16,510	141	66,710

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land, at cost RM'000	Building, at cost RM'000	Machines, at cost RM'000	Office equipment, furniture and fittings, at cost RM'000	Motor vehicle, at cost RM'000	Total RM'000
Group						
31.12.2011						
Cost						
At 1 January 2011	26,262	35,836	5,629	35,094	155	102,976
Additions	0	0	0	11,379	0	11,379
Assets written off	0	0	0	(275)	0	(275)
At 31 December 2011	26,262	35,836	5,629	46,198	155	114,080
Accumulated depreciation						
At 1 January 2011	0	10,604	5,629	26,460	52	42,745
Charge for the financial year	0	718	0	3,588	39	4,345
Assets written off	0	0	0	(246)	0	(246)
At 31 December 2011	0	11,322	5,629	29,802	91	46,844
Net book value						
At 31 December 2011	26,262	24,514	0	16,396	64	67,236

NOTES TO THE FINANCIAL STATEMENTS

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12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land, at cost RM'000	Building, at cost RM'000	Machines, at cost RM'000	Office equipment, furniture and fittings, at cost RM'000	Motor vehicle, at cost RM'000	Total RM'000
Company						
31.12.2012						
Cost						
At 1 January 2012	26,262	35,836	5,629	29,428	155	97,310
Additions	0	0	0	1,203	128	1,331
Transfer to subsidiary	0	0	0	(550)	0	(550)
Assets written off	0	0	0	(195)	0	(195)
At 31 December 2012	26,262	35,836	5,629	29,886	283	97,896
Accumulated depreciation						
At 1 January 2012	0	11,322	5,629	24,572	91	41,614
Charge for the financial year	0	717	0	1,620	51	2,388
Transfer to subsidiary	0	0	0	(367)	0	(367)
Assets written off	0	0	0	(195)	0	(195)
At 31 December 2012	0	12,039	5,629	25,630	142	43,440
Net book value						
At 31 December 2012	26,262	23,797	0	4,256	141	54,456

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land, at cost RM'000	Building, at cost RM'000	Machines, at cost RM'000	Office equipment, furniture and fittings, at cost RM'000	Motor vehicle, at cost RM'000	Total RM'000
Company						
31.12.2011						
Cost						
At 1 January 2011	26,262	35,836	5,629	27,038	155	94,920
Additions	0	0	0	2,635	0	2,635
Assets written off	0	0	0	(245)	0	(245)
At 31 December 2011	26,262	35,836	5,629	29,428	155	97,310
Accumulated depreciation						
At 1 January 2011	0	10,604	5,629	23,246	52	39,531
Charge for the financial year	0	718	0	1,551	39	2,308
Assets written off	0	0	0	(225)	0	(225)
At 31 December 2011	0	11,322	5,629	24,572	91	41,614
Net book value						
At 31 December 2011	26,262	24,514	0	4,856	64	55,696

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

13 INVESTMENT PROPERTY

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
At 1 January	1,443	1,443	0
Depreciation	(25)	0	0
At 31 December	1,418	1,443	0

Investment property rental income and direct operating expenses for the year/period are as follows:

	Group and Company	
	2012 RM'000	2011 RM'000
Rental income	45	43
Direct operating expenses	3	15

14 INVESTMENT IN SUBSIDIARIES

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Unquoted shares, at cost	2,006	2,261	2,261
Capital repayment on liquidation	0	(203)	0
Write-off of investment	0	(52)	0
Accumulated impairment losses	(771)	(771)	(650)
	1,235	1,235	1,611

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

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

		Group's effective interest		
Name of company	Principal activities	31.12.2012 %	31.12.2011 %	01.01.2011 %
Mesiniaga Techniques Sdn. Bhd.	Under members' voluntary winding up	100	100	100
Mesiniaga Services Sdn. Bhd.	Provision of maintenance and managed services	100	100	100
Mesiniaga MSC Sdn. Bhd.	Provision of solution services and technology research and development	100	100	100
Mesiniaga SSO Sdn. Bhd. (previously known as Mesiniaga SCS Sdn. Bhd.)	Under members' voluntary winding up	100	100	100
CustomCodes Sdn. Bhd. (previously know as Navigis Sdn.Bhd.)	Provision of design, development and implementation of business solutions related to business intelligence, business analytics, customised applications and software products	100	100	100
VA Dynamics Sdn. Bhd.	Sales of networking cables and related products	51	51	51
Mesiniaga Alliances Sdn. Bhd.	Provision of strategic information technology outsourcing services	100	100	100

