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Ariantec Global Berhad

(533441-W)

annual report 2012

Contents

Vision

To be a unique Brand serving South East Asian markets with Network Performance Enhancement and Managed Security Solutions, as well as a Network Operations Centre

Mission

To meet our customers' challenges within an increasingly competitive business landscape as their technological needs grow more sophisticated

ARIANTEC DISTINGUISHES ITSELF IN THE FOLLOWING FUNDAMENTAL AREAS:

SYNERGY

Offering among the broadest array of feature rich, efficient, effective and hassle free solutions.

QUALITY

Leading technology innovation, service, marketing and reliability backed by a sound balance sheet (ROI).

VALUE

Excelling support team and superior structure that focuses on providing competitive, comprehensive and complementary solutions.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Abd. Gani Bin Yusof	Executive Chairman
Chong Loong Men	Independent Deputy Chairman
Cheah Chee Fatt	Executive Director
Hew Tze Kok	Executive Director
Mohd Kamal Bin Omar	Non-Independent Non-Executive Director
Hee Chee Keong	Non-Independent Non-Executive Director
Choy Chean Yen	Independent Non-Executive Director
Yahya Bin Razali	Senior Independent Non-Executive Director
Lai Pai Lan	Independent Non-Executive Director

AUDIT COMMITTEE

CHAIRMAN

Lai Pai Lan
Independent Non-Executive Director

MEMBERS

Yahya Bin Razali
Senior Independent Non-Executive Director

Hee Chee Keong
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

CHAIRMAN

Yahya Bin Razali
Senior Independent Non-Executive Director

MEMBERS

Hee Chee Keong
Non-Independent Non-Executive Director

Choy Chean Yen
Independent Non-Executive Director

REMUNERATION COMMITTEE

CHAIRMAN

Yahya Bin Razali
Senior Independent Non-Executive Director

MEMBERS

Hee Chee Keong
Non-Independent Non-Executive Director

Choy Chean Yen
Independent Non-Executive Director

COMPANY SECRETARIES

Seow Fei San (MAICSA 7009732)
Law Mee Poo (MAICSA 7033423)

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7803 1126
Fax: +603-7806 1387

SHARE REGISTRAR

ShareWorks Sdn Bhd
10-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Wilayah Persekutuan
Tel: +603-6201 1120
Fax: +603-6201 3121

MANAGEMENT OFFICE

Wisma Ariantec
1-3 Street Wing
Sunsuria Avenue
Persiaran Mahogani
Kota Damansara
PJU 5, 47810 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-6142 3198
Fax: +603-6142 6292

AUDITORS

STYL Associates
No. 107B, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel: +603-7727 5573
Fax: +603-7727 0771

PRINCIPAL BANKER

Malayan Banking Berhad
62-66, Jalan SS21/35
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7728 5535
Fax: +603-7957 6321

STOCK EXCHANGE LISTING ACE MARKET

Bursa Malaysia Securities Berhad
("Bursa Malaysia")
Stock Name: AGLOBAL
Stock Code: 0020

CORPORATE STRUCTURE

Ariantec Global Berhad
(533441-W)

100%
Ariantec Sdn Bhd
(513689-K)

- **100%**
  Spammerspy Technologies International Sdn Bhd
  (722799-K)

100%
Ariantec Green Power Sdn Bhd
(662023-K)

100%
Ariantec Green R & D Sdn Bhd
(653042-H)

100%
Ariantec Systems Sdn Bhd
(661077-X)

100%
Ariantec Consulting Sdn Bhd
(659699-W)

100%
Ariantec NOC Sdn Bhd
(662373-T)

100%
Global Green Energy Sdn Bhd
(685199-W)

75%
Global Soft (Pg) Sdn Bhd
(495873-K)

60%
Global Soft International Sdn Bhd
(677170-K)

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Conference Room, Level 3, Lot 1, Sunsuria Avenue, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 26 June 2013 at 10:30 a.m. to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.
   TO REFER TO EXPLANATORY NOTE 1

2. To approve the payment of Directors' Fees of RM70,000 for the financial year ended 31 December 2012. **RESOLUTION 1**

3. To re-elect Mr Hee Chee Keong, who retires by rotation pursuant to Article 103 of the Company's Articles of Association: **RESOLUTION 2**

4. To re-elect the following Directors who retires in accordance to Article 110 of the Company's Articles of Association:

   (i) Mr Choy Chean Yen **RESOLUTION 3**
   (ii) Encik Mohd Kamal bin Omar **RESOLUTION 4**
   (iii) Mr Chong Loong Men **RESOLUTION 5**
   (iv) Encik Yahya bin Razali **RESOLUTION 6**
   (v) Mr Lai Pai Lan **RESOLUTION 7**
   (vi) Mr Cheah Chee Fatt **RESOLUTION 8**
   (vii) Mr Hew Tze Kok **RESOLUTION 9**

5. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration.
   RESOLUTION 10

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 has been received by the Company for the nomination of Messrs Hasnan THL Wong & Partners who have given their conditional consent to act as auditors of the Company and of the intention to propose the following Resolution:-

   "That Messrs Hasnan THL Wong & Partners be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs STYL Associates and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

AS SPECIAL BUSINESS:

6. To consider and if thought fit, pass with or without modification, the following resolution:

   Ordinary Resolution

   AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **RESOLUTION 11**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of all the relevant regulatory authorities being obtained for such issue and allotment".

7. To transact any other ordinary business in which due notice shall have been given.

By Order of the Board

HEE CHEE KEONG
Director

Petaling Jaya
4 June 2013

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint two proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company
2. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
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 the appointer is a corporation, under its common seal, or the hand of its attorney duly authorised.
4. The instrument appointing a proxy must be deposited at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned Meeting.
5. Only members registered in the Record of Depositors as at 20 June 2013 shall be eligible to attend, speak and vote at this meeting or appoint proxy to attend and vote on his/her behalf.
6. Shareholders' attention is hereby drawn to the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities amount (omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.

Explanatory Notes:

Item 1 of the Agenda

To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.

This item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require shareholders' approval for the Audited Financial Statements. Henceforth, this item is not put forward for voting.

Ordinary Resolution 11

Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

The proposed ordinary resolution No. 11 if passed, will empower the directors of the Company to allot and issue shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act 1965 under the general authority which was approved at the Eleventh Annual General Meeting ("AGM") held on 21 June 2012 and which will lapse at the conclusion of the Twelfth AGM to be held on 26 June 2013.

The authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limiting to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

- **Details of individuals who are standing for election as Directors.**

  No individual is seeking election as a Director at the forthcoming Twelfth Annual General Meeting of the Company.

NOTICE OF NOMINATION OF NEW AUDITORS

The Directors
Ariantec Global Berhad
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

NOTICE OF NOMINATION OF MESSRS HASNAN THL WONG & PARTNERS

L, being a shareholder of **Ariantec Global Berhad** hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965, of my nomination of Messrs **HASNAN THL WONG & PARTNERS** as auditor of the Company in place of the retiring auditors, and of my intention to propose the following resolution as an ordinary resolution at the Annual General Meeting of the Company:

RESOLUTION

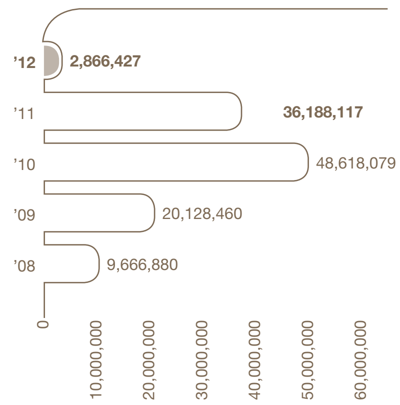
*"That Messrs **HASNAN THL WONG & PARTNERS**, be and are hereby appointed Auditors of the Company in place of the retiring auditors, Messrs STYL Associates to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."*

Dated this 17 day of MAY 2013

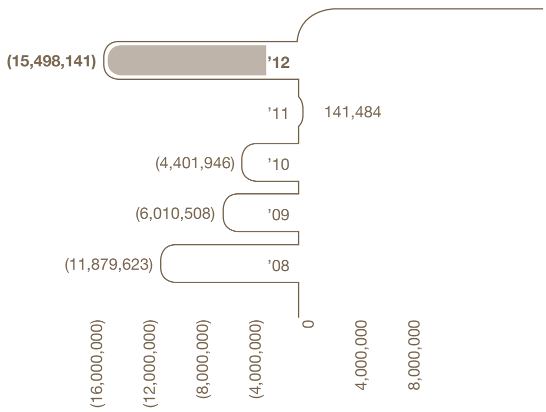
QUEK YONG WAH

GROUP
FINANCIAL HIGHLIGHTS

REVENUE
(RM)

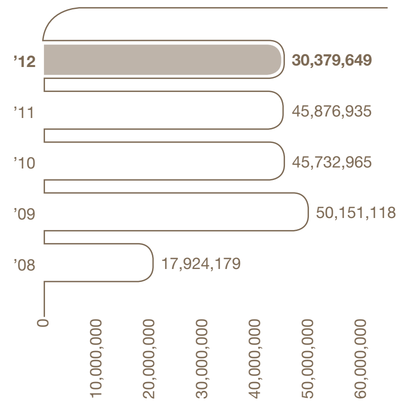


NET PROFIT/(LOSS) AFTER TAX
(RM)

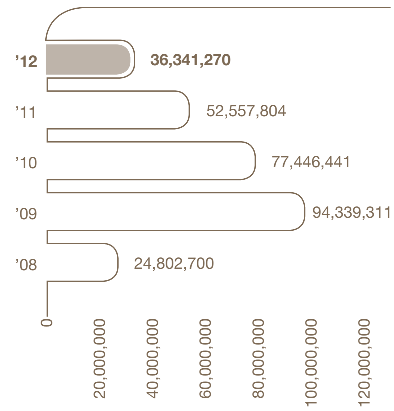


	2012 RM	2011 RM	2010 RM	2009 RM	2008 RM
REVENUE	2,866,427	36,188,117	48,618,079	20,128,460	9,666,880
EBITDA	(17,419,268)	2,157,813	(711,371.00)	(2,858,842)	(9,089,694)
NET PROFIT/(LOSS) BEFORE TAX	(17,931,444)	392,924	(4,160,098)	(5,798,131)	(11,899,718)
NET PROFIT/(LOSS) AFTER TAX	(15,498,141)	141,484	(4,401,946)	(6,010,508)	(11,879,623)
NET PROFIT/(LOSS)/ ATTRIBUTABLE TO EQUITY HOLDERS	(15,496,188)	145,513	(4,399,511)	(6,010,084)	(11,377,900)
TOTAL EQUITY	30,379,649	45,876,935	45,732,965	50,151,118	17,924,179
TOTAL ASSETS	36,341,270	52,557,804	77,446,441	94,339,311	24,802,700
TOTAL BORROWING	4,199,334	5,046,388	24,649,553	28,280,702	2,815,839

TOTAL EQUITY
(RM)



TOTAL ASSETS
(RM)



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to the shareholders, the Annual Report of Ariantec Global Berhad ("AGB") for the financial year ended 31 December 2012.

FINANCIAL REVIEW

For the financial year to-date, the Group recorded revenue and loss after taxation ("LAT") of RM2.9 million and RM15.5 million compared to RM36.2 million revenue and profit after taxation of RM0.1 million in the preceding year. This represents a decrease of approximately RM33.3 million in revenue. The decrease in revenue was mainly due to delay in secured of new projects and LAT for the financial year to-date was mainly due to the provision of doubtful debts and impairment of goodwill on consolidation.

Revenue was driven by the ongoing network infrastructures Project; the supply, delivery, maintenance and support services of Bandwidth Management Equipments project.

