



**Celebrating
25 Years of
Excellence**

2012 ANNUAL REPORT

.myNIC



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25 Years of
Excellence**
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.mynic

MYNIC 2012 Annual Report outlines the goals, strategies and vision embraced by MYNIC Berhad as the sole administrator for web addresses that end with .my in Malaysia as we seek to provide Malaysian organisations and individuals their unique brand identities on the Internet.

This report is available online at www.mynic.my

ISO 31000

MYNIC Berhad is currently adopting ISO 31000 which is the new global standard for risk management. ISO 31000 has been reported more useful in supporting corporate governance for risk management amongst companies and enterprises.

In the course of adopting ISO 31000:2009, MYNIC Berhad created Risk Profiles, Risk Registers and Risk Action Plans to address best governance across all Divisions and Departments within the Company. MYNIC will also undergo three cycles of Internal Audit throughout 2013 and provides risk management updates to the Audit & Risk Management Committee.



CERTIFIED TO ISO/IEC 27001:2005
CERT. NO. : AR 5638



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The domain names categories that are registered under MYNIC are

.my
for Malaysian individuals and organisations

.com.my
for commercial organisation /activities

.net.my
for network-related organisations /activities

.org.my
for other organisations / activities

.edu.my
for Malaysian educational organisations only

.gov.my
for Malaysian government organisations only

.mil.my
for Malaysian military organisations only

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

About Us

MYNIC (legal entity of MYNIC Berhad with Company Registration No: 735031-H) is an agency under Ministry of Communications and Multimedia Malaysia.

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

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

In addition, MYNIC holds the responsibility of developing top level domain policies and is always in the forefront of domain name technologies, carrying out research projects such as Internet Protocol version 6 (IPv6), Domain Name System Security Extensions (DNSSEC), Anycast and Internationalised Domain Names (IDN) and also involved in promoting and training activities for the usage of these technologies.

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

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

For more information, please visit www.mynic.my

Vision

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

Mission

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

Function

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

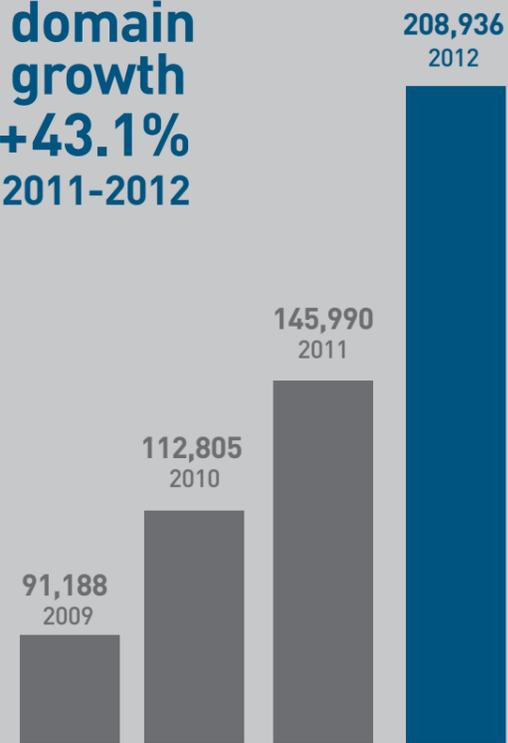


Performance in a Glance

2012 number of domains
208,936

domain growth
+43.1%
2011-2012

revenue growth
+18.6%
2011-2012



Revenue
RM 7,516,813

	2009	2010	2011	2012
.my	18,226	23,220	39,050	87,488
.com.my	65,685	81,852	97,921	111,536
.net.my	2,041	2,316	2,764	2,752
.org.my	2,102	2,313	2,613	2,765
.gov.my	1,227	1,031	1,087	1,158
.edu.my	1,449	1,666	2,137	2,923
.mil.my	5	7	17	25
.name.my	453	400	401	289

Chairman's statement

I am truly pleased to report that MYNIC has proven that it can deliver another year of profitable growth. Number of clients keeps on expanding which is a good sign for us and also a symbol of trust. The increase on domain name registered and revenue indicate that we have performed greatly even though we are operating in a highly challenging environment where domain name industry is still new in Malaysia.

2012 is Silver Jubilee Year of MYNIC Berhad hence I thought it is appropriate this year to visit the past, examine the path traversed and then take a peek at how the future might unfold. From the beginning of my role as the chairman of MYNIC Berhad, I have this dream that together we can achieve every goal that MYNIC has planned before and with every commitment that we have poured has resulted to an outstanding outcome whereby MYNIC's products and brands have been awarded with respect, trust and continuous support from Malaysians.

Thank you to our customers, resellers, KKMM, MOSTI and other related agencies that have contributed to these 25th years of our establishment. We have faced a lot of things together and these have made us strong and united. Hope and cooperation are two strong weapons that have urged us to keep on going. I am very proud of our on-going efforts and commitment to make MYNIC recognizable not only for online world but as an entity in real life.

