



**EDUCATING  
YOUNG MINDS**  
CERTIFYING A FUTURE

Annual Report 2012



**PRESTARIANG+**

## OUR **VISION**

To Develop Local Talents for Global Market

## OUR **PURPOSE** and **MISSION**

To enhance human potential through life-long learning

## LINE OF **BUSINESS**

Competency-based Training, Certification & Software Management

# EDUCATING YOUNG MINDS CERTIFYING A FUTURE



As we approach our 10<sup>th</sup> Anniversary, Prestariang Berhad celebrates a decade of nation building as the vital bridge between academia and industry. We have established a dominion in the supply of human capital that has the knowledge and skills sets in information and communication technologies (ICT) to match the fluid and dynamic challenges of the global marketplace. Our efforts to stimulate innovation is a key element for the transformation of our nation. Today, we are poised to expand and extend our critical role of educating young minds for the purpose of certifying a future for Malaysia and Malaysians.

# 3<sup>rd</sup>

## Annual General Meeting

**Date** : Wednesday, 12 June 2013

**Time** : 10.00 a.m.

**Venue** : Banquet Hall, Level 1, Main Lobby  
Kuala Lumpur Golf & Country Club (KLGCC)  
No. 10 Jalan 1/70D, Bukit Kiara  
60000 Kuala Lumpur

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## About Us



Incorporated in 2003, the Company's core business is to train and certify lifelong learners to become professionals.

Focusing on ICT training and certification, and software licence distribution and management, we aim to impart knowledge, skills and attitude to make a person gain initial employment, maintain it and obtain new ones if required through globally benchmarked accreditation.

Our two core business activities are highly synergistic, where we commonly provide ICT training and certification together with the supply of licences for the software that we are training and certifying.

As a provider of professional ICT training and certification, we are certified by the following technology and software vendors and organisations:

- Microsoft Gold Certified Partner
- Adobe Authorised Training Centre
- Autodesk Training Center
- CompTIA Learning Alliance Partner
- Career Education in IBM Software
- EC-Council Accredited Training Centre
- Oracle Certified Training Partner
- Certiport Authorised Training Centre
- Quint Wellington Redwood Asia Sdn Bhd



In addition, we are an authorised provider of testing and assessment centre to conduct examinations for professional certification. We are authorised by the following Test Centres:-

- Prometric Premier Test Center; and
- PearsonVue Authorised Test Centre

As a certified partner for various technology and software vendors and organisations, we have the capability to provide both basic and professional ICT training and certification encompassing instructor-led courses and certification examination at the end of the course. At the same time we are able to distribute and manage their software licences.

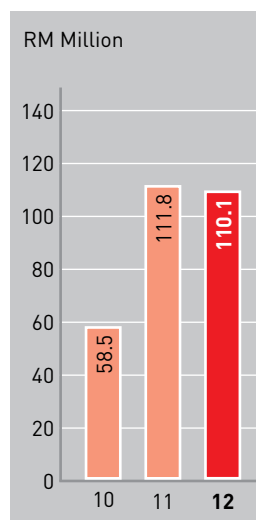
Currently, we offer approximately 57 certification courses from various technology and software vendors who are our valued partners including Microsoft, IBM, Oracle, Sun Microsystems, CompTIA, Autodesk, EC-Council, Adobe and others.

Prestariang is a Bumiputra-owned MSC Malaysia-status company and a registered ICT contractor with the Ministry of Finance.

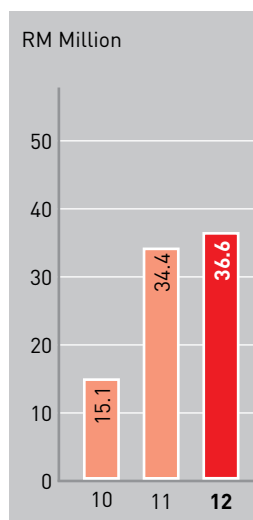
# Financial Highlights

| Financial Year ended 31 December | 2010 | 2011  | 2012         |
|----------------------------------|------|-------|--------------|
| Revenue (RM mil)                 | 58.5 | 111.8 | <b>110.1</b> |
| Profit Before Tax (RM mil)       | 15.1 | 34.4  | <b>36.6</b>  |
| Profit After Tax (RM mil)        | 15.1 | 33.6  | <b>37.2</b>  |
| Earnings Per Share (Sen)         | 7.76 | 16.19 | <b>16.92</b> |