CORPORATE DEVELOPMENTS

On 25 April 2013, the Company had via M&A Securities Sdn Bhd announce that the Company proposes to implement a private placement of up to 56,875,300 new ordinary shares of RM0.10 each in AGB to independent third party investors to be identified at a later date.

The issue price of the Placement Shares will be determined and fixed by the Board at a later date when all relevant approvals have been obtained for the Proposed Private Placement. As such, the issue price of the Placement Shares has not yet been fixed.

RESEARCH & DEVELOPMENT

In 2012, the Group continued to invest in research and development ("R&D") activities through our subsidiary, SpammerSpy Technologies International Sdn Bhd ("Spammerspy").

SpammerSpy continues to be involved in developing a Unified Performance Management which all of the core capabilities needed to effectively manage a WAN incorporated into a single network appliance. These tightly integrated capabilities include real-time monitoring, reporting, traffic control, optimisation and intelligent acceleration. Users can toggle between simplified or advanced interface and may also choose a centralised management platform for controlling multiple appliances across the network. This will empower organisations to improve application performance, lower network operation costs, defer costly bandwidth upgrades and increased productivity by reducing the time employees spend waiting for slow applications to respond.

INDUSTRY OUTLOOK

The Malaysian economy is expected to remain on a steady growth in 2013, underpinned by the continued resilience of domestic demand, and supported by a gradual recovery of the external environment. According to Bank Negara Malaysia, the challenging external environment such as potential re-emergence of instability in the Eurozone and slower growth in Malaysia's major trading partners will remain risks to the growth prospect.

Under this challenging global economic environment, robust private investment and public spending will continue to support sustainable growth of the Malaysian economy, particularly more projects under the Economic Transformation Programme will be realised this year. Certainly, this will sustain consumer spending and spur investments in the domestic economy while mitigating potential risks arising from the global environment.

GROUP PROSPECTS

Moving ahead, Ariantec remains committed and focused on end-to-end ICT projects within the telecommunication, education, government and financial sectors. Most of these areas are well into developing their own ICT strategies in keeping with the Government's National Key Economic Agenda ("NKEA"). However, there is much more than can be done to make these sectors more competitive. For instance, in the health sectors, medical records are handled manually in both public hospitals and private clinics and very little networking and information sharing among medical professionals. These can be productive and economically sustainable sectors and thus AGB is exploring future possibilities of expanding the ICT potential in these sectors.

CORPORATE GOVERNANCE

The Board of Directors continue to ensure compliance to Bursa Malaysia Listing Requirements for the ACE Market and strives to adopt and adhere to the principals and best practices of good corporate governance.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to extend my sincere thanks to the management and staff of AGB Group for their contributions.

I would also like to thank our shareholders, customers, bankers, business partners and all relevant authorities for their support and services.

Dato' Abd. Gani Bin Yusof
Executive Chairman

MANAGEMENT DISCUSSION

OUR BUSINESS

As Ariantec Global Berhad, we serve as an it Powerhouse that Delivers a Complete Range of it Solutions. These include Network Solutions, Security Solutions, Performance Management, Network Management and 24 Hour Support & Maintenance Services.

OUR CORE SERVICES

- **Integrated Channel Bonding:** Enable bonding of lines regardless of the network line performance when multiple DSL lines are tunnelled into a single logical line to register a higher bandwidth, allowing network performance to be more stable.
- **Network Performance Enhancement:** Provision of a fully converged enterprise network which is scalable, and less expensive to own and operate with better performance.
- **Network Security:** Provision of an active-integrated security solution that diagnoses, blocks and protects users from malicious traffic generated from the network.
- **Maintenance & Services:** Provision of services for the system and solution deployed by Ariantec Group.

OUR CORE PRODUCTS

- SpammerSpy Channel Bonding (Principal)
- SpammerSpy Smart Powerbar (Principal)
- Exinda Unified Performance Management (Sole Distributor)
- Alcatel-Lucent Data and Voice (Value Added Distributor)
- Green Energy Solutions

OUR STRENGTHS

- Proven management with more than 30 years of combined IT experience
- Driven by young and dynamic entrepreneurs
- Principals of proprietary in-demand technology
- Sole distributors of key IT solutions

OUR COMPETITIVE ADVANTAGE

BRANDING	Partnerships with globally renowned brands
PROPRIETARY TECHNOLOGY	As principals of Channel Bonding an Smart Powerbar we enjoy ownership and control
TECHNOLOGY	Easy access to Network Equipment that features new technology
COST SAVINGS FOR CLIENTS	Network Performance Enhancements generate a Return On Investment for clients

OUR OPPORTUNITIES

- With increasing attention for High Speed Broad Band (“HSBB”) services, areas not covered under the HSBB initiative will become a market for our Channel Bonding solution.
- Our current contract with 3,000 schools creates a need for maintenance and support services - another one of our core services.
- Increased internet usage should escalate demand for Network Security products and Managed Security services - both of which are our core offerings.
- The increased number of enterprise users opens a market for us to offer Network Management Services as an outsourced support.
- Possibility of regional expansion as most Asian markets are trending towards increased internet usage and enterprise users.

DIRECTORS' PROFILE

DATO' ABD GANI BIN YUSOF *Executive Chairman*

Dato' Abd. Gani bin Yusof, a Malaysian, aged 58, was appointed as the Executive Chairman of the Company on 27 June 2011. He graduated from Universiti Sains Malaysia with Bachelor of Science (Hons) in Housing, Building & Planning.

His career began in 1981 with Peremba Bhd, a property development company which he left in 1988 as a Project Manager. He joined United Engineers (Malaysia) Bhd in 1988 as General Manager until 1991 where he was promoted to a Project Director. He was Managing Director of Linkedua (M) Bhd and Prolink Development Sdn Bhd, which are companies involved in the construction of the second link in Johor and development of the Nusajaya township from 1993 to 1995. He was also an Executive Vice-Chairman of Metronic Global Berhad from 2004 to 2012.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB and no conviction for any offences within the past 10 years.

CHONG LOONG MEN *Independent Non-Executive Deputy Chairman (Appointed on 19/03/2013)*

Chong Loong Men, aged 34, was appointed to the Board on 19 March 2013 as Independent Non-Executive director and redesigned as Independent Non-Executive Deputy Chairman of the Company on 8 April 2013. Being a practising lawyer, he possesses law degree, certificate of legal practice and a higher diploma in Quantity Surveying.

He started his career with the Attorney General's Chambers as a Deputy Public Prosecutor before joining the Enforcement Division of the Securities Commission Malaysia in 2007. He started his private practise as a lawyer in 2011 with Messrs Lim, Chong, Phang & Amy, Advocates & Solicitors, a legal firm that he co-found.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB and no conviction for any offences within the past 10 years.

CHEAH CHEE FATT *Executive Director (Appointed on 07/05/2013)*

Cheah Chee Fatt, a Malaysian, aged 48, was appointed to the Board as Executive Director on 7 May 2013. He graduated from Hartford University, Connecticut, USA with Bachelor of Science (Hons) in Electrical Engineering. He has more than 28 years experience in the construction industry.

He joined Bintai Kindenko (S) Pte Ltd in 1985 as a Senior Estimator while pursuing his BSc in Elect Eng. He subsequently joined Edward E Woo Consultants Pte Ltd as Electrical Engineer in 1990 and later appointed as Associate Director. In 2000, he re-located back to Malaysia to joined Metronic Engineering Sdn Bhd as Project Manager involved in Mechanical & Electrical Services for Pandan Hospital in Johor and Alor Setar Hosipital in Kedah. Thereafter in 2006, he joined CapitaLand Commercial Projects Malaysia Sdn Bhd, a wholly owned subsidiary of Singapore's CapitaLand Group as Project Manager involved in Four Seasons Hotel & Residences near KLCC, Zehn Pantai condominium and Lot J KL Sentral highrise office building. He re-joined Metronic Engineering Sdn Bhd as Senior Manager in 2009 and posted to China as General Manager to managed a water treatment plant project in Lai An County, Anhui Province.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB and no conviction for any offences within the past 10 years.

HEW TZE KOK *Executive Director (Appointed on 07/05/2013)*

Hew Tze Kok, a Malaysian, aged 36, was appointed as the Executive Director of the Company on 7 May 2013. He received his higher education at Systematic Business Training Centre and becomes a member of the Association of Chartered Certified Accountants (ACCA-United Kingdom) since year 2005 and subsequently admitted as fellowship member (FCCA) in year 2010.

He started his career path by practising in accounting firms, namely Wong Yew Seng & Co and BDO Binder for approximately 7 years. Thereafter he served the Securities Commission Malaysia ("SC") for approximately 5 years in the area of enforcement of securities law. He was then appointed as an Investigating Officer of the SC with a ranking of Senior Manager. Subsequent to that, he joined KPMG Forensic Investigation Services as an Associate Director.

He is also a Non-Independent Non-Executive Director of Patimas Computers Berhad.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB and no conviction for any offences within the past 10 years.

MOHD KAMAL BIN OMAR *Non-Independent Non-Executive Director (Appointed on 14/08/2012)*

Mohd Kamal Bin Omar, a Malaysian, aged 59, was appointed to the Board on 14 August 2012.

He graduated with a Bachelor of Science majoring in Computer Science from Northern Illinois University, USA. He has extensive management experience with Petronas, Malaysian L.N.G., Golden Hope Plantation Berhad, DRB-Hicom Group of companies. He joined Berger International Limited, a public listed company in Singapore as a Director in 1996 and later as the Chief Executive Officer until 2002.

He is currently the Director of Boon Koon Group Berhad and also Chairman of Risk Management Committee.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB and no conviction for any offences within the past 10 years.

HEE CHEE KEONG *Non-Independent Non-Executive Director*

Hee Chee Keong, a Malaysian aged 41, was appointed to the Board as Executive Director on 2 November 2004. He was redesignated to Non-Independent Non-Executive Director of the Company on 1 January 2009. He also sits on the Board of the subsidiaries of AGB. He is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a fellow member of Association of Chartered Certified Accountants (FCCA). He has more than fifteen (15) years of working experience in both private and public companies.

During the course of his career, he was involved in various industries including manufacturing, property, construction, leisure and entertainment. Prior to his appointment in AGB, he is Group Accountant in a public listed company to assist in the restructuring exercise of the company.

He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB had and no conviction for any offences within the past 10 years.

YAHYA BIN RAZALI *Senior Independent Non-Executive Director (Appointed on 19/03/2013)*

Yahya Bin Razali, a Malaysian, aged 57, was appointed to the Board on 19 March 2013.

He obtained his Bachelor of Science (Finance) from Southern Illinois University and MBA from Berkeley, United States in 1982 and 1984 respectively. He worked with the Ministry of Culture, Youth and Sports of Malaysia from 1977 to 1979. In 1984, he joined the United State Leasing Corporation, San Francisco, United States as a Financial Analyst. In 1986, he worked as a Consultant with Alexander Proudfoot Productivity Consultant Pte Ltd in Singapore. He also held the position of Investment Manager and Executive Director for Selangor Foundation and Grand United Holdings Berhad respectively from 1988 to 1993. He was the Fund Manager cum Associate Director for Spectrum Asset Management Sdn Bhd, a licensed fund management company. He is also an Independent Non-Executive Director of Nakamichi Corporation Berhad. He was an Independent and Non-Executive Director of RNC Corporation Berhad for the period 1998 to 2004.

He is the Chairman of Nomination Committee and Remuneration Committee.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB and no conviction for any offences within the past 10 years.

CHOY CHEAN YEN *Independent Non-Executive Director (Appointed on 14/08/2012)*

Choy Chean Yen, a Malaysian, aged 31, was appointed to the Board on 14 August 2012.

He holds an honours degree in Applied Accounting from the Oxford Brooke University of United Kingdom and is a member of The Association of Chartered Certified Accountants (ACCA). He is also a Chartered Accountant of the Malaysian Institute of Accountants.