Even though I am still new in this position but what I can see for the past few years is improvement in MYNIC. We have grown from a division under MIMOS Berhad and now as an agency under Malaysian Communications and Multimedia Commission (MCMC). This indicates that we are able to expand and we have proven to do so since 25 years ago.

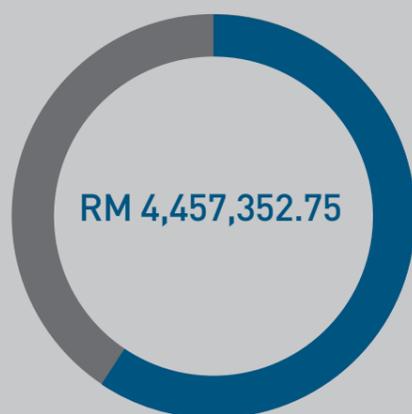
MYNIC has organised a lot of workshops, activities and events where MYNIC used it to get connected with fellow Malaysians. We are not only think business but we create awareness at the same time for instance, MYNIC has organised 1Nita which is a project conducted since 2010 to train business women from SME, GMBO programme, 1MylD and 2U Schools. Besides that we have approached the public through CSR programmes. These activities are designed to continuously being implemented as these are our pride.

We have worked hard and our hardship is paid as we have successfully ended 2012 with 208,936 domains and our domain has grown to 43.1% (Jan 2012-Dec 2012). Let's us celebrate this amazing year and produce more reliable, distinguishable, user-friendly products for our Malaysians. Thank you and all the best to MYNIC Berhad.

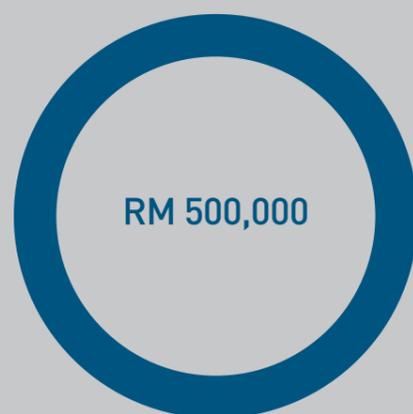
Y. Bhg. Datuk Bridget Anne Chin Hung Yee
Chairman

Achievements in a Glance

Financial Achievement (Operations and Development Budget)



RMK10 Total allocation 2012 from MOSTI
RM 7,790,000.00

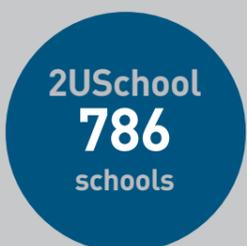


ABM (Operation) Total allocation 2012 from MOSTI
RM 500,000

Grant Allocation Used For Financing Research Programs

Science Fund RM 26,366.20

Techno Fund RM 3,079.10



CEO's Foreword

Building trust through continuous commitment

The 25th year of MYNIC was highly significant with some very instrumental milestones achievements reached during the calendar year of reporting.

I would like to thank all our customers for their continued loyalty over the years. I am proud of all that we have achieved so far and with your continued support, looking forward to sharing in our mutual successes in the future. The 2012 MYNIC annual report is a public statement of our commitment to provide efficient administration for web addresses that end with .my in Malaysia.

Whether you have been our customers for years, for days, or just assessing us, I want to assure you that our customers are our main concern. We are here to provide you the highest quality administration of domain name and we will continue to develop our company to support our goal. Our portfolio of products and services are concentrated on you hence MYNIC has come out with many outstanding programmes that is mutually beneficial to the company and to the customers.

In 2010, MYNIC has developed a brilliant programme called 1Nita which is designed to empower women in achieving long-term business success by taking advantage of technological developments and the Internet. This programme was continuously running in 2012 and this programme has successfully reached 1,389 women

entrepreneurs. These were not all; other programmes such as 2U School, 1MyID and GMBO have supported our establishment. These programmes helped us in building trust as we have shown our passion and commitment towards them.

We have also come out with new services such as complaint management system/ complaints@.my, application for checking domain name status and has also launched MYNIC's mobile site. The ease of our customers in accessing us are much more important and our productivity will be parallel with their satisfaction in using the services provided. In the long run, these will sustain trust and loyalty towards our products.

Further, we will continue to create new products and services that will both satisfy your needs and provide the best value possible. To succeed we must aggressively deal with challenges ahead. I am confident that we can serve better in the future by taking past achievements as our ability to deliver.

Hasnul Fadhly Hasan
 Chief Executive Officer



Project + Event Highlights

Our successful projects and important milestones throughout 2012

Get Malaysia Business Online (GMBO) Sabah Launching



February

13 MYNIC Mobile Site Launched

MYNIC has launched its web mobile version in February this year. customers can now view mobile version of MYNIC website via their smart phones. It enables customers to instantly check domain name availability and information via WHOIS service as well as domain name application status, fee schedule, statistics and list of resellers instantly.