All the above subsidiaries are audited by PricewaterhouseCoopers, Malaysia.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 statements of financial position:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Deferred tax assets	360	25	0	0	0	0
Deferred tax liabilities:	(3,397)	(3,005)	(1,156)	(652)	(587)	(145)
At 1 January	(2,980)	(1,156)	(764)	(587)	(145)	(141)
(Charged)/Credited to statement of comprehensive income (Note 10):						
- property, plant and equipment	157	(2,003)	(347)	263	(371)	(19)
- accruals	(316)	150	130	(432)	90	130
- post employment benefit obligations	110	(53)	(190)	109	(53)	(190)
- allowances	(15)	54	15	26	(139)	75
- other	(31)	28	0	(31)	31	0
- unabsorbed capital allowance	38	0	0	0	0	0
	(57)	(1,824)	(392)	(65)	(442)	(4)
At 31 December	(3,037)	(2,980)	(1,156)	(652)	(587)	(145)
Subject to income tax:						
Deferred tax assets (before offsetting)						
- post employment benefit obligations	434	324	377	433	324	377
- allowances	463	478	424	172	146	285
- accruals	177	283	133	0	222	132
- other	0	28	0	0	31	0
- unabsorbed capital allowance	38	0	0	0	0	0
	1,112	1,113	934	605	723	794
Offsetting	(752)	(1,088)	(934)	(605)	(723)	(794)
Deferred tax assets (after offsetting)	360	25	0	0	0	0

15 DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Deferred tax liabilities (before offsetting)						
- property, plant and equipment	(3,936)	(4,093)	(2,090)	(1,047)	(1,310)	(939)
- others	(3)	0	0	0	0	0
- accruals	(210)	0	0	(210)	0	0
	(4,149)	(4,093)	(2,090)	(1,257)	(1,310)	(939)
Offsetting	752	1,088	934	605	723	794
Deferred tax liabilities (after offsetting)	(3,397)	(3,005)	(1,156)	(652)	(587)	(145)

16 INVENTORIES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Equipment	10,843	4,362	3,944	9,674	4,362	3,939
Spare parts	7,102	6,785	4,874	1	1	1
Supplies	14	86	159	11	4	0
Cable	7,643	3,943	4,187	1	5	2
	25,602	15,176	13,164	9,687	4,372	3,942

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

17 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Trade receivables	83,781	58,054	69,939	75,246	47,060	48,973
Impairment of receivables	(893)	(557)	(803)	(838)	(557)	(758)
	82,888	57,497	69,136	74,408	46,503	48,215
Accrued unbilled revenue	130,754	100,643	85,338	122,819	94,577	85,338
Finance lease receivable (Note 18)	1,804	1,964	4,321	1,804	1,964	4,321
Other receivables	2,396	1,193	1,321	1,178	736	732
Deposits and prepayments	1,047	918	843	908	809	787
Amounts due from subsidiaries	0	0	0	21,149	22,250	3,172
	218,889	162,215	160,959	222,266	166,839	142,565

The amount due from subsidiaries consists of trade receivables amounting to RM11,954,917 (2011:RM15,121,996) and non-trade receivables amounting to RM9,193,757 (2011: RM7,128,054).

Trade receivables, other receivables and deposits (except prepayments) are denominated in Ringgit Malaysia.

Credit terms of trade receivables range from 30 days to 90 days (2011: 30 days to 90 days).

Accrued unbilled revenue, other receivables and amount due from subsidiaries are neither past due nor impaired.

The Group's and Company's historical experience in collection of trade receivables falls within the recorded impairment. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and Company's trade receivables.