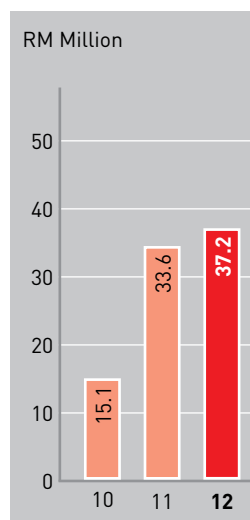
### Revenue



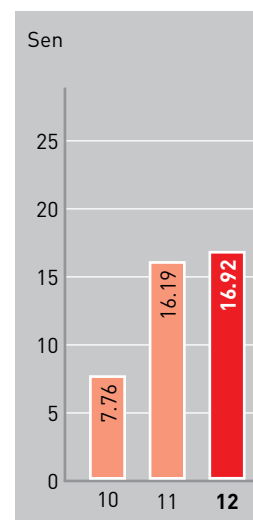
### Profit Before Tax



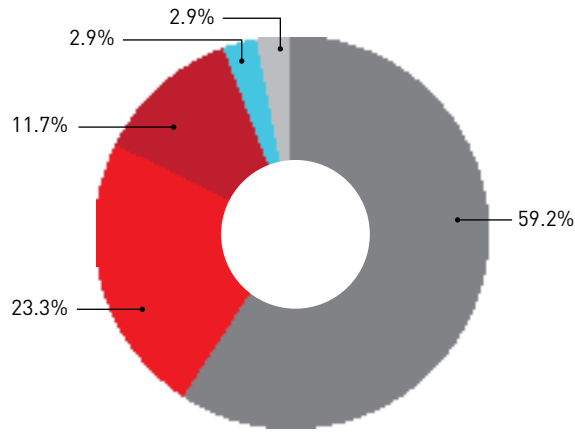
### Profit After Tax



### Earnings Per Share



**BALANCE SHEET AS AT 31 DECEMBER 2012**

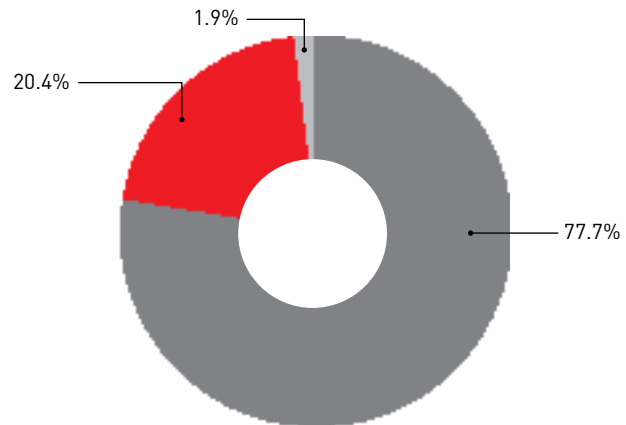


**Total assets: RM103 million**

- Cash & Bank Balances: RM61 mil
- Trade & Other Receivables: RM24 mil
- Fixed Assets & Investments: RM12 mil
- Inventories: RM3 mil
- Research & Development: RM3 mil

**Total equity and liabilities: RM103 million**

- Shareholders' Funds: RM80 mil
- Trade and Other Payables: RM21 mil
- Borrowings: RM2 mil



## Our Business

Prestariang's goal is to train and certify lifelong learners to become professionals. Through the training courses and certification by the Company, it hopes to impart knowledge, skill and attitude to help a person gain initial employment, maintain it and obtain new ones with globally benchmarked accreditation.



SMARTGREEN Training The Trainer (TTT) at Prestariang Training Lab.

Prestariang is principally involved in two highly synergistic core business activities namely ICT Training & Certification and Software Licence Distribution & Management. The Company commonly provides ICT training and certification together with the supply of licences for the software that the Company is training and certifying.

### ICT Training & Certification

As a certified partner for various technology and software vendors and organisations, Prestariang has the capability to provide both basic and professional ICT training & certification encompassing instructor-led courses and certification examination at the end of the course.

Prestariang provides professional ICT training & certification encompassing over 57 types of courses from internationally recognised technology and software vendors and organisations, such as Microsoft, Autodesk, CompTIA, IBM, Oracle, EC Council and others.