27 Get Malaysia Business Online (GMBO) in Sabah

GMBO is a national project providing unique online presence to Malaysian business community (i.e. Small and Medium Enterprise) through ownership of .my domain name packaged together with web hosting and personalised email accounts. It is a collaboration program between MYNIC, Google, PEMANDU and Malaysian Communications and Multimedia Commission (MCMC).

The launching in Kota Kinabalu, Sabah was officiated by YB Datuk Dr Yee Moh Chai, Deputy Chief Minister, Ministry of Resource Development and Information Technology. The launch was successfully carried out on 27th February 2012.

March

02 Get Malaysia Business Online (GMBO) in Sarawak

Another series of GMBO were successfully launched on 2nd March 2012 in Kuching, Sarawak which was located at Pullman Hotel officiated by YBhg. Datuk Mohd Naroden Majais, Assistant Minister in the Chief Minister's Office (Bumiputera Entrepreneur Development) witnessed by Mr. Sajith Sivanandan, Country Head of Google Malaysia.

As on December 2012, more than 10,000 domain names have been registered under this program. With more awareness initiatives, the initial target of 50,000 domain names can be achieved by 2013.

02 Official Visit by Minister of MOSTI to MYNIC Berhad's Office



Get Malaysia Business Online (GMBO) Sarawak Launching

April

14 MOSTI's Karnival Sains dan Inovasi Zon Timur 2012 MRSM Jeli, Kelantan

20 ISMS Certification

May

1MYID 2012

This is the continuation of 2011 1MYID programme, which is a collaboration project between .my DOMAIN REGISTRY and Malaysia Youth Council. This project provides a unique online presence to youth in Malaysia through the ownership of .my domain name and packaged together with web hosting, personalised email account and internet course.

June

2u-School 2012

This is the continuation of 2011 2U - School program. 2u-School is a project to provide and promote unified Malaysian school internet address using .my domain name through the ownership of .edu.my domain name and package together with web hosting, personalised e-mail account and training to increase ICT usage in Malaysia.

The program aimed to provide ICT platform to the target group and further expand their online presence as well towards achievement of an ICT literate nation.

The 2012 instalment of 2u-School is a collaboration between MYNIC and Jabatan Pelajaran Negeri Perak, Penang, Kedah and Perlis. A total of 586 schools have participated in this project.

June (cont.)

08 MYNIC 25th Anniversary Celebration

MYNIC celebrated its 25th anniversary on 8th June 2012 with a bash at the Prince Hotel & Residences, Kuala Lumpur.

The event, officiated by YB Datuk Fadillah Yusof, Deputy Minister of MOSTI, commemorated the silver jubilee and successful achievements of MYNIC throughout its 25 years of operation in Malaysia. The Deputy Minister of Science, Technology and Innovation (MOSTI) and the Acting Senior Director, Digital Security Services Division representing the Chairman of Malaysian Communications and Multimedia Commission (MCMC) were also present to grace the event along with MYNIC's Board of Directors, management, staffs, suppliers, resellers and guests.

To mark its 25th anniversary, MYNIC offered a special promotion for new registration of all domain name categories at RM 25 only. This promotion period was from 8th June till 22nd June 2012 and is by far the lowest price offered by MYNIC throughout its 25 years of service. Besides that, MYNIC also introduced the first mascot of the company named NEO. NEO represents New which symbolizes strength, openness, clear and wide future perspective.

On the same event, MYNIC also awarded the earliest domain name registered by five organisations. Special accolade was given to .my domain registry's resellers. Two awards were specially designed for resellers namely; Best Reseller Performance 2011 and Best Growth Rate Performance 2011 vs 2010.

08 MYNIC Silver Jubilee Domain Name Sale Promotion

19 MOSTI's Karnival Sains dan Inovasi Zon Selatan 2012 PERSADA, Johor



MYNIC 25th Anniversary Celebration

June (cont.)

28 Domain Name Payment Status Checking System Launch

As part of our commitment towards customer's satisfaction programme, MYNIC launched the option for checking domain name payment status at fingertip anytime anywhere via website and SMS.

30 MOSTI's Karnival Sains dan Inovasi Utara 2012 UiTM Merbok, Kedah

July

25 Merdeka Big Sale Domain Name Promotion

August

1Nita 2012

1Nita is a national project to provide a unique online presence to Malaysian women SME through the ownership of .my domain name and package together with web hosting, e-commerce platform and training using ICT tools for them to promote their products and services online. This project also aims to increase ICT usage in Malaysia.

As a community initiative under the 2nd Economic Stimulus Package, 1Nita Project helps women entrepreneurs and women-owned SMEs build a successful online business and brand presence that will open up lucrative e-commerce and networking opportunities for the women as well as provide them with support.

Equally as significant, 1Nita creates a robust e-marketplace that provides a convenient one-stop center for Malaysians as well as international audiences to purchase quality products and services such as accessories, cosmetics, food, apparels, home decoration and much more, at affordable prices.