17 TRADE AND OTHER RECEIVABLES (CONT'D)

Aging analysis of trade receivables and accrued unbilled revenue

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Neither past due nor impaired	194,491	132,421	135,707	181,090	118,686	120,230
1 to 30 days past due and not impaired	17,506	6,264	6,943	15,208	6,086	4,121
31 to 90 days past due and not impaired	1,212	16,080	5,742	591	14,514	4,640
More than 91 days past due and not impaired	433	3,375	6,082	338	1,794	4,562
More than 91 days past due and impaired	893	557	803	838	557	758
	214,535	158,697	155,277	198,065	141,637	134,311
Less: Impairment of receivables	(893)	(557)	(803)	(838)	(557)	(758)
	213,642	158,140	154,474	197,227	141,080	133,553

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment history. A significant number of these debtors are significant entities within the information, communication and technology industry. None of the Group's and Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

As at 31 December 2012, the Group and Company have trade receivables amounting to RM19,151,000 (2011: RM25,719,000) and RM16,137,000 (2011:RM22,394,000) respectively that are past due at the reporting date but not impaired.

Trade receivables that were past due but not impaired relate to customers that have a track record with the Group and Company. Based on past experience and no adverse information to date, the Directors of the Group and Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

17 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables that are impaired

The Group's and Company's trade receivables that are impaired as at 31 December 2012 and the movement of the allowance accounts to record the impairment are as follows:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Trade receivables – nominal amounts	893	557	803	838	557	758
Less: Impairment of receivables	(893)	(557)	(803)	(838)	(557)	(758)
	0	0	0	0	0	0

These primarily relate to a few industrial customers which are in financial difficulties.

Movement in impairment of receivables:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
At 1 January	557	803	996	557	758	637
Impairment/(Reversal) of receivables	336	(246)	(193)	281	(201)	121
At 31 December	893	557	803	838	557	758

18 FINANCE LEASE RECEIVABLES

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Gross receivables	3,135	4,909	4,714
Less: Unearned finance income	(190)	0	(285)
Present value of lease receivables	2,945	4,909	4,429

The present value of lease receivables may be analysed as follows:

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Receivable within 12 months (Note 17)	1,804	1,964	4,321
Receivable after 12 months			
- between 1 and 2 years	1,331	2,729	177
- between 2 and 5 years	0	216	216
	3,135	4,909	4,714
Less: Unearned finance income	(190)	0	(285)
	2,945	4,909	4,429
Current (Note 17)	1,804	1,964	4,321
Non-current	1,141	2,945	393
	2,945	4,909	4,714

The weighted average effective interest rates for finance lease receivables are 5% (2011: 5%) per annum. The finance lease receivables are denominated in Ringgit Malaysia. Fair values of the lease receivables approximated their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

19 CASH AND CASH EQUIVALENTS

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Cash and bank balances	5,323	11,417	29,592	2,851	8,233	26,003
Deposits with licensed financial Institutions	6,191	7,589	7,426	103	1,103	91
	11,514	19,006	37,018	2,954	9,336	26,094

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

The Group's and Company's effective weighted average interest rate of deposits at the end of the financial year is 3% (2011: 2.8%) per annum.

Deposits of the Group and Company as at 31 December 2012 are time deposits, which have an average maturity period of 90 days (2011: 90 days).

Cash and cash equivalents are denominated in Ringgit Malaysia.

20 TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Trade payables	53,054	38,180	53,476	49,493	35,421	45,602
Payroll liabilities	6,354	12,969	10,282	3,287	8,359	4,778
Accruals	1,782	2,514	3,293	985	1,979	2,377
Finance lease liabilities (Note 23)	9,932	5,526	5,744	9,932	5,526	5,744
Vendor financing	0	0	749	0	0	749
Amounts due to subsidiaries	0	0	0	15,837	20,305	8,266
	71,122	59,189	73,544	79,534	71,590	67,516

20 TRADE AND OTHER PAYABLES (CONT'D)

The currency exposure profile of trade payables is as follows:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Ringgit Malaysia	45,449	31,273	50,439	41,981	28,778	43,020
US Dollar	7,605	6,907	3,037	7,512	6,643	2,582
	53,054	38,180	53,476	49,493	35,421	45,602

All other liabilities are denominated in Ringgit Malaysia.