He is currently a Fund Manager at Labuan Reinsurance (L) Ltd, a company managing investment portfolio of more than USD400 million in assets under management. Prior to that, he was involved in Corporate Finance of Merchant Banks for about 7 years. He has vast experience in the areas of initial public offerings, mergers and acquisitions, corporate recovery and insolvency, company and business valuations, corporate restructuring and fund raising from the debt and equity capital markets.

He is a member of the Remuneration Committee and Nomination Committee.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB had and no conviction for any offences within the past 10 years.

LAI PAI LAN *Independent Non-Executive Director (Appointed on 08/04/2013)*

Lai Pai Lan, a Malaysian, aged 35, was appointed as the Independent Non-Executive Director of the Company on 8 April 2013. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants (MIA).

He has more than 10 years of working experience in the field of accounting, auditing and taxation. He started his career by attaching himself to a Chartered Accountants firm, BDO Binder. He then started his own professional firm which specialising in accounting, consultancy and tax services until present.

He is Chairman of the Audit Committee.

He has no family relationship with any Director and/or major shareholder of AGB. He has no conflict of interest with AGB and no conviction for any offences within the past 10 years.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors appreciates the importance of adopting high standards of corporate governance as a means of sustaining the Group's long-term growth and increasing shareholders' value. The Group is currently moving towards compliance with the principles and adoption of the Best Practices as recommended by the Malaysian Code on Corporate Governance ("The Code"). in observing its high standard of transparency, accountability and integrity.

A. BOARD OF DIRECTORS

Composition and Balance of the Board

Currently, the Board consists of nine (9) members comprising the following:

- One (1) Executive Chairman
- One (1) Independent Deputy Chairman
- Two (2) Executive Directors
- One (1) Senior Independent Non-Executive Director
- Two (2) Non-Independent Non-Executive Directors
- Two (2) Independent Non-Executive Directors

The Board is led by the Executive Chairman Dato' Abd. Gani Bin Yusof. The current Board composition complies with the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad.

The Board comprises of professionals from various background, capable of bringing in-dept and diverse experiences, expertises and perspectives to the Group's business' operation. The Board's profiles are set out in this Annual Report on pages 10 and 11.

Duties and Responsibilities

The Group acknowledges the importance of having an effective Board to lead and control the Group. The Board is ultimately responsible for the stewardship of the Group's strategic direction and development. The Board's responsibilities include reviewing and adopting the Group's goals, objectives and strategic plans set by the management, monitoring the achievement of the goals and objectives, reviewing the performance and identifying the Group's principal risks.

Meetings

During the financial year ended 31 December 2012, the Board met on 6 occasions. The Board deliberated on a variety of matters.

Board of Directors	Attendance in 2012
Dato' Abd. Gani Bin Yusof	5/6
Hee Chee Keong	6/6
Datuk Low Kok Thai (Retired on 21/06/2012)	2/3
Dr Vincent Loy Ghee Yaw (Resigned on 22 March 2013)	5/6
Chen Kong Kheng (Resigned on 22 March 2013)	5/6
Lee Teck Meng (Resigned on 22 March 2013)	6/6
N. Chanthiran A/L Nagappan (Resigned on 12 March 2013)	6/6
Choy Chean Yen (Appointed on 14/08/2012)	2/2
Mohd Kamal Bin Omar (Appointed on 14/08/2012)	2/2
Law Boon Keat (Appointed on 14/08/2012, Resigned on 16/04/2013)	2/2

A. BOARD OF DIRECTORS (cont'd)

Supply of information

Members of the Board have access to information on a timely basis to enable them to discharge their duties and responsibilities.

Directors are each provided with Notice of Board Meeting and relevant documents and information for each agenda item in advance of each meeting to ensure that Directors have ample time to study them and be properly prepared for discussion. The relevant Board members will provide comprehensive explanation of pertinent issue and recommendations by the management. The issue would then be deliberated and discussed by the Board prior to decision-making. All meetings of the Board are duly recorded in the Board Minutes.

In furtherance of their duties, the Board has unrestricted access timely and accurate information pertaining to the Group as well as to the advice and services of the Company Secretaries and independent advisers whenever appropriate at the Group's expense.

Appointment to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the Nomination Committee, details of which are set out on page 15 of this Annual Report.

Re-election

The procedure for re-election of directors by rotation is set out in the Company's Articles of Association. At the first annual general meeting of the company, all directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the directors for the time being, or, if their number is not three (3) or a multiple of the three (3), then the number nearest to one-third, shall retire from office provided always that all directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

For the forthcoming Annual General Meeting (AGM), Mr Hee Chee Keong who retires in accordance with Article 103 of the Company's Articles of Association while Mr Chong Loong Men, Mr Cheah Chee Fatt, Mr Hew Tze Kok, Encik. Mohd Kamal Bin Omar, Mr Choy Chean Yen, Encik. Yahya Bin Razali and Mr Lai Pai Lan who retire in accordance with Article 110 of the Company's Articles of Association, being eligible, offer themselves for re-election.

Director's Training

The Board believes that continuous training for Directors is important to enable them to discharge their duties effectively. As such, the Directors are continuously encouraged to attend various training programs and seminars to ensure that they are kept abreast on various issues pertaining to the constantly changing environment within which the business of the Group operates, particularly in areas of corporate governance and regulatory compliance.

All the Directors have completed the Mandatory Accreditation Program (MAP) conducted by Bursatra Sdn Bhd, except those directors who were appointed after the financial year ended 31 December 2012, the said directors will attend the MAP within 4 months from the date of appointment. Throughout the financial year under review, all members of the Board have individually or collectively attended various conferences, seminars, workshop and programmes organised by relevant regulatory authorities and professional bodies:-

1) Hee Chee Keong	a) MIA Conference 2012
	b) Tax Planing on Budget 2013
2) Mohd Kamal Bin Omar	a) Managing Corporate Risk and Achieving Internal Control Through Statutory Compliance

B. DIRECTORS' REMUNERATION

Level Make-up and procedure of Remuneration

Levels of remuneration should be sufficient to attract and retain the directors needed to run the Company successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of executive directors. In the case of non-executive directors, the determination of the remuneration packages is a matter of the Board as a whole with the director concerned abstaining from deliberation and voting on decision in respect of his individual remuneration. The level of remuneration should reflect the experience and level of responsibilities undertaken by the particular non-executive concerned.

Details of Directors' Remuneration

The aggregate remuneration of directors for the financial year ended 31 December 2012 were as follow:

Component	Executive Directors	Non-Executive Directors	Total
Salaries/other emoluments	751,480	214,460	965,940
Fees	-	70,000	70,000
Total	751,480	284,460	1,035,940

Remuneration of the Director's in bands of RM50,000 is tabulated below:

Remuneration Band	Executive Directors	Non-Executive Directors	Total No.
RRM 50,000 and below	-	4	4
RM50,001 - RM100,000	1	-	1
RM100,001 – RM150,000	-	1	1
RM250,001 – RM300,000	2	-	2

C. SHAREHOLDERS

Dialogue with investor

The Group acknowledges the importance of communicating with its shareholders and does this through the Annual Report and the AGM. Other relevant information is disseminated via circulars to shareholders, quarterly financial results and various announcements made from time to time. All shareholders, including private investors, have an opportunity to participate in discussions with the Board on matters relating to the Group's operations and performance at the Company's AGM. The Board will try to respond to the shareholders questions during the AGM and in the event an immediate answer is not possible, the Chairman of the Board will arrange for a written answer to be given to the shareholder at a later date. Alternatively, shareholders may obtain the Group's latest announcements and information via the Bursa Malaysia's website at www.bursamalaysia.com.my.

The AGM

The AGM is the principle forum for dialogue with individual shareholders and investor. It is a crucial mechanism in shareholders communication for the company. At the company's AGM, shareholders have direct access to the Board and are given the opportunity to ask questions during the question and answer session.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide a balanced and understandable assessment of the Company's financial performance, financial position and prospects through the annual financial statements, Chairman's statements and announcement of quarterly results. In the preparation of the financial statements, the directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- Prepared the financial statements on going concern basis.

Internal Control

The Board has overall responsibility for maintaining a system of internal controls, which provides reasonable assessments of effective and efficient operations, internal controls and compliance with laws and regulations.

The Statement on Risk Management and Internal Control as set out in page 21 and 22 of this Annual Report providing an overview of the state of internal control within the Group.

Relationship with Auditor

The Board has established a formal and transparent arrangement with the Group's auditors in seeking professional advice.

The Group's auditors play an essential role by enhancing the reliability of the Group's financial statements and providing assurance of that reliability to users, including the shareholders of these financial statements.

The auditors have an obligation to bring any significant defects in the Group's system of control and compliance to the attention of the Management, and if necessary, to the Audit Committee and the Board.

DIRECTOR'S RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required to prepare the financial statements for each financial year, which gives a true and fair view of the state of affairs, the results and cash flow of the Group for the financial year ended.

The Directors are responsible for ensuring that the Group keeps accounting records with reasonable accuracy at any time to track the financial position of the Group. It is also the duty and responsibility of the Directors to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

BOARD COMMITTEES

The Board has delegated certain of its responsibilities to the committees as below to assist the Board in the discharge of its duties effectively. All Board Committees are provided with written terms of reference. Details of the Board committees are provided below.

(a) Audit Committee

The report of the Audit Committee is set on pages 17 to 19.

(b) Remuneration Committee

The Remuneration Committee shall consist wholly or mainly non-executive director. Currently, the Remuneration Committee comprises three members who are wholly non-executive directors:

Yahya Bin Razali (Chairman)	Senior Independent Non-Executive Director
Choy Chean Yen (Member)	Independent Non-Executive Director
Hee Chee Keong (Member)	Non-Independent Non-Executive Director

Functions

1. recommend to the Board the remuneration of the executive directors in all its forms, drawing from outside advice as necessary. The determination of remuneration packages of non-executive directors, including non-executive chairman, should be a matter for the board as a whole; and
2. perform such other functions as may be agreed to by the Remuneration Committee and the Board of Directors.

One (1) Meeting was held during the financial year ended 31 December 2012.

(c) Nomination Committee

The Nomination Committee shall be composed of no fewer than two (2) members, exclusively of non-executive directors and a majority of whom are independent directors. Currently, the Nomination Committee comprises three members who are wholly non-executive directors:

Yahya Bin Razali (Chairman)	Senior Independent Non-Executive Director
Choy Chean Yen (Member)	Independent Non-Executive Director
Hee Chee Keong (Member)	Non-Independent Non-Executive Director

Functions

The Nomination Committee should:

1. recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board based on the followings:-
   a. skills, knowledge, expertise and experience;
   b. professionalism;
   c. integrity; and
   d. in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors;
2. consider, in making its recommendations, candidates for directorships proposed by the chief executive officer and, within the bounds of practicability, by any other senior executive or any director or shareholder;
3. recommend to the Board, directors to fill the seats on board committees;
4. review the directors' required mix of skills and experience and other qualities annually, including core competencies which non-executive directors should bring to the Board;
5. assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual, including independent non-executive directors, as well as the chief executive officer. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented.
6. perform such other functions as may be agreed to by the Nomination Committee and the Board of Directors.

Three (3) Meetings was held during the financial year ended 31 December 2012.

Compliance Statement

Having reviewed the corporate governance structure and practices of the Group, the Board is satisfied that the Company has substantially complied with the Best Practices of the Code throughout the financial year ended 31 December 2012 as well as the Listing Requirement of the Bursa Malaysia Securities Berhad for the ACE market except current management and Board of Directors are striving to formalise a Sustainability Policy through engaging an external Consultants.