Since its launch in 2010, the project has expanded to eight states throughout the country - Selangor, Melaka, Pahang, Johor, Kedah, Terengganu, Sabah and Sarawak and trained more than 1,000 women participants, 871 .my online presences, 3,795 products and 1,315 services

1Nita moves one step further this year with MoU signing between MYNIC and Jabatan Pembangunan Wanita (JPW) for the benefits of women SME. In 2012, 526 entrepreneurs were involved in 1Nita Project.

September

10 Majlis Mesra Aidilfitri 1433 H

MYNIC Berhad organised Majlis Mesra Aidilfitri 1433H at Saloma Bistro, Jalan Ampang, Kuala Lumpur. YBhg. Datuk Bridget Anne Ching Hung Yee, MYNIC Berhad Chairman graced the event by delivering a speech and handed over donations to 30 orphans from Persatuan Kebajikan Rumah Perlindungan Teratak Nur Insan Kuala Lumpur dan Selangor (NURI). MOSTI's senior government officers, resellers, government agencies, vendors, media and business partners were present during the event.

15 MYNIC Collaboration with Majlis Belia Malaysia

4,000 domain names were handed over by MYNIC to Majlis Belia Malaysia (MBM) on 5 September 2012 in an event called 'Walkabout Raya' organised by Gerakan Belia 4B (GB4B). The objective of the collaboration is to increase the use of .my domain name amongst youth. 500 youths registered .my domain names at this event.

22 MOSTI's Karnival Sains dan Inovasi Zon Sarawak 2012 Kuching, Sarawak

October

14 45th International Public ICANN Meeting Toronto, Canada



Majlis Mesra Aidilfitri 1433H

November

20 Building Your Online Business with .my Workshop

A three-day workshop organised by MYNIC for its Resellers was held in Le Meridien Hotel, KL Sentral from 20th to 22nd November 2012. YBrs. Encik Ikmaluddin bin Ismail, then CEO of MYNIC graced the event and gave the welcoming speech.

Internal and external speakers were invited to share their knowledge and latest information on internet technologies.

Three guest speakers were invited to share their knowledge and experiences on The New Age of Digital Marketing and Marketing Strategy Using Social Media and Resolving .my Domain Name Disputes Through MYDRP. 69 participants from all over Malaysia attended this workshop.

23 SIRIM Industry Event 2012

MYNIC successfully received certification of Information Security Management System (ISMS) ISO/IEC 27001:2005 from SIRIM Berhad through hard work, commitment and effort of the Board of Directors, Management and staffs of the company. The certificate was presented by YB Datuk Haji Fadillah Yusof, Deputy Minister, Ministry of Science, Technology and Innovation (MOSTI) in Majlis SIRIM Industri 2012. The event was held on 23rd November 2012 at Kuala Lumpur Convention Center (KLCC).

The certification is an initiative to show the responsibilities to the country in ensuring the confidentiality, integrity and availability of critical information from government institutions, private sector and customers.



SIRIM Industry Event 2012

December

01 Year End Sale (YES) Domain Name Sale Promotion

Issues & Challenges



Information on issues and challenges that we have to face need to be explained especially in applying new concept in management of research and development (R&D)

Other challenges include financial, procurement, human resources, commitment and industry involvement, education infrastructure, efforts to commercialize R&D products, program to enhance research, dissemination of information to the media and the level of public understanding and awareness of STI (Science, Technology and Innovation)

- i. To increase awareness level on .my domain name compared to .com
- ii. To make .my as
 - the preferred online business address and individual; and
 - address to all ministries, agencies and government bodies.
- iii. To become one of component in program/ government initiative

Strategies to overcome issues and challenges

- Innovative and quality services
- Customer first and upgrade the quality of the service
- Expand business area and diversified marketing strategies
- Strategic partnership with fellow business
- Increase awareness and usage of .my domain as a preferred brand
- Tour 1Malaysia Program for .my Community

Leadership

Board of Directors

YBhg. Datuk Bridget Anne Chin Hung Yee
 Y. Bhg. Dato' Dr. Rosli bin Mohamed
 YM. Tengku Farith Rithauddeen
 YBrs. En. Nik Abdul Aziz Nik Yaacob
 YBrs. Cik Susanna Lim Wei Loong
 YBrs. Dr. Mazalan Bin Kamis

Management Team

- 01 **Chief Executive Officer**
Hasnul Fadhly Hasan
- 02 **Chief Operations Officer**
Norsuzana Harun
- 03 **Chief Technology Officer**
Mohamad Zamroh Mahmud
- 04 **Chief Financial Officer**
Norzaiton Senusi
- 05 **Chief Strategy Officer**
Talib Sabri Sulaiman



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

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

Corporate Governance

MYNIC Berhad carried out a review of its Corporate Governance practices from January to April 2012. MYNIC will continue to implement good corporate governance in order to enhance its accountability, transparency and operational efficiency.