Credit terms of trade payables range from 7 days to 90 days (2011: 7 days to 90 days).

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

21 BORROWING (UNSECURED AND INTEREST BEARING)

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Short term bank borrowings	52,903	9,920	0

During the year, the Company has secured short term bank borrowings subject to annual coupons of 2.25% (2011: 1.43%).

The interest rate of the short term bank borrowing is as follows:

	Group and Company		
	31.12.2012 %	31.12.2011 %	01.01.2011 %
Short term bank borrowings	2.25	1.43	0

NOTES TO THE FINANCIAL STATEMENTS
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21 BORROWING (UNSECURED AND INTEREST BEARING) (CONT'D)

The carrying amount of the Company's borrowings are denominated in the following currencies:

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Ringgit Malaysia	18,867	9,920	0
United States Dollar	34,036	0	0

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS

The Company elected to recognise all cumulative actuarial gains and losses that existed at its transition date in opening retained earnings for all its employee benefit plans in accordance with the exemption in MFRS 1 for the accounting of employee benefits. The effect of this election is a decrease to the retirement benefits provision of RM816,194 as at the date of transition.

(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 Company 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 2012 was carried out as at 31 December 2011.

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Defined benefit plan (Cont'd)

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

	31.12.2012 RM'000	31.12.2011 RM'000
At 1 January	6,566	4,694
Current service cost	281	187
Interest cost	389	277
Actuarial (gains)/losses	0	1,894
Benefits paid	(776)	(486)
At 31 December	6,460	6,566

The movement in the fair value of plan assets of the year is as follows:

	31.12.2012 RM'000	31.12.2011 RM'000
At 1 January	3,260	3,183
Expected return on plan assets	177	86
Actuarial (losses)/gains	23	0
Employer contributions	350	477
Benefits paid	(776)	(486)
At 31 December	3,034	3,260

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Defined benefit plan (Cont'd)

Actuarial benefit charge was recognised within staff cost in the statements of comprehensive income. The amounts recognised in the statements of financial positions may be analysed as follows:

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
At 31 December			
Present value of funded obligations	6,460	6,566	4,694
Fair value of plan assets	(3,034)	(3,260)	(3,183)
Liability	3,426	3,306	1,511
Unrecognised actuarial (loss)/gain	(1,690)	(1,734)	0
Net liability	1,736	1,572	1,511

Plan assets are comprised as follows:

	Group and Company					
	31.12.2012		31.12.2011		01.01.2011	
	RM'000	%	RM'000	%	RM'000	%
At 31 December						
Equity instruments	1,722	56.8%	1,666	51.1%	1,744	54.8%
Government bonds	816	26.9%	819	25.1%	808	25.4%
Cash and fixed deposit	425	14.0%	770	23.6%	688	21.6%
Other	71	2.3%	5	0.2%	(57)	(1.8%)
Total	3,034	100%	3,260	100%	3,183	100%

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Defined benefit plan (Cont'd)

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

	Group		Company	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Current service cost	281	187	281	187
Interest cost	389	277	389	277
Expected return on plan assets	(177)	(86)	(177)	(86)
Actuarial gain recognised during the financial year	21	158	21	158
Total defined benefit retirement plan	514	536	514	536
Defined contribution retirement plan	8,352	7,229	2,208	2,451
Total included in staff cost (Note 6)	8,866	7,765	2,722	2,987

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions as follows. Any changes in any of these assumptions would impact the carrying amount of the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government deposits, bonds and securities denominated in Ringgit Malaysia, and that have maturity approximating the terms of the related defined benefit liability.