AUDIT COMMITTEE
REPORT

The principle objective of the Audit Committee is to assist the Board in discharging certain of its statutory duties and responsibilities in relation to financial, accounting and reporting practices and to ensure proper disclosure to the shareholders of the Group.

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

Currently, the Audit Committee comprises the following members:

Lai Pai Lan (Chairman)	Independent Non-Executive Director
Yahya Bin Razali (Member)	Senior Independent Non-Executive Director
Hee Chee Keong (Member)	Non-Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

1. Members of the Audit Committee shall be from amongst its directors which fulfills the following requirements:-
   (a) the Audit Committee must be composed of no fewer than three (3) members;
   (b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
   (c) at least one (1) member of the Audit Committee:-
      (i) must be a member of the Malaysian Institute of Accountants; or
      (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
         (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
         (bb) he 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) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
2. No alternate director shall be appointed as a member of the Audit Committee.
3. The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
4. If a member of the Audit Committee resigns, dies or for any reason ceases to be a member which results in the number being reduced below three (3), the vacancy must be filled within three (3) months.
5. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

Meetings

1. The Audit Committee shall meet at least four (4) times in a year or a frequency to be decided by the Committee.
2. A quorum shall be two (2) members with a majority of members present must be independent directors.
3. The Chairman of the Audit Committee shall, upon the request of the external auditor, convene a meeting to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.
4. Other directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.
5. The Company Secretary shall be the Secretary of the Committee.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

Audit Committee Members

During the financial year ended 31 December 2012, the Audit Committee met on 5 occasions.

The meetings deliberated on a variety of matters.

Members of Audit Committee	Attendance in 2012
Mr. N. Chanthiran A/L Nagappan (Resigned on 12 March 2013)	5/5
Mr. Lee Teck Meng (Resigned on 22 March 2013)	5/5
Mr. Hee Chee Keong	5/5

Functions

1. to review the following and report the same to the Board of directors of the Company:-
   - (a) with the external auditor, the audit plan;
   - (b) with the external auditor, his evaluation of the system of internal controls;
   - (c) with the external auditor, his audit report;
   - (d) the assistance given by the employees of the Company to the external auditor;
   - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
   - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
   - (g) the quarterly results and year end financial statements, prior to the approval by the Board of directors, focusing particularly on:-
     - (i) changes in or implementation of major accounting policy changes;
     - (ii) significant and unusual events; and
     - (iii) compliance with accounting standards and other legal requirements;
   - (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
   - (i) any letter of resignation from the external auditors of the Company; and
   - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
2. to recommend the nomination of a person or persons as external auditors.
3. to perform any other functions, responsibilities and/or duties as may be imposed by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time; and
4. to perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

Rights

The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

1. have authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5 be able to obtain independent professional or other advice; and
6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Activities

The committee had carried out the following activities during the five (5) meetings in discharging their duties and responsibilities:

- reviewed the quarterly reports of the Group and recommendation of the same to the Board for approval and release of the Group's result to Bursa Malaysia Securities Berhad;
- reviewed the external auditors scope of work and audit plan for the Group;
- reviewed with external auditors on the results and issues arising from their audit of the financial year end statements and their resolutions of such issues highlighted in their report to committee;
- reviewed internal audit findings and recommendations for improvement in the system of internal control;
- considered and recommended the external auditors for re-appointment; and
- discussed the new accounting standards which will affect the company.

Internal Audit Function

The Group had outsourced an internal control department to carry out a review of the system of internal control and risk assessment of the Group.

The person(s) carry out the Internal Audit Function will report directly to the Audit Committee and assist the Board in monitoring the risks and reviewing the internal controls system to ensure sound internal control system are established and continue to function effectively and satisfactorily with the Group.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Malaysia Securities Berhad Listing Requirements for the ACE Market, the following information is provided:

1 SHARE BUY-BACKS

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

2 OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year 2006, the Company issued 78,971,566 warrants, none of the warrant was exercised during the financial year 2011, details of which are set out in Note 18 to the audited Financial Statements. The exercise rights of the warrants expired on 18 April 2011.

3 AMERICAN DEPOSITORY RECEIPT ("ADR")/GLOBAL DEPOSITOR RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year.

4 SANCTIONS/PENALTIES

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

5 NON-AUDIT FEES

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 31 December 2012 was RM1,000 (Year of 2011 : RM1,000).

6 MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Company and its subsidiary companies have not entered into any material contract outside the ordinary course of business, involving directors and substantial shareholders since the end of the previous financial year ended 31 December 2012.

7 REVALUATION POLICY

The Company did not revalue any of its property, plant and equipment during financial year.

8 PROPERTY AS AT 31 DECEMBER 2012

Description of Property

Land and Building

Wisma Ariantec 1-3, Street Wing, SunSuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

Existing use	Age of building	Approximate area	Tenure and expiry date	Net book value as at 31-12-2012
Shop office	3 year	Built-up: 990 sq.metres	Leasehold 99 Years 21 February 2107	RM5,326,542

9 PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year.

10 VARIATION IN RESULTS

There were no significant variances noted between the reported results and the unaudited results announced.

11 PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not make any release on the profit estimate, forecast or projection for the financial year.

12 RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

During the financial year, there was no RRPT of Revenue Nature.

13 CORPORATE SOCIAL RESPONSIBILITIES

In pursuit of the business objective, we believe that it's important to strike a balance between profitability and contributions to the society and environment responsibilities. Therefore, the Company has contributed to NGOs and unfortunate groups. The Company is also adopting eco-friendly practices such as implementing Office Automation Software to reduce the usage of paper to protect the environment.

Besides, the Company has striven for the betterment of our employees as the employees are recognised as an important asset for the Group. Continuous care on the welfare of employees is always emphasised. Trainings will be constantly provided to upgrade the employees' skills and competency to meet the changing requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements for the ACE Market require directors of public listed companies to include a statement in their annual reports on the state of their risk management and internal controls. The Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") provides Guidelines for compliance with these requirements. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control of the Group comprising Ariantec Global Berhad and the key elements of internal control for the year ended 31 December 2012.

RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the Group's risk management and internal control, which includes financial, compliance and operational controls of the Group. The Board also recognises its responsibility for reviewing the adequacy and integrity of the management practices and internal controls to safeguard shareholders' investments and the Group's assets.

However, it should be noted that the system of internal control and the system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has in place an ongoing process to review the effectiveness, adequacy and integrity of the risk management and system of internal control.

RISK MANAGEMENT FRAMEWORK

The Board recognises that the management of principal risks play an important and integral part of the Group's daily operations and that the identification and the management of such risks will affect the achievement of the Group's corporate objectives. The Executive Directors with assistance of the management are continuously identifying, evaluating and managing significant business risks that are affecting the day-to-day operations of the Group.

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of the internal control procedures in the Group during the financial year.

KEY ELEMENTS

The key elements of the Group's internal control system include the following:

- The operating units, headed by qualified and experienced Directors and managers in the respective fields of specialization.
- Policy guidelines, procedures and authority limits are established for Executive Directors and management within the Group in respect of day-to-day operations, acquisitions and disposal of assets.
- The provision to the Board and the management of comprehensive information on monthly and quarterly financial performance, key business and production indicators, including customers' feedback on the level as well as quality of service.
- The management regularly evaluates the action taken by operating units in mitigating or overcoming the impact of the risks identified to the operation of the Group.
- Monitoring by management of the monthly results as against the budget and in the event of major variances, to take appropriate remedial action.

INTERNAL AUDIT FUNCTION

The Group had set up an internal control department to carry out and review of the system of internal control and risk assessment of the Group.

The internal audit function has adopted a risk-based approach in its audit work. The audit focused on areas with high risk, which were identified in the risk management framework, to ensure that the control were functioning and where necessary, action plans were developed to improve on controls to manage significant risks.

Total cost incurred for the Internal Audit Service for the financial year ended 31 December 2012 was RM25,800.00.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement and the Risk Management Statement for inclusion in the Annual Report for FY2012, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board is of the opinion that based on the current level of activities, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects. The Management will continue to take measures to strengthen the control environment.

Financial Statements

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2012.

PRINCIPAL ACTIVITIES

The Company is principally involved in the research and development of software, system design, integration and installation and provision of information technology services.

The principal activities of the subsidiaries are set out in Note 12 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

The results of the operations of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Net loss for the financial year	(15,498,141)	(18,513,390)
Attributable to:		
Equity holders of the Company	(15,496,188)	(18,513,390)
Non-controlling interests	(1,953)	–
	(15,498,141)	(18,513,390)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Lee Teck Meng
Hee Chee Keong
Vincent Loy Ghee Yaw
Chen Kong Kheng
Dato' Abd. Gani Bin Yusof
Choy Chean Yen (appointed on 14.8.2012)
Law Boon Keat (appointed on 14.8.2012)
Mohd Kamal Bin Omar (appointed on 14.8.2012)
Datuk Low Kok Thai (retired on 21.6.2012)
N.Chanthiran A/L Nagappan (resigned on 12.3.2013)

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.1.2012	**Bought**	**Sold**	**Balance as at 31.12.2012**
Shares in the Company				
Registered in name of directors				
Hee Chee Keong	167,000	–	–	**167,000**
Vincent Loy Ghee Yaw	4,921,875	–	–	**4,921,875**
Chen Kong Kheng	30,035,550	–	26,500,000	**3,535,550**

By virtue of the above directors' interests in the shares of the Company, the directors are deemed to have an interest in the shares of the subsidiaries as disclosed in Note 12 to the Financial Statements.

None of the other directors in office at the end of the financial year held shares or have any beneficial interests in the shares of the Company during or at the beginning and end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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

(ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the financial statements of the Group and of the Company have been written down to an amount which they might be expected to realise.

(b) At the date of this report, the directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

OTHER STATUTORY INFORMATION

(a) 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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

(b) In the opinion of the directors,

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the exceptional items as disclosed in the Financial Statements; and

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

AUDITORS

The auditors, Messrs. STYL Associates, have indicated their willingness to continue in office.

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

HEE CHEE KEONG
Director

VINCENT LOY GHEE YAW
Director

Petaling Jaya
Date: 18th March 2013

STATEMENT BY DIRECTORS

We, Hee Chee Keong and Vincent Loy Ghee Yaw, being two of the directors of Ariantec Global Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 30, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

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

HEE CHEE KEONG
Director

VINCENT LOY GHEE YAW
Director

Petaling Jaya
Date: 18th March 2013

STATUTORY DECLARATION

I, Hee Chee Keong, being the director primarily responsible for the financial management of Ariantec Global Berhad, do solemnly and sincerely declare that the accompanying financial statements 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.

Subscribed and solemnly declared by the
abovenamed Hee Chee Keong,
at Petaling Jaya on 18th March 2013

HEE CHEE KEONG

Before me:

INDEPENDENT
AUDITORS' REPORT

to the members of Ariantec Global Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ariantec Global Berhad, which comprise the statements of financial position as at 31st 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 pages 30 to 66.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

Included in the Group's intangible assets and the Company's investment in subsidiary are amounts of RM26,784,937 and RM38,250,000 representing goodwill on consolidation which arose on the acquisition of a subsidiary in prior year and the historical cost of investment in the said subsidiary. The said subsidiary reported a significant net loss after tax of RM10,632,028 in its audited financial statements for the financial year ended 31st December 2012. Notwithstanding the impairment loss on goodwill amounting to RM6,655,000 and impairment loss on investment in this subsidiary of RM18,100,000 made during the financial year as disclosed in Notes 12 and 13 to the Financial Statements, we are unable to obtain sufficient appropriate audit evidence that the remaining goodwill with a net carrying amount of RM20,129,937 and net carrying amount of investment of RM20,150,000 are not significantly impaired.

Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the Financial Statements

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

(d) The 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 set out in Note 30 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

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.