* Information correct as of December 31st 2013

Organisation Structure

Board of Directors

Chairman Office

Nomination and
Remuneration
Committee

Audit Committee

Chief Executive Officer

CEO Office

Legal and Corporate
Governance Unit

Outsourced:
Internal Audit,
Risk Management

Outsourced:
Company Secretary

Technology Division

Operations Division

Strategy Division

Finance & HR Division

Chief Technology Officer

Chief Operation Officer

Chief Strategy Officer

Chief Financial Officer

Technology
Development
Department

IT
Operations
Department

Registration &
Billing
Department

Outreach
Department

Marketing
Communications
Department

Business
Development
Department

HR & Admin
Department

Finance &
Procurement
Department

Application
Development
Unit
Database
Unit

Network
Operations
Centre Unit
Network
Security Unit

Quality
Assurance
Unit

Registration
Unit
Billing Unit

Outreach
Unit

Marketing
Communications
Department

Business
Development
Department

HR
Development
Unit
HR
Admin Unit

Finance Unit
Procurement
Unit

2012 Financial Statements

31 December 2012

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Server/Audit – SIA/MYNIC BERHAD 2012

Directors' Report for the Financial Year Ended 31 December 2012

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

PRINCIPAL ACTIVITIES

The Company is acting as the network information centre for Malaysia under the Ministry of Science, Technology and Innovation ("MOSTI"). The principal activities of the Company are to manage, control, operate, develop and administer the .my country code top level domain, internet names, numbers, addresses, resources and all other related activities and services. There have been no significant changes in the nature of these activities during the financial year.

The Company is a company limited by guarantee, not having a share capital, not for profit, incorporated and domiciled in Malaysia. Currently, the company has 2 members. In the event that the Company is wound up, a member who was a member twelve months prior to that event is liable to contribute to the assets of the Company a sum not exceeding Ringgit Malaysia One Hundred (RM 100).

RESULTS

	RM
Profit after taxation	406,543
Unappropriated profits brought forward	15,164,429
Unappropriated profits carries forward	15,570,972

DIVIDENDS

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

RESERVES AND PROVISIONS

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

DIRECTORS OF THE COMPANY

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

Datuk Bridget Anne Chin Hung Yee	
Dato' Dr Madinah bt Mohamad	
Datuk Norah binti Abd Rahman	
Tengku Farith Rithauddean	
Nik Abdul Azizi bin Nik Yaacob	
Lim Wei Loong	
Dr. Mazalan bin Khamis	(Appointed w.e.f. 3.1.2013)
Dr. Amirudin bin Abdul Wahab	(Appointed w.e.f. 3.1.2013)
(Alternate director to Dato' Dr. Madinah bt Mohamad)	

DIRECTORS'S INTEREST

Since the Company is a company limited by guarantee without share capital, no directors held any shares in the Company during the financial year ended 31 December 2012.

DIRECTORS' BENEFITS

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

OTHER STATUTORY INFORMATION

Before the statement of comprehensive income and the statement of financial position 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 bad debts and the making of provisions for bad doubtful debts and satisfied themselves that no known bad debt had been written and that no provision had been made for doubtful debts; and
- ii. To ensure that any current assets which were unlikely to realize their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realize.

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

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

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

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

As at the date of this report, there does not exist:

- i. any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii. any contingent liability in respect of the Company which has arisen since the end of the financial year.

In the opinion of the directors:

- i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet their obligations when they fall due; and
- ii. no items, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS

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

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



Y.BHG. DATUK BRIDGET ANNE CHIN HUNG YEE
Director



YM TENGKU FARITH RITHAUDEEN
Director

Kuala Lumpur
Dated:

Statements by Directors

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

We, **Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE** and **YM TENGGU FARITH RITHAUDDEEN**, being two of the directors of MYNIC BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 29 are drawn up in accordance with the provisions of the Companies Act, 1965 and Malaysian Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and the results, the changes in equity and the cash flows of the Company for the financial year ended on that date.

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

Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE
Director

YM TENGGU FARITH RITHAUDDEEN
Director

Kuala Lumpur
Dated:

Statements by Directors

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

I, **Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE**, being the director primarily responsible for the accounting records and financial management of MYNIC BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 9 to 29 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)

Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE)

at Kuala Lumpur in the)

Federal Territory on)

Y. BHG. DATUK BRIDGET ANNE CHIN HUNG YEE

Before me,



Lot 5.30, Tingkat 5
Wisma Central
Jalan Ampang
50450 Kuala Lumpur



**KHAIRUDDIN
HASYUDEEN
& RAZI**

Chartered Accountants
(AF 1161)

ACCA Platinum
Accredited Employer
Since 2010



Independent Auditors' Report to the Members of MYNIC Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MYNIC BERHAD, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 29.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of their financial performance and cash flow for the year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



**KHAIRUDDIN
HASYUDEEN
& RAZI**

Chartered Accountants
(AF 1161)

ACCA Platinum
Accredited Employer
Since 2010



Independent Auditors' Report to the Members of MYNIC Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that 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.