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22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Defined benefit plan (Cont'd)

	Group and Company		
	31.12.2012 %	31.12.2011 %	01.01.2011 %
At 31 December			
Discount rates	6.0	6.0	6.0
Expected return on plan assets	4.9	4.9	4.4
Expected rate of salary increases			
- up to age 29	7	7	10
- from age 30 to 34	7	7	7
- from age 35 to 39	6	6	7
- from age 40 to 44	6	6	6
- from age 45 and above	4	4	6
Turnover (per annum)			
- up to age 34	10	10	10
- from age 35 to 44	5	5	5
- thereafter	0	0	0
Retirement age:			
- normal retirement age, 60	50	50	100
- early retirement age, 55	50	50	0
Actual return on plan assets	177	139	119

The expected return on plan assets is determined by weighting the expected long-term return for each asset class by target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

23 FINANCE LEASE LIABILITIES

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

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Minimum lease payments:			
Repayable within 12 months	10,435	5,527	5,760
Repayable after 12 months			
- between 1 and 2 years	4,727	4,133	5,527
- between 2 and 5 years	0	0	4,133
	15,162	9,660	15,420
Future finance charges on finance leases	(644)	(1)	(17)
Present value of the finance lease liability	14,518	9,659	15,403
Current (Note 20)	9,932	5,526	5,744
Non-current	4,586	4,133	9,659
	14,518	9,659	15,403

The finance lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default. Fair value of finance lease liabilities approximated the carrying amount on the statements of financial position.

24 SHARE CAPITAL

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Ordinary shares of RM1.00 each:			
Authorised:			
At 1 January and 31 December	100,000	100,000	100,000
Issued and fully paid:			
At 1 January and 31 December	60,402	60,402	60,402

NOTES TO THE FINANCIAL STATEMENTS
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25 RETAINED EARNINGS

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, 2011 and pay single-tier dividends.

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

As at 31 December 2012, 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 2012 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 (2011: 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.

26 SHARE PREMIUM (NON-DISTRIBUTABLE)

Share premium is in respect of the Company’s equity, the consideration received more than par value of the share, is credited into the share premium amount.

27 SIGNIFICANT RELATED PARTY DISCLOSURES

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

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

	Company	
Related party	31.12.2012 RM'000	31.12.2011 RM'000
Subsidiary companies		
- Purchase of goods	292	575
- Purchase of services	63,815	39,553
- Sales of services	0	242
- Sales of goods	13,596	1,033
- Management fees	2,448	1,299
- Secondment fees	25,458	22,916

(b) Key management compensation

Key management are categorised as Directors, and head or senior management officers of key operating divisions within the Group. The key management compensation (excluding Directors' remuneration) is disclosed as follows:

	Group		Company	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Salaries and other short-term employees benefits	2,414	2,321	1,202	1,107
Defined contribution plan	286	277	143	132
Defined benefit plan	33	33	33	33
	2,733	2,631	1,378	1,272

There are no significant balances from or to key management personnel as at the end of the financial year. Refer Note 6 to the financial statements for details of Directors' remuneration.

NOTES TO THE FINANCIAL STATEMENTS
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27 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(c) Year-end balances arising from sales/purchases of goods/services

	Group		Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Receivables from related parties (Note 17)				
- Subsidiaries	0	0	21,149	22,250
Payables to related parties (Note 20)				
- Subsidiaries	0	0	15,837	20,305

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2011: nil).

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

28 SEGMENT 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.

The reports provided and reviewed by the Managing Director ('MD') that are used to make strategic decisions are from the overall Group's and Company's perspective.

All non-current assets of Group and Company are located in Malaysia.

29 TRANSITION FROM FRS TO MFRS

The effect of the Group's and Company's transition to MFRSs, described in Note 2, is summarised in this Note as follows:

1. MFRS1 mandatory exceptions
2. MFRS1 exemption options
3. Explanation of transition from FRSs to MFRs

1. MFRS1 mandatory exceptions

(a) MFRS Estimates

MFRS estimates as at transition date is consistent with the estimates as at the same date made in conformity with FRS.

2. MFRS1 exemptions options

(a) Exemption for previous revaluation as deemed cost – property, plant and equipment

In accordance with the exemption in MFRS 1, the Company elected to measure certain land and buildings at the previous revaluation as deemed cost as at the date of transition. Accordingly, the carrying amounts of these land and buildings have not been restated. In adopting the above, the Company has also reclassified the revaluation reserve balance of RM15.3 million to retained earnings.