STYL ASSOCIATES
Firm No. AF 1929
Chartered Accountants

SI CHAY BENG
Approval No: 1200/08/14 (J)
Partner

Kuala Lumpur
Date: 18th March 2013

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31st December 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Revenue		**2,866,427**	36,188,117	**200,000**	3,500,000
Other operating income	6	**111,033**	553,439	**–**	4,159
Changes in inventories of finished goods		**(233,252)**	(1,675,807)	**–**	–
Purchases and other direct costs		**(2,127,085)**	(28,164,379)	**(100,000)**	(1,702,995)
Staff costs		**(831,821)**	(1,724,054)	**(20,691)**	(44,857)
Directors' remuneration	7	**(1,035,940)**	(634,760)	**(284,460)**	(184,720)
Depreciation of property, plant and equipment	11	**(277,050)**	(284,741)	**–**	(495)
Amortisation of intangible assets	13	**–**	(300,000)	**–**	(300,000)
Other operating expenses	6	**(16,168,630)**	(2,384,743)	**(18,313,401)**	(1,655,419)
Profit/(Loss) from operations		**(17,696,318)**	1,573,072	**(18,518,552)**	(384,327)
Finance costs	8	**(235,126)**	(1,180,148)	**–**	–
Profit/(Loss) before tax		**(17,931,444)**	392,924	**(18,518,552)**	(384,327)
Income tax credit/(expense)	9	**2,433,303**	(251,440)	**5,162**	–
Net profit/(loss) for the financial year		**(15,498,141)**	141,484	**(18,513,390)**	(384,327)
Other comprehensive income, net of tax:					
Exchange difference on translation of foreign operations		**855**	2,486	**–**	–
Total comprehensive income/(loss) for the financial year		**(15,497,286)**	143,970	**(18,513,390)**	(384,327)

Net profit/(loss) for the financial year attributable to:			
Equity holders of the Company		**(15,496,188)**	145,513
Non-controlling interests		**(1,953)**	(4,029)
		(15,498,141)	141,484
Total comprehensive income/(loss) for the financial year attributable to:			
Equity holders of the Company		**(15,495,333)**	147,999
Non-controlling interests		**(1,953)**	(4,029)
		(15,497,286)	143,970
Earnings/(Loss) per share attributable to equity holders of the Company:			
Basic (sen)	10	**(2.72)**	0.03
Diluted (sen)	10	**N/A**	N/A

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-Current Assets				
Property, plant and equipment	11	**5,972,563**	6,230,183	5,995,970
Intangible assets	13	**20,129,937**	26,784,937	28,209,937
Deferred tax assets	14	**2,419,606**	295	295
Total Non-Current Assets		**28,522,106**	33,015,415	34,206,202
CURRENT ASSETS				
Inventories	15	**3,951,495**	4,607,703	6,283,510
Trade receivables	16	**1,324,233**	9,441,885	26,105,478
Other receivables and prepaid expenses	16	**1,187,135**	1,252,883	2,944,950
Fixed deposits with licensed bank	17	**1,223,626**	2,690,741	6,264,026
Cash and bank balances		**132,675**	1,549,177	1,642,275
Total Current Assets		**7,819,164**	19,542,389	43,240,239
Total Assets		**36,341,270**	52,557,804	77,446,441
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	18	**56,875,303**	56,875,303	56,875,303
Reserves	19	**(26,523,228)**	(11,027,895)	(11,175,894)
Equity attributable to equity holders of the Company		**30,352,075**	45,847,408	45,699,409
Non-controlling interests		**27,574**	29,527	33,556
Total Equity		**30,379,649**	45,876,935	45,732,965
Non-Current Liabilities				
Hire purchase creditor	20	**–**	80,149	166,442
Term loan	21	**3,777,447**	4,018,208	4,686,908
Deferred tax liabilities	14	**16,693**	24,755	29,503
Total Non-Current Liabilities		**3,794,140**	4,123,112	4,882,853
Current Liabilities				
Trade payables	22	**1,471,060**	1,034,670	4,988,674
Other payables and accrued expenses	22	**205,824**	242,248	924,887
Amount owing to directors	23	**21,863**	23,863	23,863
Hire purchase creditor	20	**80,149**	86,293	80,667
Bank borrowings	24	**341,738**	861,738	19,715,536
Tax liabilities		**46,847**	308,945	1,096,996
Total Current Liabilities		**2,167,481**	2,557,757	26,830,623
Total Liabilities		**5,961,621**	6,680,869	31,713,476
Total Equity and Liabilities		**36,341,270**	52,557,804	77,446,441

The accompanying Notes form an integral part of the Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31st December 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-Current Assets				
Property, plant and equipment	11	**–**	1,402	1,897
Investments in subsidiaries	12	**21,250,232**	39,362,661	39,370,417
Intangible assets	13	**–**	–	1,425,000
Total Non-Current Assets		**21,250,232**	39,364,063	40,797,314
CURRENT ASSETS				
Trade receivables	16	**–**	–	1,802,995
Other receivables and prepaid expenses	16	**8,523**	115,670	28,943
Amount owing by subsidiaries	12	**2,520,015**	2,798,024	511,968
Cash and bank balances		**1,593**	16,742	2,260
Total Current Assets		**2,530,131**	2,930,436	2,346,166
Total Assets		**23,780,363**	42,294,499	43,143,480
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	18	**56,875,303**	56,875,303	56,875,303
Reserves	19	**(34,337,480)**	(15,824,090)	(15,439,763)
Equity attributable to equity holders of the Company		**22,537,823**	41,051,213	41,435,540
Current Liabilities				
Other payables and accrued expenses	22	**44,402**	23,400	22,128
Amount owing to subsidiaries	12	**1,154,758**	1,171,344	1,654,270
Tax liabilities		**43,380**	48,542	31,542
Total Liabilities		**1,242,540**	1,243,286	1,707,940
Total Equity and Liabilities		**23,780,363**	42,294,499	43,143,480

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31st December 2012

GROUP	Share capital RM	Share premium RM	Warrant reserve RM	Exchange fluctuation reserve RM	Accumulated loss RM	Total RM	Non-controlling interests RM	Total Equity RM
	← Attributable to Equity Holders of the Company							
		← Non Distributable						
Balance as at 1st January 2011	56,875,303	2,685,410	2,127,749	(393,800)	(15,595,253)	45,699,409	33,556	45,732,965
Profit for the financial year	–	–	–	–	145,513	145,513	–	145,513
Other comprehensive income/(loss) for the year	–	–	–	2,486	–	2,486	(4,029)	(1,543)
Total comprehensive income/(loss) for the year	–	–	–	2,486	145,513	147,999	(4,029)	143,970
Effect of warrants expired	–	–	(2,127,749)	–	2,127,749	–	–	–
Balance as at 31st December 2011	56,875,303	2,685,410	–	(391,314)	(13,321,991)	45,847,408	29,527	45,876,935
Loss for the financial year	–	–	–	–	(15,496,188)	(15,496,188)	–	(15,496,188)
Other comprehensive income/(loss) for the year	–	–	–	855	–	855	(1,953)	(1,098)
Total comprehensive income/(loss) for the year	–	–	–	855	(15,496,188)	(15,495,333)	(1,953)	(15,497,286)
Balance as at 31st December 2012	**56,875,303**	**2,685,410**	**–**	**(390,459)**	**(28,818,179)**	**30,352,075**	**27,574**	**30,379,649**

STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the year ended 31st December 2012

		← Non Distributable →			
	Share capital	Share premium	Warrant reserve	Accumulated loss	Total
COMPANY	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as at 1st January 2011	56,875,303	2,685,410	2,127,749	(20,252,922)	41,435,540
Total comprehensive loss for the year	–	–	–	(384,327)	(384,327)
Effect of warrants expired	–	–	(2,127,749)	2,127,749	–
Balance as at 31st December 2011	56,875,303	2,685,410	–	(18,509,500)	41,051,213
Total comprehensive loss for the year	–	–	–	(18,513,390)	(18,513,390)
Balance as at 31st December 2012	**56,875,303**	**2,685,410**	**–**	**(37,022,890)**	**22,537,823**

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOW

for the year ended 31st December 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	**(17,931,444)**	392,924	**(18,518,552)**	(384,327)
Adjustments for:				
Exceptional items:				
Bad debts written off	**–**	147,099	**–**	–
Impairment loss on goodwill	**6,655,000**	–	**–**	–
Impairment loss on trade receivables	**8,119,338**	349,587	**–**	–
Impairment loss on investment in subsidiaries	**–**	–	**18,112,429**	310,656
Development costs written off	**–**	1,125,000	**–**	1,125,000
Deposits written off	**–**	20,500	**–**	20,500
Amortisation of intangible assets	**–**	300,000	**–**	300,000
Depreciation of property, plant and equipment	**277,050**	284,741	**–**	495
Property, plant and equipment written off	**1,402**	–	**1,402**	–
Finance costs	**235,126**	1,180,148	**–**	–
Interest income	**(56,454)**	(131,943)	**–**	–
Operating profit/(loss) before working capital changes	**(2,699,982)**	3,668,056	**(404,721)**	1,372,324
Changes in working capital:				
Decrease in inventories	**656,208**	1,675,807	**–**	–
(Increase)/Decrease in trade receivables	**(1,686)**	16,166,907	**–**	1,802,995
(Increase)/Decrease in other receivables and prepaid expenses	**65,748**	1,671,567	**107,147**	(107,227)
(Increase)/Decrease in amount owing by subsidiaries	**–**	–	**278,009**	(2,286,056)
Increase/(Decrease) in trade payables	**436,390**	(3,954,004)	**–**	–
Increase/(Decrease) in other payables and accrued expenses	**(36,424)**	(682,639)	**21,002**	1,272
Decrease in amount owing to subsidiaries	**(2,000)**	–	**(16,586)**	(482,926)
Cash Generated From/(Used In) Operations	**(1,581,746)**	18,545,694	**(15,149)**	300,382
Tax refunded/(paid)	**(256,169)**	(1,044,239)	**–**	17,000
Interest received	**56,454**	131,943	**–**	–
Interest paid	**(235,126)**	(1,180,148)	**–**	–
Net Cash From/(Used In) Operating Activities	**(2,016,587)**	16,453,250	**(15,149)**	317,382

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(20,832)**	(518,954)	**–**	–
Acquisition of shares in subsidiary	**–**	–	**–**	(302,900)
Net Cash Used In Investing Activities	**(20,832)**	(518,954)	**–**	(302,900)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in bank borrowings	**–**	(11,947,287)	**–**	–
Decrease in fixed deposits pledged	**1,467,115**	3,573,285	**–**	–
Repayment of term loan and hire purchase obligations	**(944,252)**	(7,543,390)	**–**	–
Net Cash From/(Used In) Financing Activities	**522,863**	(15,917,392)	**–**	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,514,556)**	16,904	**(15,149)**	14,482
Effect of changes in exchange rates	**855**	2,486	**–**	–
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**1,549,177**	1,529,787	**16,742**	2,260
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note 25)	**35,476**	1,549,177	**1,593**	16,742

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in the research and development of software, system design, integration and installation and provision of information technology services. The principal activities of the subsidiaries are set out in Note 12 to the Financial Statements. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The registered office of the Company is located at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No: 1-3, Street Wing, Sunsuria Avenue, Persiaran Mohagani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 18th March 2013.

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Adoption of the New IFRS - compliant MFRS Framework

The Group's and the Company's financial statements for the year ended 31st December 2012 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards (FRSs). As the former FRSs are virtually identical to the MFRSs, the adoption of the applicable MFRSs has no significant effect on the Group's and the Company's financial position. Hence, there are no adjustments arising from the transition to MFRSs. Accordingly, no notes relating to the statements of financial position as at date of transition to MFRSs will be presented.