OTHER MATTERS

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

KHAIRUDDIN HASYUDEEN & RAZI
AF 1161
Chartered Accountants

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

Kuala Lumpur
Dated: 18 February 2013

Statement of Financial Position as at 31 December 2012

	NOTE	31.12.2012 RM	31.12.2011 RM	31.12.2011 RM
NON CURRENT ASSET				
Property, Plant and equipment	5	2,410,743	2,880,445	3,831,168
CURRENT ASSETS				
Trade receivables	6	-	100,210	-
Other receivables, deposits and prepayments		447,119	296,278	332,549
Deposits, cash and bank balances	7	23,385,782	18,516,439	18,003,801
		23,832,901	18,912,927	18,336,350
CURRENT LIABILITY				
Trade payables		2,205,755	931,598	1,433,938
Other payable and accruals		970,605	789,470	457,660
Provision for taxation		459,488	1,532,667	3,330,054
		3,635,848	3,253,735	5,221,652
NET CURRENT ASSETS		20,197,053	15,659,192	13,114,698
		22,607,796	18,539,637	16,945,866
FINANCED BY:				
Accumulated funds		15,570,972	15,164,429	13,896,374
LONG TERM LIABILITIES				
Government grants	8	5,001,428	1,587,600	1,676,567
Deferred income	9	1,977,896	1,730,108	1,052,175
Deferred taxation	10	57,500	57,500	320,750
		22,607,796	18,539,637	16,945,866

The accompanying notes form an integral part of the financial statements

Statement of Comprehensive Income for the Financial Year Ended 31 December 2012

	NOTE	2012 RM	2011 RM
Revenue	11	7,516,813	6,339,684
Cost of service rendered	12	(3,773,461)	(4,008,261)
Gross profit		3,743,352	2,331,423
Other income	13	5,976,921	5,368,194
Administrative expenses		(8,562,001)	(5,663,921)
Other operating expenses		(29,046)	(2,199)
Excess of income over expenditures	14	1,129,226	2,033,497
Taxation	15	(722,683)	(765,442)
		406,543	1,268,055

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity for the Financial Year Ended 31 December 2012

	Accumulated fund RM
Balance as at 31 December 2010	13,896,374
Excess of income over expenditures	1,268,055
Balance as at 31 December 2011	<u>15,164,429</u>
Excess of income over expenditures	406,543
Balance as at 31 December 2012	<u><u>15,570,972</u></u>

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows for the Financial Year Ended 31 December 2012

	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of income over expenditures	1,129,226	2,033,497
Adjustment for:		
Credit recognised for government grant	(5,507,682)	(4,864,348)
Depreciation	1,022,298	978,516
Interest income	(362,870)	(316,778)
(Gain)/Loss of foreign exchange - realised	(347)	2,199
Loss on disposal of property, plant and equipment	29,046	-
Operating loss before working capital changes	(3,690,329)	(2,166,914)
Decrease in work in progress	-	-
Increase in trade and other receivables	(50,631)	(66,138)
Increase/(Decrease) in trade and other payables	1,800,105	(92,725)
Cash used in operations	(1,940,855)	(2,325,777)
Tax paid	(2,119,328)	(2,826,079)
Net cash used in operating activities	(4,060,183)	(5,151,856)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 5)	(605,942)	(105,598)
Proceed from disposal of property, plant and equipment	3,300	-
Interest received	362,870	316,778
Net cash (used in) / generated from investing activities	(239,772)	211,180
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional of government grants	8,921,510	4,792,319
Deferred income	247,788	677,933
Disbursement of grants	-	(16,938)
Net cash (used in)/generated from investing activities	9,169,298	5,453,314
Net increase in cash and cash equivalents	4,869,343	512,638
Cash and cash equivalents brought forward	18,516,439	18,003,801
Cash and cash carried forward (Note 7)	23,385,782	18,516,439

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements - 31 December 2012

REPORT ON THE FINANCIAL STATEMENTS

1. GENERAL

- a. The Company is acting as the network information centre for Malaysia under the Ministry of Science, Technology and Innovation ("MOSTI"). The principal activities of the Company are to manage, control, operate, develop and administer the .my country top level domain, internet names, numbers, addresses, resources and all other related activities and services. There have been no significant changes in the nature of these activities during the financial year.
- b. The Company is a company limited by guarantee, not having a share capital, not for profit, incorporated and domiciled in Malaysia. Currently, the Company has 2 members. In the event that the Company is wound up, a member or a person who was a member twelve months prior to that event is liable to contribute to the assets of the Company a sum not exceeding Ringgit Malaysia One Hundred (RM100).
- c. The principal place of business is located at Unit 3.2 & 4, Level 3, Block C, Mines Waterfront Business Park, No. 3 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan.
- d. The registered office is located at Suite C-5-4, Wisma Goshen, Plaza Pantai, Jalan Pantai Baharu, 59200 Kuala Lumpur.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a. Statement of compliance