(b) Exemption for fair value – investment in a subsidiary

In accordance with the exemption in MFRS 1, the Group and Company elected to measure an investment in a subsidiary at fair value as at transition date. The related adjustments which is the difference between the fair value as at transition date and its carrying amount was adjusted to the company's retained earnings. There is no financial impact to the Group.

In addition, the Company adjusted a net investment in the subsidiary to its recoverable amount.

(c) Exemption for employee benefits

MFRS 1 provides retrospective relief from applying MFRS 119 'Employee benefits', in respect of the recognition of actuarial gains and losses. The Company elected to recognise all cumulative actuarial gains and losses that existed at its transition date as an adjustment to the retained earnings for all its employee benefit plans. The effect of this election is a decrease to the post-employment benefits provision of RM816,194 as at the date of transition.

3. Explanation of transition from FRSs to MFRSs

MFRS 1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from FRSs to MFRSs for the respective periods noted for equity and total comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
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29 TRANSITION FROM FRS TO MFRS (CONT'D)

3. Explanation of transition from FRSs to MFRSs (Cont'd)

The transition from FRS to MFRS has had no effect on the reconciliation of equity and reconciliation of total comprehensive income of the Company and on the reported cash flows generated by the Group and the Company.

(a) **Reconciliation of equity:**

Group	Note	1 January 2011 (Date of transition) (RM'000)	31 December 2011 (RM'000)
Equity as reported under FRS		187,818	193,000
Add/(less) transitioning adjustments :			
Recognition of cumulative actuarial gain and losses	22	817	817
Deferred tax liability arising from transitioning adjustments		(205)	(205)
Equity on transition to MFRS		188,430	193,612

Company	Note	1 January 2011 (Date of transition) (RM'000)	31 December 2011 (RM'000)
Equity as reported under FRS		155,541	158,006
Add/(less) transitioning adjustments :			
Recognition of cumulative actuarial gain and losses	22	817	817
Adjustment to carrying amount of interest in subsidiary		(2,000)	(2,000)
Deferred tax asset/(liability) arising from transitioning adjustments		(205)	(205)
Equity on transition to MFRS		154,153	156,618

29 TRANSITION FROM FRS TO MFRS (CONT'D)

3. Explanation of transition from FRSs to MFRSs (Cont'd)

(b) Reconciliation of total comprehensive income:

The impact of MFRS1 exemption elected by the Group and the Company is immaterial on the total comprehensive income of the Group and the Company at 31 December 2011.

30 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 2013.

31 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to the Paragraphs 2.03 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Realised	104,901	104,704	99,875	77,960	76,950	74,179
Unrealised	15,161	15,133	15,442	15,164	15,140	15,446
	120,062	119,837	115,317	93,124	92,090	89,625

The determination of realised and unrealised profits is based on the Guidance of Special Matter No 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysia Institute of Accountants on 20 December 2010.

PROPERTIES OWNED BY THE GROUP

AS AT 31 DECEMBER 2012

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	Nineteen (19) years	35,368
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	Twelve (12) years	8,962
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	Five (5) years	5,729
No. A-07-01, A-07-02, A-07-03, Worldwide @7, Jalan Lazuardi 7/29, Seksyen 7, 40000 Shah Alam, Selangor	Commercial land comprising a 3 1/2-storey commercial building	Commercial building	Leasehold	99 years	Nine (9) years	1,418

SHAREHOLDING STATISTICS

SHAREHOLDING STRUCTURE

Shareholding Structure as at 19 April 2013
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 19 APRIL 2013

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	39	1.23	1,312	0.00
100 – 1,000	1,193	37.78	1,106,398	1.83
1,001 – 10,000	1,573	49.81	6,692,353	11.08
10,001 – 100,000	307	9.72	8,200,700	13.58
100,001 – 3,020,100 (Less than 5% of issued shares)	43	1.36	22,805,996	37.76
3,020,101 and above (5% and above of issued shares)	3	0.10	21,595,241	35.75
Total	**3,158**	**100.00**	**60,402,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES AND DEEMED INTERESTS) AS AT 19 APRIL 2013