New and Revised MFRSs, IC Interpretations and Amendments issued but are not yet effective for the Group and the Company

The Group and the Company have not adopted the following new and revised MFRSs, IC Interpretations and Amendments as they are not effective for the current financial year ended 31st December 2012.

Effective for financial periods beginning on or after 1st July 2012

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1st January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefit (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

New and Revised MFRSs, IC Interpretations and Amendments issued but are not yet effective for the Group and the Company (cont'd)

Effective for financial periods beginning on or after 1st January 2014

Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1st January 2015

Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncement are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

MFRS 9: Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities

This MFRS 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 assets.

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 other comprehensive income (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.

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

The Group and the Company will quantity the effect of adopting this MFRS when the full standard is issued.

MFRS 10: Consolidated Financial Statements

This MFRS introduces a single control model to identify a parent-subsidiary relationship. This control model is based on the elements of power, returns and the link between power and returns. 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.

The Group and the Company will apply this standard from financial period beginning on 1st January 2013.

MFRS 13: Fair Value Measurement

This MFRS 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 directors anticipate that the application of this new Standard will result in more extensive disclosures in the financial statements.

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

New and Revised MFRSs, IC Interpretations and Amendments issued but are not yet effective for the Group and the Company (cont'd)

Amendment to MFRS 101: Presentation of Items of Other Comprehensive Income

These amendments require that items of other comprehensive income be distinguished into those that will never be reclassified to profit or loss and those that may be reclassified to profit or loss when specified conditions in the applicable MFRSs are met.

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes, Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks: market risk (foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group. The Group also ensures that the above risks are managed in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group.

Market risk

Market risk is the risk that changes in market prices, and other prices will affect the Group's financial position and cash flows.

The Group has in place policies to manage its competitive risks from its competitors in providing better alternatives in terms of better services.

(i) *Foreign currency exchange risk*

Foreign currency risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group has exposure to foreign currency fluctuation arising from revenue or expense that are denominated in currency other than the functional currency of the Group.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's and the Company's profit or loss net of tax and equity arising from the effect of reasonably possible changes to exchange rates on the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

The Group has not entered into any forward foreign exchange contracts as at 31st December 2012.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's investment in financial assets are mainly short-term in nature and mostly placed in financial deposits.

Changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from trade receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The ageing of trade receivables as at the end of the reporting period was:

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Not past due	**613,760**	–	**–**	–
Past due 0 - 60 days	**145,485**	766,536	**–**	–
Past due 61 - 120 days	**–**	386,711	**–**	–
Past due more than 120 days	**9,181,012**	15,554,938	**–**	6,452,182
	9,940,257	16,708,185	**–**	6,452,182

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
As at beginning of year	**7,266,300**	6,916,713	**6,452,182**	6,452,182
Impairment loss recognised	**8,119,338**	349,587	**–**	–
Bad debts written off	**(6,769,614)**	–	**(6,452,182)**	6,452,182
As at end of year	**8,616,024**	7,266,300	**–**	6,452,182

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funds for contingent funding requirement of working capital.

Fair values

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arm's length transaction, other than a forced or liquidation sale.

The carrying amounts of the financial assets and financial liabilities as reported in the statements of financial position as at 31st December 2012 approximate their fair values because of the immediate/short maturity terms of these financial instruments.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Capital Risk Management Policies and Procedures

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes during the year.

The Group is not subject to any externally imposed capital requirements

4) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

(b) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable, net of returns, allowances and trade discounts.

Revenue from goods sold is recognised upon delivery of goods and when the risks and rewards of ownership have passed. Revenue represents the invoiced value of goods sold and services rendered net of discounts and returns.

(c) Foreign Currency Conversion

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

(iii) Foreign Operations

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiaries have been translated into Ringgit Malaysia as follows:

Assets and liabilities	- at closing rate
Revenue and expenses	- at average rate

All resulting exchange differences are recognised directly in other comprehensive income. On disposal of a subsidiary with foreign currency as its functional currency, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular subsidiary is recognised in profit or loss.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which associated services are rendered by employees of the Group. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contributions plans

As required by law, companies in Malaysia make contributions to the state pension scheme, Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred.

(e) Income Tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credit to the extent that it is probable that taxable profit will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The tax effects of unutilised reinvestment allowances are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Income Tax (cont'd)

(ii) Deferred tax (cont'd)

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 they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(f) 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 initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Depreciation of property, plant and equipment, is calculated to write off the cost of the property, plant and equipment on a straight-line basis over the expected useful lives of the property, plant and equipment concerned. The annual depreciation rates used are as follows:

	%
Long leasehold building	Over the remaining lease period
Office equipment	20 - 25
Furniture and fittings	10 - 25
Renovation	10 - 20
Motor vehicles	15 - 20

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceed and the carrying amount of the asset, and is recognised in profit or loss.

(g) Subsidiaries and Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The cost of acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Subsidiaries and Basis of Consolidation (cont'd)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition dates. On an acquisition-by-acquisition basis, the Group recognised any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed is recorded as goodwill. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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.

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 acquisition date through profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after 1st January 2012.

Transactions with non-controlling interests that do not result in loss of control are accounted 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.

When the Group ceases to have control, 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.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments in Subsidiaries

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

(i) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but it is reviewed for impairment annually or more frequently whenever there is an indication that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 4 m). Gains and lossess on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible asset;

(iv) how the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. The average expected life of the development projects is five (5) years.

(iii) Other Intangible Assets

Intangible assets, which comprise intellectual property and licence rights, are measured on initial recognition at cost. The useful lives of the intangible assets are assessed to be finite or indefinite. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cashgenerating unit level. The useful lives of intangible assets with indefinite lives are also reviewed annually to determine whether the useful life assessment continues to be supportable.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Inventories

Inventories are valued at the lower of cost (determined principally on the first-in, first-out method) and net realisable value. Cost consists of purchases and other direct costs incurred in bringing the inventories to its present condition and location.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(k) Financial Instruments

(i) Initial recognition and measurement

Financial instruments are recognised in the financial statements when, and only when, the Group and the Company become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(ii) Financial instrument categories and subsequent measurement

The Group categories financial instruments as follows:

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-tomaturity, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Investment in quoted securities are designated as fair value through profit or loss on initial recognition.

(b) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial Instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(c) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(d) *Available-for-sale (AFS) 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. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.

Available-for-sale financial assets 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.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable bonds classified as AFS and financial lease receivables, objective evidence of impairment could include:

(a) significant financial difficulty of the issuer or counterparty; or

(b) default or delinquency in interest or principal payments; or

(c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

(d) the disappearance of an active market for that financal asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial Instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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 derecognised 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.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

4) **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(k) Financial Instruments (cont'd)

Financial liabilities at FVTPL (cont'd)

A financial liability is classified as held for trading if:

(a) it has been acquired principally for the purpose of repurchasing it in the near term; or

(b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(c) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

(a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(c) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

(l) Hire Purchase Arrangement

Assets held under hire purchase are treated as if they had been purchased at cost at the commencement of the hire purchase agreements. These costs are included under property, plant and equipment and depreciation is provided accordingly. The corresponding obligations under hire purchase are included under liabilities. The charges of instalments payable are charged to profit or loss over the period of the hire purchase agreements.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment of Non-Financial Assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. 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 is 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 profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of the assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment which require a period of time to get them ready for their intended use is capitalised and included as part of the cost of the related assets, until such time the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(q) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Contingencies

The Group does not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(s) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported results during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the director's best knowledge of current events and actions, actual results may differ.

Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 4 above, management is of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

(i) Impairment of intangible assets

The Group determines whether the intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the cashgenerating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

(ii) Impairment on receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 16.

(iii) Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. The estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and function. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non strategic assets that have been abandoned or sold.

6) OTHER OPERATING INCOME/(EXPENSES)

Other operating income/(expenses) is stated after charging:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Exceptional items:				
Bad debts written off	**–**	147,099	**–**	–
Impairment loss on goodwill	**6,655,000**	–	**–**	–
Impairment loss on trade receivables	**8,119,338**	349,587	**–**	–
Impairment loss on investment in subsidiaries	**–**	–	**18,112,429**	310,656
Development costs written off	**–**	1,125,000	**–**	1,125,000
Auditors' remuneration:				
Current year	**44,789**	54,089	**18,000**	15,000
Under/(Over) provision in prior year	**3,000**	(1,000)	**3 ,000**	1,000
Deposits written off	**–**	20,500	**–**	20,500
Property, plant and equipment written off	**1,402**	–	**1,402**	–
Operating lease rental paid in respect of rented premises	**14,800**	64,867	**–**	–
And crediting:				
Interest received	**56,454**	131,943	**–**	–
Gain on foreign exchange	**32,936**	407,593	**–**	–
Bad debts recovered	**–**	6,459	**–**	4,159
Rental income	**8,000**	43,950	**–**	–

7) DIRECTORS' REMUNERATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors of the Company				
Executive directors:				
Other emoluments	**751,480**	450,040	**–**	–
Non-executive directors:				
Other emoluments	**214,460**	152,220	**214,460**	152,220
Fees	**70,000**	32,500	**70,000**	32,500
	1,035,940	634,760	**284,460**	184,720

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2012	2011
Executive directors:		
RM50,001 - RM100,000	**1**	–
RM200,001 - RM250,000	**–**	2
RM250,001 - RM300,000	**2**	–
Non-executive directors:		
RM1 - RM50,000	**4**	3
RM100,001 - RM150,000	**1**	–
RM150,001 - RM200,000	**–**	1

8) FINANCE COSTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest on:				
Hire purchase	**8,015**	13,641	**–**	–
Letter of credit	**–**	573,071	**–**	–
Term loan	**227,111**	593,436	**–**	–
	235,126	1,180,148	**–**	–

9) INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Estimated income tax payable:				
Current year	**3,467**	256,188	**–**	–
Overprovision in prior year	**(9,397)**	–	**(5,162)**	–
	(5,930)	256,188	**(5,162)**	–
Deferred tax in respect of				
Tax assets (Note 14)	**(2,419,311)**	–	**–**	–
Tax liabilities (Note 14)	**(8,062)**	(4,748)	**–**	–
	(2,427,373)	(4,748)	**–**	–
	(2,433,303)	251,440	**(5,162)**	–

A numerical reconciliation between the income tax expense/(credit) and the product of accounting profit/(loss) multiplied by the applicable statutory income tax rate is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit/(Loss) before tax	**(17,931,444)**	392,924	**(18,518,552)**	(384,327)
Tax at the applicable statutory income tax rate of 25%	**(4,482,861)**	98,231	**(4,629,638)**	(96,082)
Tax effects in respect of:				
Expenses that are not deductible for tax purposes	**1,939,587**	97,493	**4,556,128**	40,366
Deferred tax assets not recognised	**119,368**	55,716	**73,510**	55,716
Overprovision in prior year	**(9,397)**	–	**(5,162)**	–
Current year tax expense/(credit)	**(2,433,303)**	251,440	**(5,162)**	–

10) EARNINGS/(LOSS) PER ORDINARY SHARE

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2012	2011
Profit/(Loss) attributable to equity holders of the Company	**(15,496,188)**	145,513
Weighted average number of ordinary shares in issue	**568,753,033**	568,753,033
Basic earnings/(loss) per share (sen)	**(2.72)**	0.03

Diluted

The diluted earnings per share of the Group has not been presented as there are no dilutive potential ordinary shares during the financial year.