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

On the date of incorporation, The Company adopted applicable MFRS mandatory for financial periods beginning on or after 1 January 2012, as follows:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
- MFRS 7 Financial Instruments: Disclosures
- MFRS 8 Operating Segments
- MFRS 101 Presentation of Financial Statements
- MFRS 107 Statement of Cash Flows
- MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- MFRS 110 Events after the Reporting Period
- MFRS 116 Property, Plant and Equipment
- MFRS 117 Leases
- MFRS 118 Revenue
- MFRS 119 Employee Benefits

- MFRS 121 The Effects of Changes in Foreign Exchange Rates
- MFRS 124 Related Party Disclosures
- MFRS 127 Separate Financial Statements
- MFRS 132 Financial Instruments: Presentation
- MFRS 136 Impairment of Assets
- MFRS 137 Provisions, Contingent Liabilities and Contingent Assets
- MFRS 139 Financial Instruments: Recognition and Measurement

In addition, the Company has early adopted the amendments to MFRS 101, Presentation of Financial Statements which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the Statement of Comprehensive Income.

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

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013:

- MFRS 12 Disclosure Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits (2011)
- Amendments to MFRS 7 Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)
- Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)
- Amendments to MFRS 132 Financial Instruments: Presentations (Annual Improvements 2009 - 2011 Cycle)

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

- Amendments to MFRS 132 Financial Instruments – Offsetting Financial Asset and Financial Liabilities

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

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

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

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

MFRS 9, Financial Instruments

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

The initial applications of the other standards are not expected to have any material financial impacts on the financial statements of the Company. The initial applications of a standard which be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current period financial statements upon their first adoption.

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

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

b. Basis of measurement

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

c. Functional and presentation currency

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

d. Use of estimates and judgments

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

For the current financial period, there are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements.

3. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by Board of Directors on 18 FEB 2013

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1. Financial instruments

a. Financial instruments

i. Initial recognition and measurements

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

A financial instrument is recognised initially, at its fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

ii. Financial instrument categories

The Company has the following financial instruments:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash equivalents.

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

All the Company's financial assets, are subject to review for impairment in accordance with Note 4.1(d) (i).

Financial liabilities

The Company only has other financial liabilities.

These other liabilities are recorded at its fair value.

b. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

ii. **Subsequent costs**

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

ii. **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment at the following rate:

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

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

c. **Cash and cash equivalents**

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

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 4.1(a) (ii).

d. **Impairment**

i. **Financial asses**

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account.

ii. **Non-financial assets**

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets the generates cash inflows from continuing use that are largely independent of the cash flows of other assets or groups of asset (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

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

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the nit (group of units) on a pro rata basis.

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

e. **Provisions**

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

f. **Revenue**

i. **Services**

Revenue represents the invoiced value of services rendered after allowance for commission paid to agents.

ii. Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant.

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

Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

g. Income tax

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

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

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

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

h. Employee benefits

Short term employee benefits

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

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

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

5. PROPERTY, PLANT AND EQUIPMENT

	COST			
	Balance as at 1.1.2012 RM	Additions RM	Disposals RM	Balance as at 31.12.2012 RM
IT equipment	4,620,223	348,530	-50,146	4,918,607
Furniture and fittings	157,817	54,560	-	212,377
Motor vehicles	291,308	-	-	291,308
Office equipment	209,700	90,742	-29,329	271,113
Renovation and improvement	804,212	112,110	-21,300	895,022
	60,083,260	605,942	-100,775	6,588,427

	ACCUMULATED DEPRECIATION			
	Balance as at 1.1.2012 RM	Additions RM	Disposals RM	Balance as at 31.12.2012 RM
IT equipment	2,671,053	851,262	-25,405	3,496,910
Furniture and fittings	68,079	19,187	-	87,266
Motor vehicles	75,666	29,131	-	104,797
Office equipment	96,317	37,657	-15,006	118,968
Renovation and improvement	291,700	85,061	-7,018	369,743
	3,202,815	1,022,298	-47,429	4,177,684

	NET CARRYING VALUE		Depreciation 2011 RM
	2012 RM	2011 RM	
IT equipment	4,620,223	348,530	813,923
Furniture and fittings	157,817	54,560	15,638
Motor vehicles	291,308	-	29,131
Office equipment	209,700	90,742	39,609
Renovation and improvement	804,212	112,110	80,215
	60,083,260	605,942	978,516

6. TRADE RECEIVABLES

	2012 RM	2011 RM
Trade receivables	-	109,110
Less : Provision for bad and doubtful debts	-	-8,900
	-	100,210

7. CASH AND CASH EQUIVALENTS

	2012 RM	2011 RM (Restated)
Cash in hand and at banks	9,569,782	8,598,439
Less : Provision for bad and doubtful debts	13,816,000	9,918,000
	23,385,782	18,516,439

8. GOVERNMENT GRANTS

	2012 RM	2011 RM
Balance at the beginning of the year	1,587,600	1,676,567
Additions of grants during the year	8,921,510	4,792,319
	10,509,110	6,468,886
Credit recognised for government grants in the income statements	(5,507,682)	(4,864,348)
Disbursement of grant during the year	-	(16,938)
	5,001,428	1,587,600

Included in government grants are property plant and equipment with carrying values of RM970,709 (2011: RM1,238,427) which were required under the grant received from Ministry of Science, Technology and Innovation ("MOSTI").