No.	Names	Direct Shareholdings	%
1	AMANAHRAYA TRUSTEES BERHAD <SKIM AMANAH SAHAM BUMIPUTERA>	11,335,249	18.77
2	FATHIL SULAIMAN ISMAIL	6,597,939	10.92
3	SAFIAH SULAIMAN ISMAIL	3,662,053	6.06

SHAREHOLDING STATISTICS

DIRECTORS DIRECT AND DEEMED INTERESTS AS AT 19 APRIL 2013

No.	Names	Direct Shareholdings	Deemed Interest	%
1	DATUK WAN MOHAMED FUSIL WAN MAHMOOD	1,675,940	2,050,000[1]	6.17
2	MOHD PUZI AHAMAD	1,737,940	2,181.000[2]	6.49
3	FATHIL SULAIMAN ISMAIL	6,597,939	0	10.92
4	VOON SENG CHUAN	260,000	0	0.43
5	ABD TALIB BABA	0	0	0.00
6	WONG FOOK HON	1,000	0	0.02
7	DATO' AB RASHID MAT ADAM	0	0	0.00
8	IR. DR. MUHAMAD FUAD ABDULLAH	0	0	0.00

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

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

30 LARGEST SHAREHOLDERS AS AT 19 APRIL 2013

No.	Names	Holdings	%
1	AMANAHRAYA TRUSTEES BERHAD <SKIM AMANAH SAHAM BUMIPUTERA>	11,335,249	18.77
2	FATHIL SULAIMAN ISMAIL	6,597,939	10.92
3	SAFIAH SULAIMAN ISMAIL	3,662,053	6.06
4	HOR YEE @ HO CHEONG FATT	2,828,940	4.68
5	PHARIDA SULAIMAN @ PHILOMENA SULAIMAN	2,699,976	4.47
6	CIMB TRUSTEE BERHAD <MOHD PUZI AHAMAD>	2,000,000	3.31
7	MOHD PUZI AHAMAD	1,737,940	2.88
8	WAN MOHAMED FUSIL WAN MAHMOOD	1,675,940	2.74
9	WONG TA NOOY @ WONG KENG YONG	1,200,000	1.99
10	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <EXEMPT AN FOR BRITISH AND MALAYAN TRUSTEES LIMITED (YEOMAN 3-RIGHTS)>	1,155,100	1.91

SHAREHOLDING STATISTICS

30 LARGEST SHAREHOLDERS AS AT 19 APRIL 2013 (CONT'D)

No.	Names	Holdings	%
11	CIMB ISLAMIC TRUSTEE BERHAD < WAN MOHAMED FUSIL WAN MAHMOOD>	1,000,000	1.66
12	CITICORP NOMINEES (ASING) SDN BHD < UBS AG FOR NEON LIBERTY WEI JI MASTER FUND LP>	654,000	1.08
13	SRI SUSAYATI RAMLAN	620,000	1.03
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR WAN MOHAMED FUSIL WAN MAHMOOD>	550,000	0.91
15	CHOY CHOONG YEEN	443,500	0.73
16	CITICORP NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR WAN MOHAMED FUSIL WAN MAHMOOD (473685)>	400,000	0.66
17	LIM POH TIONG	360,000	0.60
18	NEOH CHOO EE & COMPANY SDN BHD	354,100	0.59
19	TOH KAM CHOY	351,000	0.58
20	LIM POH TIONG	330,000	0.55
21	YEAP AH KAU @ YEAP CHAN TOOI	315,200	0.52
22	VOON SENG CHUAN	260,000	0.43
23	NOR HASLINA MD DAHARI	250,000	0.41
24	HO WAI HOE	239,000	0.40
25	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES FOR NORDIN MAT ISA (MARGIN)>	230,000	0.38
26	HDM NOMINEES (ASING) SDN BHD <DBS VICKERS SECS (S) PTE LTD FOR LIM MEE HWA>	225,000	0.37
27	HO WAI KOK	222,000	0.37
28	CIMSEC NOMINEES (TEMPATAN) SDN. BHD <CIMB BANK FOR GAN NYAP LIOU @ GAN NYAP LIOW (MY0747)>	215,000	0.36
29	PROCRAFT SDN BHD	194,100	0.32
30	AFFIN NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR LOO SWEE LIN>	183,600	0.30