11) PROPERTY, PLANT AND EQUIPMENT

GROUP 2012	Long leasehold building RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Total RM
Cost						
Balance as at 1st January 2012	5,453,030	388,285	148,102	436,980	582,000	7,008,397
Additions	–	20,082	750	–	–	20,832
Written off	–	(20,670)	–	–	–	(20,670)
Balance as at 31st December 2012	5,453,030	387,697	148,852	436,980	582,000	7,008,559
Accumulated depreciation						
Balance as at 1st January 2012	70,271	222,039	48,790	85,881	351,233	778,214
Charge for the financial year	56,217	50,242	14,817	39,374	116,400	277,050
Written off	–	(19,268)	–	–	–	(19,268)
Balance as at 31st December 2012	126,488	253,013	63,607	125,255	467,633	1,035,996
Net book value as at 31st December 2012	**5,326,542**	**134,684**	**85,245**	**311,725**	**114,367**	**5,972,563**

11) PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP 2011	**Long leasehold building RM**	**Office equipment RM**	**Furniture and fittings RM**	**Renovation RM**	**Motor vehicles RM**	**Total RM**
Cost						
Balance as at 1st January 2011	5,453,030	305,231	96,944	52,238	582,000	6,489,443
Additions	–	83,054	51,158	384,742	–	518,954
Balance as at 31st December 2011	5,453,030	388,285	148,102	436,980	582,000	7,008,397
Accumulated depreciation						
Balance as at 1st January 2011	14,054	165,628	33,980	44,978	234,833	493,473
Charge for the financial year	56,217	56,411	14,810	40,903	116,400	284,741
Balance as at 31st December 2011	70,271	222,039	48,790	85,881	351,233	778,214
Net book value as at 31st December 2011	5,382,759	166,246	99,312	351,099	230,767	6,230,183

Assets of the Group with a total net carrying amount of RM87,500 (2011: RM191,500) were acquired under hire purchase.

COMPANY 2012	**Office equipment RM**	**Total RM**
Cost		
Balance as at 1st January 2012	**2,474**	**2,474**
Written off	**(2,474)**	**(2,474)**
Balance as at 31st December 2012	**–**	**–**
Accumulated depreciation		
Balance as at 1st January 2012	**1,072**	**1,072**
Written off	**(1,072)**	**(1,072)**
Balance as at 31st December 2012	**–**	**–**
Net book value as at 31st December 2012	**–**	**–**

11) PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY 2011	Office equipment RM	Total RM
Cost		
Balance as at 1st January 2011 and 31st December 2011	2,474	2,474
Accumulated depreciation		
Balance as at 1st January 2011	577	577
Charge for the financial year	495	495
Balance as at 31st December 2011	1,072	1,072
Net book value as at 31st December 2011	1,402	1,402

12) INVESTMENTS IN SUBSIDIARIES

	Company 2012 RM	2011 RM
Unquoted shares - At cost	**44,517,855**	44,517,855
Less: Accumulated impairment losses	**(23,267,623)**	(5,155,194)
	21,250,232	39,362,661

The amount owing by/(to) subsidiaries comprise mainly trade transactions and inter-company advances which are unsecured, interest-free and repayable on demand.

The details of the subsidiaries are as follows:

Name of company	Place of incorporation	Direct equity interest 2012 %	2011 %	Principal activities
Direct Subsidiaries				
Ariantec Green Power Sdn. Bhd.*	Malaysia	**100**	100	Temporarily inactive
Ariantec Green R & D Sdn. Bhd.* ‡	Malaysia	**100**	100	Temporarily inactive
Ariantec Systems Sdn. Bhd.*	Malaysia	**100**	100	Temporarily inactive
Ariantec NOC Sdn. Bhd.*	Malaysia	**100**	100	Temporarily inactive
Ariantec Global (HK) Limited*	Hong Kong	**100**	100	Dormant
Global Soft International Sdn. Bhd.*	Malaysia	**60**	60	Temporarily inactive
Global Green Energy Sdn. Bhd.*	Malaysia	**100**	100	Provision of integrated network technologies product and services through energy saving technologies
Ariantec Consulting Sdn. Bhd.* ‡ (formerly known as Global Soft Training Sdn. Bhd.)	Malaysia	**100**	100	Dormant
Ariantec Sdn. Bhd.*	Malaysia	**100**	100	Provision of turnkey solutions on network infrastructure and security management
Global Soft (Pg) Sdn. Bhd.* ‡	Malaysia	**75**	75	Temporarily inactive

12) INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Place of incorporation	Direct equity interest 2012 %	Direct equity interest 2011 %	Principal activities
Indirect Subsidiary				
Spammerspy Technologies International Sdn. Bhd.* +	Malaysia	**100**	100	Consultation, supply and commissioning of information technologies

* Audited by firm of auditors other than auditors of the Company

\+ Held directly through Ariantec Sdn. Bhd.

‡ The auditors' reports of these subsidiaries contain an emphasis of matter relating to the appropriateness of the going concern basis of accounting used in the preparation of their financial statements

13) INTANGIBLE ASSETS

GROUP 2012	Goodwill on consolidation RM	Development costs RM	Total RM
Cost			
As at 1st January 2012 and 31st December 2012	**26,784,937**	**5,844,624**	**32,629,561**
Accumulated amortisation			
As at 1st January 2012	**–**	**5,844,624**	**5,844,624**
Impairment loss for the year	**6,655,000**	**–**	**6,655,000**
As at 31st December 2012	**6,655,000**	**5,844,624**	**12,499,624**
Net	**20,129,937**	**–**	**20,129,937**
2011			
Cost			
As at 1st January 2011	26,784,937	6,969,624	33,754,561
Written off	–	(1,125,000)	(1,125,000)
As at 31st December 2011	26,784,937	5,844,624	32,629,561
Accumulated amortisation			
As at 1st January 2011	–	5,544,624	5,544,624
Charge for the financial year	–	300,000	300,000
As at 31st December 2011	–	5,844,624	5,844,624
Net	26,784,937	–	26,784,937

13) INTANGIBLE ASSETS (cont'd)

COMPANY 2012	Development costs RM	Total RM
Cost		
As at 1st January 2012 and 31st December 2012	**5,844,624**	**5,844,624**
Accumulated amortisation		
As at 1st January 2012 and 31st December 2012	**5,844,624**	**5,844,624**
Net	**–**	**–**
2011		
Cost		
As at 1st January 2011	6,969,624	6,969,624
Written off	(1,125,000)	(1,125,000)
As at 31st December 2011	5,844,624	5,844,624
Accumulated amortisation		
As at 1st January 2011	5,544,624	5,544,624
Charge for the financial year	300,000	300,000
As at 31st December 2011	5,844,624	5,844,624
Net	–	–

The goodwill on consolidation as at 31st December 2012 of RM26,784,937 arose from acquisition of a subsidiary in prior year. The directors are of the opinion that impairment loss provided of RM6,655,000 during the financial year is adequate notwithstanding the fact that the subsidiary reported a significant net loss after tax of RM10,632,028 in its audited financial statement for the financial year ended 31st December 2012.

14) DEFERRED TAXATION

	Group 2012 RM	 2011 RM
Deferred tax assets		
As at beginning and end of financial year	**295**	295
Recognised in profit or loss (Note 9)	**2,419,311**	–
As at end of financial year	**2,419,606**	295
Deferred tax liabilities		
As at beginning of financial year	**24,755**	29,503
Recognised in profit or loss (Note 9)	**(8,062)**	(4,748)
As at end of financial year	**16,693**	24,755

The recognised deferred tax assets are made up of unutilised tax losses while the recognised deferred tax liabilities are made up of temporary differences between tax capital allowances and book depreciation of property, plant and equipment.

15) INVENTORIES

	Group	
	2012	2011
	RM	RM
At cost:		
Computer parts	**3,951,495**	4,607,703

16) TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Trade receivables	**9,940,257**	6,708,185	**–**	6,452,182
Less: Allowance for doubtful debts	**(8,616,024)**	(7,266,300)	**–**	(6,452,182)
Net	**1,324,233**	9,441,885	**–**	–

Trade receivables comprise amounts receivable for the sale of goods and services rendered.The credit terms of the Group and the Company were 60 days. Other credit terms are assessed and approved on a case by case basis.

Other receivables and prepaid expenses consist of:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables	**1,178,612**	1,137,213	**–**	–
Prepaid expenses	**8,523**	15,670	**8,523**	15,670
Deferred cost	**–**	100,000	**–**	100,000
	1,187,135	1,252,883	**8,523**	115,670

The currency profile of trade and other receivables is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Ringgit Malaysia	**2,456,723**	10,512,784	**–**	–
US Dollar	**–**	3,200	**–**	–
Indonesia Rupiah	**46,122**	63,114	**–**	–
	2,502,845	10,579,098	**–**	–

17) FIXED DEPOSITS WITH LICENSED BANK

The fixed deposits of the Group are charged to licensed bank as security for banking facilities granted to a subsidiary as disclosed in Notes 21 and 24. The weighted average effective interest rate of fixed deposits during the financial year is at 3.05% (2011: 2.3%) per annum and the maturities of fixed deposits as at 31st December 2012 were 4 to 12 months (2011: 4 to 12 months).

18) SHARE CAPITAL

	Group and Company			
	No. of ordinary shares of RM0.10 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised:				
Balance as at beginning and end of financial year	**700,000,000**	700,000,000	**70,000,000**	70,000,000
Issued and fully paid:				
Balance as at beginning and end of financial year	**568,753,033**	568,753,033	**56,875,303**	56,875,303

19) RESERVES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non Distributable Reserves:				
Share premium reserve	**2,685,410**	2,685,410	**2,685,410**	2,685,410
Exchange fluctuation reserve	**(390,459)**	(391,314)	**–**	–
	2,294,951	2,294,096	**2,685,410**	2,685,410
Accumulated loss	**(28,818,179)**	(13,321,991)	**(37,022,890)**	(18,509,500)
	(26,523,228)	(11,027,895)	**(34,337,480)**	(15,824,090)

Share premium reserve

	Group and Company	
	2012 RM	2011 RM
Balance as at beginning and end of financial year	**2,685,410**	2,685,410

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

20) HIRE PURCHASE CREDITOR

	Group	
	2012 RM	2011 RM
Total hire purchase instalments payable	**81,768**	176,076
Less:		
Hire purchase interest in suspense	**(1,619)**	(9,634)
Principal outstanding	**80,149**	166,442
Less:		
Portion payable within the next 12 months (included in current liabilities)	**(80,149)**	(86,293)
Portion payable after the next 12 months:	**–**	80,149
Included in the portion payable after the next 12 months consist of:		
Repayable between 1 and 2 years	**–**	80,149

The interest rate on hire purchase is at 3.57% (2011: 3.57%) per annum.

21) TERM LOAN

	Group	
	2012 RM	2011 RM
Secured term loan	**4,021,986**	4,255,946
Less: Portion due within the next 12 months (Note 24)	**(244,539)**	(237,738)
Portion payable after the next 12 months	**3,777,447**	4,018,208

The non current portion of this term loan is repayable as follows:

2013	**–**	250,349
2014	**257,871**	257,871
2015 and thereafter	**3,519,576**	3,509,988

The term loan bears interest at rates between 5.18% to 5.32% (2011: 4.57% to 7.15%) per annum and is secured by the following:

(i) Legal charge over the Group's landed property; and

(ii) Joint and several guarantee by the directors of the Company.

22) TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade and ongoing costs. The average credit period granted to the Group and the Company for trade purchases is 60 days.

Other payables and accrued expenses consist of:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other payables	**149,479**	194,455	**6,702**	–
Accrued expenses	**56,345**	47,793	**37,700**	23,400
	205,824	242,248	**44,402**	23,400

22) TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (cont'd)

The currency profile of trade and other payables is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Ringgit Malaysia	**1,394,565**	845,361	**6,702**	–
US Dollar	**225,974**	383,764	**–**	–
	1,620,539	1,229,125	**6,702**	–

23) AMOUNT OWING TO DIRECTORS

The amount owing to directors, which arose mainly from expenses paid on behalf and advances given, is unsecured, interest-free and repayable on demand.