The focus is on internationally recognised industry driven certifications to address the gap between competency levels of graduates to improve employability. In addition to training, Prestariang is also an authorised provider of testing and assessment centre by Prometric Premier Test Center and Pearson Vue Authorised Test Centre to conduct examinations for professional certification.

Working in collaboration with the Ministry of Higher Education (MoHE), Prestariang has embarked on an industry-based certification initiative known as “Program Pentauliahan Profesional” (3P), which is targeted at IT and IT-related final year students at higher learning institutions. To date, 3P has trained close to 25,200 participants from 16 public universities, 21 polytechnics and 16 community colleges.

Prestariang also offers both third party certification and home grown certification under the basic ICT training & certification. The training covers a broad range of courses including elementary ICT competency skills and knowledge, as well as technical subjects. Prestariang’s home grown proprietary training and certification program is developed to meet market needs and has the flexibility to undertake modification, customisation and updates of existing modules. One of Prestariang’s most recognisable home grown programs is IC CITIZEN, a training and certification program successfully developed and marketed by Prestariang for the local and global market. The certification program aims to impart basic understanding and rules of acceptable behaviour when using the internet, so that individuals can be responsible citizens in online communities.



Training and certifying lifelong learners to become professionals.



## Our Business

### Software Licence Distribution & Management

The second core business of Prestariang is software licence distribution and management which is highly synergistic with the first core business of ICT training & certification. Being partners with many of the global technology and software vendors and organisations for the provision of training and certification of their products, it is a natural extension to also distribute and manage their product licences.

Prestariang primarily distributes proprietary software licences such as Microsoft Campus Agreement or School Agreement (CASA) for the schools and higher learning institutions, Microsoft Master Licensing Agreement (MLA) for government entities, Microsoft SELECT for organisations with more than 250 desktop personal computers and Autodesk Education Suite Licensing for educators in multi-disciplinary learning.

The software licences are sold through a volume licensing method. Prestariang offers software licence management services to streamline the process of software inventory, software upgrade and licence management to increase efficiency and improve the ability to promote IT governance through software IP compliance. To date, Prestariang has managed and distributed more than 2 million software licences since listing.



Providing trainings as a value added service to civil servants.

# Our Home Grown **Intellectual Property**



## **IC CITIZEN Certification**

IC CITIZEN Certification is the first of its kind in the world that is specially developed and designed to produce digitally literate and responsible Netizens. This unique yet universal certification program aims to impart Acceptable Usage Policy (AUP) that lays down rules of acceptable 'netiquette' or behavior that must be applied when operating digital devices and accessing the Internet within a society.



## **Proficiency in Enterprise Communication Certification**

PEC is to certify university graduates' English competency level for employment purposes in the area of ICT. PEC is a trusted and reliable English test for the Telecommunication Technology and Media industry that assesses candidate language competency for occupational purposes. This test assesses competency in four major areas; reading, writing, listening and speaking. This provides employers the convenience in making critical decisions on new recruitment, soft skill training, and promotion for current employees.



## **SmartGreen Certification & Training Program**

A training and certification program that introduces emerging Green IT principles and equips one with the knowledge to make the 'right' decisions for IT systems and businesses to preserve the environment and natural resources, and minimise negative effects of human activities. It certifies individuals to become an environmentally responsible citizen.



## **In the pipeline**

### **Islamic Finance Certification**

Islamic Finance Certification is to certify Islamic Finance banking and finance personnel, through understanding of the set of rules that comply with the Shariah or the body of Islamic Law.

# Our Major Projects



## Program Pentauliahan Profesional (3P)

A program to provide professional ICT training and certification to final year students of ICT and ICT related fields in public higher education institutions in Malaysia.



## Managing University Software as an Enterprise (MUSE)

A joint-collaboration with the Ministry of Higher Education (MoHE), which involves distribution and management of Microsoft and Autodesk software licenses to public higher education institutions in Malaysia.



## Role-based Training For Civil Servant (RBTC)

Appointed by Microsoft (Malaysia) Sdn Bhd to provide ICT literacy to civil servants in Malaysia.



## 1CITIZEN

A special training program developed to foster national unity via appropriate use of technology. It promotes the concept of 1Malaysia digitally by instilling the positive values in using technology appropriately while fostering unity in a multi-ethnic society, via IC CITIZEN Certification.



## Komputer 1Malaysia Digital Literacy and Citizenship Program

A tailor-made ICT training program that provides relevant knowledge, skills and competencies under the National Broadband Initiative (NBI) for the Netbook recipients community.