NOTICE OF 31ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of the Company will be held at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya on Wednesday, 19 June 2013 at 2.30pm for the following purposes:

AGENDA

1. To receive the Audited Accounts for the year ended 31 December 2012 together with the Reports of Directors and Auditors thereon.

2. To approve a First and Final Gross Dividend of 21 sen less tax at 25% for the year ended 31 December 2012. **Resolution 1**

3. To approve Directors' Fees for the year ended 31 December 2012. **Resolution 2**

4. To re-elect the following Directors retiring pursuant to Article 104 of the Company's Articles of Association:
   i. Mohd Puzi Ahamad **Resolution 3**
   ii. Voon Seng Chuan **Resolution 4**
   iii. Abd Talib Baba **Resolution 5**

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

BY ORDER OF THE BOARD

JASNI ABDUL JALIL (MACS 01359)
Company Secretary
Subang Jaya
28 May 2013

NOTE:

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Thirty-First Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 12 June 2013. Only a depositor whose name appears on the Record of Depositors as at 12 June 2013 shall be entitled to attend and vote at the meeting as for appointment of proxy(ies) to attend and vote on his/her stead.

2. 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.

3. 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.

4. All forms of proxy must be deposited at the Company's Share Registrar's Office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

ADDITIONAL STATEMENTS

1. As stated in the Notice of Annual General Meeting on page 124 of this Annual Report, the Directors standing for re-election pursuant to Article 104 are:

   PURSUANT TO ARTICLE 104 OF THE COMPANY'S ARTICLES OF ASSOCIATION:
   i. Mohd Puzi Ahamad
   ii. Voon Seng Chuan
   iii. Abd Talib Baba

2. Details of Board Meetings and the attendance of Directors at those meetings are as stated on page 36.

3. The Thirty-First Annual General Meeting of the Company will be held at Auditorium Ismail Sulaiman, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya on Wednesday, 19 June 2013 at 2.30pm.

4. Details of the Directors standing for re-election are as stated in the Directors' profile column on pages 18 to 21. Their securities holdings in the Company are as stated on page 122.

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 21 sen less tax at 25% will be paid on 5 July 2013 to shareholders whose names appear in the Record of Depositors on 24 June 2013.

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 24 June 2013 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
28 May 2013

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PROXY FORM

Mesiniaga

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 **Thirty-First Annual General Meeting** of the Company, to be held on **Wednesday, 19 June 2013 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.

RESOLUTIONS	FOR	AGAINST
1. To approve a First and Final Gross Dividend of 21 sen less tax at 25% for the year ended 31 December 2012.		
2. To approve Directors' Fees for the year ended 31 December 2012.		
3. To re-elect Mohd Puzi Ahamad who is retiring pursuant to Article 104 of the Company's Articles of Association.		
4. To re-elect Voon Seng Chuan who is retiring pursuant to Article 104 of the Company's Articles of Association.		
5. To re-elect Abd Talib Baba who is retiring pursuant to Article 104 of the Company's Articles of Association.		
6. To re-appoint Messrs PricewaterhouseCoopers as the Company's Auditors and to authorise the DIrectors to fix their remuneration.		

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Signature of Shareholder

Number of shares held	

NOTE:

For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Thirty-First Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 12 June 2013. Only a depositor whose name appears on the Record of Depositors as at 12 June 2013 shall be entitled to attend and vote at the meeting as for appointment of proxy(ies) to attend and vote on his/her stead.

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's Office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

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STAMP

SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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MESINIAGA BERHAD (79244-V)

Menara Mesiniaga, 1A, Jalan SS16/1
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