9. DEFERRED INCOME

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

10. DEFERRED TAXATION

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

	2012 RM	2011 RM
As at beginning of the financial year	57,500	320,750
(Reversal of) / Deferred tax expense relating to origination and reversal of temporary differences (Note 15)	-	(263,250)
As at end of the financial year	57,500	57,500

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

	2012 RM	2011 RM
Capital allowance in excess of depreciation	57,500	57,500

11. REVENUE

	2012 RM	2011 RM
Domain name subscriptions	7,510,813	6,283,684
Resellers maintenance fee	6,000	56,000
	7,516,813	6,339,684

12. COST OF SERVICES RENDERED

	2012 RM	2011 RM
Customers services centre	250,000	250,000
Network and data centre fee	237,243	457,208
Cost of personnel - salaries	2,051,780	2,106,459
- EPF contributions	361,978	357,478
- SOCSO contributions	21,198	23,193
Depreciation	851,262	813,923
	3,773,461	4,008,261

13. OTHER INCOME

	2012 RM	2011 RM
Government grant received - development	4,577,597	2,864,348
- operating	930,085	2,000,000
Gain on foreign exchange	347	-
Interest income	362,870	316,778
Miscellaneous	25,483	17,483
Waiver of trade payables	80,539	-
Sponsorship received	-	102,885
Training and seminars conducted	-	66,700
	5,976,921	5,368,194

14. EXCESS OF INCOME OVER EXPENDITURES

	2012 RM	2011 RM
Auditors' remuneration	20,000	18,000
Depreciation	1,022,298	978,516
Directors' remuneration	123,625	105,867
Loss on disposal of property, plant and equipment	29,046	-
Loss on foreign exchange - realised	-	2,199
Rental of premises	486,261	417,484
Rental of office equipment	-	2,550
Rental of photocopy machine	5,616	5,616
and crediting:		
Interest income	362,870	316,778
Gain on foreign exchange - realised	347	-
Government grant received - development	4,577,597	2,864,348
- operating	930,085	2,000,000
Waiver of trade payables	80,539	-

15. TAXATION

	2012 RM	2011 RM
Current income tax expense	681,000	705,000
Under provision of previous year income tax expense	41,683	323,692
[Reversal of] / Deferred tax expense recognised in the financial statement (Note 10)	-	-263,692
	722,683	765,442

Reconciliation of tax expenses with accounting profit:

	2012 RM	2011 RM
Excess of income over expenditures	1,129,226	2,033,497
Tax at the current income tax rate of 26%	293,599	528,708
Tax effect in respect of:		
Non-allowable expenses	1,834,551	1,431,534
Non-taxable income	(1,431,997)	(1,264,730)
[Reversal of] / Deferred tax expense recognised in the income statement	-	(263,250)
Deferred tax asset not utilised during the year	34,949	27,790
Utilisation of capital allowances	(50,102)	(6,341)
Under provision of previous year income tax expense	41,683	323,692
Effect on the reductions of income tax rate	-	(11,961)
Tax expense	722,683	765,442

16. STAFF COSTS

	2012 RM	2011 RM
Salaries, allowances and bonus	3,470,448	3,306,514
EPF contributions	502,407	456,932
SOCSO contributions	26,350	28,047
Other staff related expenses	24,470	24,491
	4,023,675	3,815,984

Included in staff cost is an amount of RM2,434,956 (2011: RM2,487,130) treated as cost of personnel disclosed in the Company's cost of sales.

The number of employees in the Company at the end of the financial year was 53 (2011: 52).

17. CAPITAL RISK MANAGEMENT

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

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

18. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

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

	Carrying amount RM	L&R / (OL) RM
2012		
Financial assets		
Trade and other receivables	447,119	447,119
Cash and bank balances	23,385,782	23,385,782
	23,832,901	23,832,901
Financial liability		
Trade and other payables	-3,176,360	-3,176,360
	Carrying amount RM	L&R / (OL) RM
2011		
Financial assets		
Trade and other receivables	396,488	396,488
Cash and bank balances	18,516,439	18,516,439
	18,912,927	18,912,927
Financial liability		
Trade and other payables	-1,721,068	(1,721,068)

b. Financial risk management

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

- Credit risk
- Liquidity risk

c. Credit risk

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

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

i. Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

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

	Gross RM	Individual impairment RM	Net RM
2012	-	-	-
Past due 0-30 days	-	-	-
Past due 31-120 days	-	-	-
Past due more than 120 days	-	-	-
	-	-	-
	Gross RM	Individual impairment RM	Net RM
2012			
Past due 0-30 days	100,210	-	100,210
Past due 31-120 days	-	-	-
Past due more than 120 days	8,900	-8,900	-
	109,110	-8,900	100,210

d. **Liquidity risk**

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

The Company maintains a level cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

e. **Fair value of financial instruments**

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

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