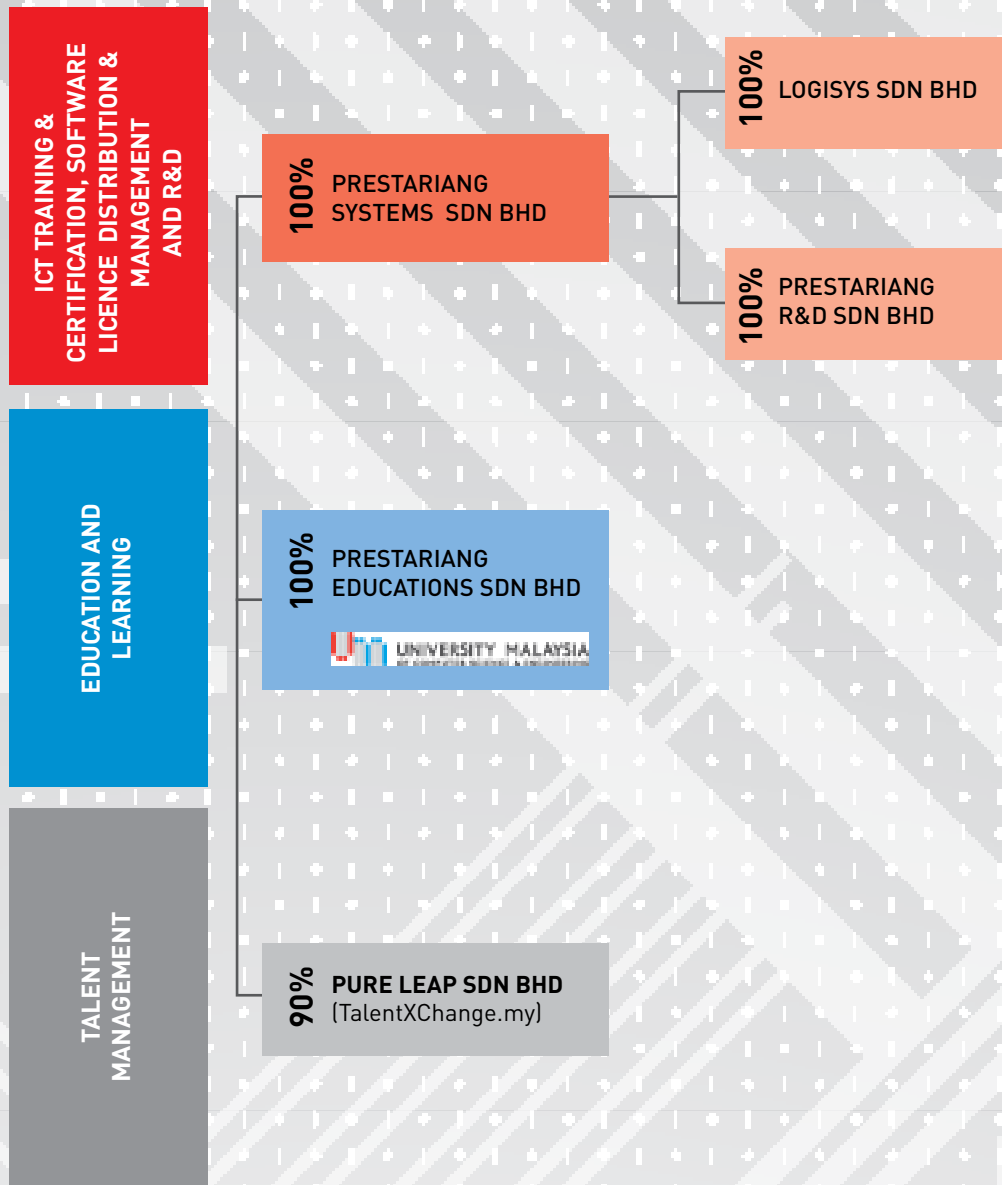
## 1Vendor Development Program

1VDP is an initiative derived from the Master Licensing Agreement (MLA), a strategic partnership developed between the Ministry of Finance Malaysia together with Microsoft (M) Sdn Bhd back in 2009.