24) BANK BORROWINGS

	Group	
	2012	2011
	RM	RM
Bank overdraft	**97,199**	–
Bankers' acceptances	**–**	624,000
Term loan - current portion (Note 21)	**244,539**	237,738
	341,738	861,738

As at 31st December 2012, the Group has bank credit facilities (excluding term loan as mentioned in Note 21) totalling RM6,800,000 (2011: RM7,050,000) obtained from licensed banks. These facilities bear interest range from 1.00% - 1.75% (2011: 1.00% - 1.75%) per annum and are secured by the following:

(i) Lien on fixed deposits of a subsidiary; and

(ii) Joint and several guarantee by the directors of the Company, subsidiary and certain third parties; and

(iii) Full guarantee by Credit Guarantee Corporation.

25) CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash and cash equivalents carried forward consist of:				
Cash and bank balances	**132,675**	1,549,177	**1,593**	16,742
Bank overdraft (Note 24)	**(97,199)**	–	**–**	–
	35,476	1,549,177	**1,593**	16,742

The cash and cash equivalents of the Group and of the Company are all denominated in Ringgit Malaysia.

26) RELATED PARTY DISCLOSURE

Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Short-term employee benefits	**1,035,940**	1,049,701	**284,460**	184,720

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management personnel of the Group includes the directors, Managing Director and Heads of Finance and Information Technology of the Group.

Included in the total key management personnel are:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Directors' remuneration (Note 7)	**1,035,940**	634,760	**284,460**	184,720

27) SEGMENTAL INFORMATION

Segmental information is presented only in respect of the Group's geographical segments by location of customers. There is no information on business segments as the Group is principally involved in the research and development of software, system design, integration and installation and provision of information technology services.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Intersegment pricing is determined on an arm's length basis under terms, conditions and prices not materially different from transactions with unrelated parties.

27) SEGMENTAL INFORMATION (cont'd)

	Malaysia		Hong Kong		Eliminations		Consolidated	
	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM
Revenue	**3,375,927**	39,688,117	**–**	–	**(509,500)**	(3,500,000)	**2,866,427**	36,188,117
RESULTS								
Profit/(Loss) from operations	**(17,688,091)**	1,580,599	**(8,227)**	(7,527)	**–**	–	**(17,696,318)**	1,573,072
Finance costs							**(235,126)**	(1,180,148)
Profit/(Loss) before tax							**(17,931,444)**	392,924
Income tax credit/(expense)							**2,433,303**	(251,440)
Net profit/(loss) for the year							**(15,498,141)**	141,484
OTHER INFORMATION								
Segment assets	**33,921,664**	52,557,509	**–**	–	**–**	–	**33,921,664**	52,557,509
Segment liabilities	**5,940,983**	6,652,025	**3,945**	4,089	**–**	–	**5,944,928**	6,656,114
Capital expenditure	**20,832**	518,954	**–**	–	**–**	–	**20,832**	518,954
Depreciation	**277,050**	284,741	**–**	–	**–**	–	**277,050**	284,741
Non cash expenditure other than depreciation	**14,775,740**	1,942,186	**–**	–	**–**	–	**14,775,740**	1,942,186

Secondary Reporting Format - Business Segments

The Group has no secondary reporting format as the Group is principally engaged in one major industry segment.

28) MATERIAL LITIGATIONS

In 2005, the Company applied for amongst others, an injunction against certain third parties for infringement of copyright. The said third parties filed a statement of defence and counter claim for, amongst others, special damages of RM903,690. Subsequently, the Company filed for an application to strike out the counter claim on the grounds that the claim is frivolous and baseless in nature. The defendant had proposed to the Company for a possible out of court settlement and the Company is currently awaiting their proposed terms of settlement. Accordingly, no provision for loss has been made in the financial statements.

In 2007, the Company has applied for an injunction against a competitor of the Company on grounds of defamation. The Company is seeking punitive damages amounting to RM2 million against the competitor for libel against the Company and for malicious falsehood. The solicitors of the Company are of the opinion that there is an element of defamation involved and thus, the Company has a good chance of obtaining the injunction. As at the date of this report, no date has yet being fixed by the court.

In 2007, the Company filed a Writ of Summon against a customer of the Company for an outstanding payment due of RM27,380 in respect of the installation and implementation of the Company's software. However, the defendant made a counter-claim for RM1,565,440 pertaining to staff costs incurred to remedy the alleged defects of the Company's software and for loss of profit, loss of business opportunity and replacement cost which arose due to the said alleged defects. Based on the opinion of the solicitors of the Company, the counter-claim is unlikely to be successful under the prevailing laws. In 2008, the lawyers for the defendant served on the Company a court order to transfer the case to the High Court. As at the date of this report, no date has yet being fixed by the Court.

29) EXPLANATION OF TRANSITION TO MFRSs

As mentioned in Note 2 to the Financial Statements, these are the first financial statements of the Group and of the Company prepared and presented in accordance with MFRSs. The last financial statement under FRSs were for the year ended 31st December 2011 and the date of transition to MFRSs was therefore, 1st January 2011.

The accounting policies set out in Note 4 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31st December 2012, the comparative information presented in these financial statements for the year ended 31st December 2011 and in the preparation of the opening MFRS statement of financial position at 1st January 2011.

30) SUPPLEMENTARY INFORMATION

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 are as follow:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Accumulated loss carried forward are analysed as follows:				
- Realised	**(54,786,482)**	(12,905,922)	**(37,022,890)**	(18,509,500)
- Unrealised	**(16,693)**	(24,755)	**–**	–
	(54,803,175)	(12,930,677)	**(37,022,890)**	(18,509,500
Add/(Less): Consolidation adjustments	**25,984,996**	(391,314)	**–**	–
Total accumulated loss	**(28,818,179)**	(13,321,991)	**(37,022,890)**	(18,509,500)

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2013

Authorised Capital	RM70,000,000
Issued & Fully Paid up Capital	RM56,875,303.30
Class of Shares	Ordinary shares of RM0.10 each fully paid
Voting Rights	One vote per RM0.10 share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of holdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
Less than 100	65	1.63	3,166	0.00
100 - 1,000	150	3.75	75,067	0.01
1,001 - 10,000	1,049	26.23	7,313,664	1.29
10,001 - 100,000	2,094	52.35	99,237,350	17.45
100,001 to less than 5% of issued shares	641	16.03	386,039,336	67.87
5% and above of issued shares	1	0.03	76,084,450	13.38
Total	**4,000**	**100.00**	**568,753,033**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2013

		Direct interest		Indirect interest	
No.	Shareholders	No. of shares held	%	No. of shares held	%
1.	Metronic Global Berhad	76,084,450	13.38	–	–

DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2013

		Direct interest		Indirect interest	
No.	Directors	No. of shares held	%	No. of shares held	%
1.	Dato' Abd. Gani bin Yusof	–	–	–	–
2	Chong Loong Men	–	–	–	–
3	Yahya Bin Razali	–	–	–	–
4	Choy Chean Yen	–	–	–	–
5	Lai Pai Lan	–	–	–	–
6	Mohd Kamal bin Omar	–	–	–	–
7	Hee Chee Keong	167,000	0.03	–	–
8	Cheah Chee Fatt	40,000	0.01	–	–
9	Hew Tze Kok	–	–	–	–

THIRTY LARGEST SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares	%
1	Metronic Global Berhad	76,084,450	13.38
2	HSBC Nominees (Asing) Sdn Bhd - Exempt An for BNP Paribas Securities Services	28,000,000	4.92
3	Kong Kok Keong	28,000,000	4.92
4	RHB Nominees (Asing) Sdn Bhd - DMG & Partners Securities Pte Ltd for Nobel Elite Limited	20,000,000	3.52
5	Quek Yong Wah	14,500,000	2.55
6	Tan Hock Huat	13,000,000	2.29
7	Chong Sui Wei	10,500,000	1.85
8	Affin Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chung Kin Chuan	7,700,000	1.35
9	Uobm Nominees (Asing) Sdn Bhd - Exempt An for Sanston Financial Group Limited	6,749,600	1.19
10	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Shaharool Nizam bin Mohd Kassim	5,169,000	0.91
11	Zulkifli Bin Osman	5,000,000	0.88
12	Lim Bee Seng	4,145,000	0.73
13	Choo Keng Kit	4,000,000	0.70
14	Citigroup Nominees (Asing) Sdn Bhd - GSI for Avestra Asset Management Limited	4,000,000	0.70
15	ECML Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Koh Boon Poh	3,000,000	0.53
16	ECML Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang	2,999,000	0.53
17	Teok Moi Moi	2,882,000	0.51
18	CIMSEC Nominees (Tempatan) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd	2,700,000	0.47
19	ECML Nominees (Tempatan) Sdn. Bhd. - For Ng Swee Aun	2,500,000	0.44
20	Chong Yen Ling	2,300,000	0.40
21	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Oh Kok Beng	2,300,000	0.40
22	Lim Yong Hua	2,260,000	0.40
23	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Eng Chuan	2,160,000	0.38
24	Heng Guek Keng	2,000,000	0.35
25	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Toh Ah Lou	2,000,000	0.35
26	Khew Mun Hon	2,000,000	0.35
27	Public Nominees (Tempatan) Sdn Bhd Bhd - Pledged Securities Account for Ong Yew Beng	2,000,000	0.35
28	UOB Kay Hian Nominees (Asing) Sdn Bhd	2,000,000	0.35
29	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Puah Soon Cheng	1,928,000	0.34
30	Cindy	1,820,000	0.32
	TOTAL	**263,697,050**	**46.36**

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PROXY FORM

CDS Account No:	
Number of shares held:	

arantec™
www.ariantec.com
Ariantec Global Berhad
(533441-W)

I/We, ____ NRIC/passport/Company No. _________________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a *member/members of **ARIANTEC GLOBAL BERHAD**, hereby appoint ___________________________________

____ NRIC/Passport No. _________________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

*and/or failing him/her, ______________________________________ NRIC/ Passport No. ________________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

or the Chairman of the Meeting as *my/ our proxy to attend and vote for *me/ us on *my/ our behalf at the Twelfth Annual General Meeting of the Company to be held at _______________ on Wednesday, 26 June 2013 at 10:30 and at any adjournment thereof:-

No.	Resolutions	For	Against
1	Approval of Directors' Fees		
2	Re-election of Mr Hee Chee Keong		
3	Re-election of Mr Choy Chean Yen		
4	Re-election of Encik Mohd Kamal bin Omar		
5	Re-election of Mr Chong Loong Men		
6	Re-election of Encik Yahya bin Razali		
7	Re-election of Mr Lai Pai Lan		
8	Re-election of Mr Cheah Chee Fatt		
9	Re-election of Mr Hew Tze Kok		
10	To appoint Messrs Hasnan THL Wong & Partners as auditors and to authorise the Directors to fix their remuneration		
11	Authority to Issue Shares pursuant to Section 132D		

*(Please indicate with an "**X**" in the space provided above as to how you wish your votes to be cast. If you do not do so, the proxy/ proxies will vote, or abstain from voting at *his/ her discretion.)*

Dated this _______________ day of June 2013

____
Signature/Common Seal of Shareholder

Tel: ______________________________

** Delete if inapplicable*

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint two proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.
2. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
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 the appointer is a corporation, under its common seal, or the hand of its attorney duly authorised.
4. The instrument appointing a proxy must be deposited at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned Meeting.
5. Only members registered in the Record of Depositors as at 20 June 2013 shall be eligible to attend, speak and vote at this meeting or appoint proxy to attend and vote on his/her behalf.
6. Shareholders' attention is hereby drawn to the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities amount (omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.

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Postage

The Company Secretary

ARIANTEC GLOBAL BERHAD (533441-W)

802, 8th Floor, Block C, Kelana Square

17 Jalan SS7/26

47301 Petaling Jaya

Selangor Darul Ehsan

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