## Oil & Gas Enhancement Program

Specially developed by public-listed Prestariang Berhad, the Oil & Gas Enhancement (OGE) Program aims to align the current demand of skilled talents by the industry. Working closely with SapuraKencana Petroleum and Autodesk Inc, this program focuses on up-skilling and re-skilling by providing Professional Knowledge and Skillset Training for a fast track entry into the engineering, production, field & operations sector of the O&G industry job market.



As at 30 April 2013

## Board of Directors

### **Dato' Mohamed Yunus Ramli Bin Abbas**

Non-Independent Non-Executive Chairman

### **Dato' Jaffar Indot**

Independent Non-Executive Director

### **Dato' Loy Teik Ngan**

Independent Non-Executive Director

### **Chan Wan Siew**

Independent Non-Executive Director

### **Dato' Gan Nyap Liou @ Gan Nyap Liow**

Independent Non-Executive Director

### **Dr. Abu Hasan Bin Ismail**

Non-Independent Executive Director

### **Dato' Maznah Binti Abdul Jalil**

Independent Non-Executive Director  
(Appointed on 2 July 2012)

## Board Committees

### **Audit Committee**

Chan Wan Siew (Chairman)

Dato' Loy Teik Ngan

Dato' Gan Nyap Liou @ Gan Nyap Liow

### **Nomination Committee**

Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman)

Dato' Jaffar Indot

Chan Wan Siew

### **Remuneration Committee**

Dato' Loy Teik Ngan (Chairman)

Dato' Jaffar Indot

Chan Wan Siew

Dr. Abu Hasan Bin Ismail

### **Risk Management Committee**

Dato' Jaffar Indot (Chairman)

Dato' Loy Teik Ngan

Dato' Gan Nyap Liou @ Gan Nyap Liow

Dr. Abu Hasan Bin Ismail

### **Finance and Investment Committee**

Dato' Maznah Binti Abdul Jalil (Chairman)

Dato' Gan Nyap Liou @ Gan Nyap Liow

Chan Wan Siew

### Head Office

70-73, NeoCyber  
Lingkaran Cyber Point Barat  
63000 Cyberjaya  
Selangor Darul Ehsan  
Tel : (03) 8314 8400  
Fax : (03) 8318 9280  
Website: [www.prestariang.com.my](http://www.prestariang.com.my)

### Registered Office

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : (03) 2084 9000  
Fax : (03) 2094 9940

### Principal Bankers

Amlslamic Bank Berhad  
Bank Muamalat Malaysia Berhad

### Stock Exchange Listing

Main Market,  
Bursa Malaysia Securities Berhad

### Investor Relations

RAPR Mileage Communications  
Sdn Bhd  
[inquiry@prestariang.com.my](mailto:inquiry@prestariang.com.my)

### Company Secretaries

Chua Siew Chuan  
(MAICSA 0777689)

Chin Mun Yee  
(MAICSA 7019243)

### Auditor

Messrs. Crowe Horwath (AF 1018)  
Level 16 Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

### Solicitor

Messrs. Abdullah Chan  
31<sup>st</sup> Floor, UBN Tower  
10, Jalan P Ramlee  
50250 Kuala Lumpur

### Share Registrar

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7841 0000  
Fax : (03) 7841 8151



Dear Shareholders,

It is my privilege to declare that Prestariang Berhad (Prestariang or the Group) has sailed through its first full year as a listed entity with honours to gain a firm footing towards meeting our business goals alongside our national aspirations.

The Group achieved a sound performance in financial year (FY) 2012 and succeeded in establishing a strong financial position from which we can strengthen our integral role to support the growth and development of domestic information and communication technologies (ICT).





Human capital remains the most pressing issue in the ICT and related industries, with the prolonged shortfall of competent talents threatening to derail Malaysia's hopes of becoming an innovation economy and digital nation. Since our incorporation in 2003, Prestariang has narrowed this gap through our provision of training in ICT for fresh graduates prior to their entry into the workforce. We are now poised to transition from being a stop-gap provider to a full-fledged source of lifelong learning with the launch of our own university on 31 January 2013.

The University Malaysia of Computer Science and Engineering (UniMy) marks our entry into Education to supplement the existing business offerings of ICT Training & Certification as well as Software Licence Distribution & Management. It represents the major initiative in our plans to extend and expand our business portfolio, which also includes a lateral move to introduce ICT training in the Oil & Gas sector plus the as yet untapped field of Talent Management.

Prestariang's foray into these business segments is in line with our mission to ensure healthy and sustainable returns for our shareholders while at the same time fulfilling the broader objectives of our national agenda.

## Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the financial results of Prestariang Berhad for the year ended 31 December 2012.

### Financial Results

The Group posted higher profits despite registering a slight dip in Revenue for FY2012. Profit After Tax (PAT) grew by 11.0% to RM37.2 million against RM33.6 million in FY2011 while Revenue dropped by 1.5% to RM110.1 million compared with RM111.8 million the previous year. Meanwhile, Profit Before Tax (PBT) recorded a year on year increase of 6.4% to RM36.6 million in FY2012 against RM34.4 million the year before. It is also noteworthy that Prestariang's PAT margin against Revenue improved by 1.1 percentage points to 33.8% for the year under review from 30.1% in FY2011.

The higher PAT was achieved on the back of improved results from ICT Training & Certification, which traditionally offers a higher margin compared to Software Licence Distribution & Management. The training & certification business segment achieved higher Revenue of RM34.2 million (FY2011: RM25.5 million), a year on year increase of 34.1% led by the spectacular performance of ICitizen, our home grown Intellectual Property (IP) certification program. Turnover from ICitizen grew by 4.5 times to RM10.7 million in FY2012 compared with RM2.4 million in FY2011.

On the other hand, the software licencing business recorded lower Revenue of RM75.9 million against RM86.3 million the year before, a drop of 12.1%. For the year under review, ICT Training & Certification contributed a higher 31.1% to Group Revenue (FY2011: 22.8%) while Software Licence Distribution & Management's respective share dipped to 68.9% (FY2011: 77.2%).

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“ We are now poised to transition from being a stop-gap provider to a full-fledged source of lifelong learning with the launch of our own university on 31 January 2013. ”

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The improved financial results for FY2012 led to a 19.5% growth in Shareholders Funds to RM79.8 million from RM66.7 million registered the year before. Earnings Per Share (EPS) rose by 4.5% to 16.92 sen against 16.19 sen in FY2011. Meanwhile, the Group increased its total assets to RM103.0 million compared with RM87.2 million the previous year, representing a growth of 18.1%.

### Dividends

The Board of Directors remains steadfast in our commitment towards a policy to share at least 50% of the Group's PAT with our shareholders as a reward for your loyalty and as an incentive to retain your support. Towards this end, we declared and issued four interim dividends aggregating 10 sen per share during the course of FY2012. The total dividend payout for the year under review amounts to RM22 million. This represents an increase of 25% in total dividend per share and payout from the previous year's total dividend per share of 8 sen and total payout of RM17.6 million. Since listing in July 2011, we have paid out a cumulative 18 sen per share or RM39.6 million in dividend.

Whenever possible, we will continue with this dividend policy for the future in line with our intention to share the wealth and benefits accumulated by the Group with all our stakeholders.



VIP visits to Prestariang, impressed at the Wall of Awards & Recognitions.

### Core Business

- **ICT Training & Certification**

Training & Certification in ICT continued to be the main income earner for the Group in FY2012. Over the past 10 years, we have addressed a significant portion of the nation's exigent need for a revolving pool of fresh ICT talents ready to meet the challenging and constantly changing requirements of the marketplace. Our training has effectively bridged the divide between the supply from the institutes of higher learning (IHL) and the demand from the industry. Invariably, trainees who have undertaken our programs leave with better employment prospects owing to their higher level of knowledge and skills as well as greater range of adaptability and creativity.

## Chairman's Statement

Through our strong and steady partnerships with global players in ICT, we are well placed to maintain our role in matching human resources with industry needs for now and into the future. These supply-side partnerships are complemented by the range of medium to long-term contracts with Government agencies to supply the candidates for training. They include the Ministry of Education (MoE), Ministry of Higher Education (MoHE) and Malaysian Communications and Multimedia Commission (MCMC), which along with other public agencies offer a stable and sizeable revenue base for the Group.

Moving forward, we have leveraged on our expertise and experience in training & certification to move beyond the ICT industry and into the Oil & Gas sector. A first batch of 360 students is already enrolled in our new program. This greenfield for training & certification represents a promising revenue stream for this business segment as the Oil & Gas industry continues to be a mainstay of the national economy.

- **Software Licence Distribution & Management**

Software Licensing, which forms a natural synergy with ICT Training & Certification, remained as the major source of revenue for the Group in FY2012. Since listing, we have distributed and managed close to two million licences to government agencies such as the MoHE, MoE, the Inland Revenue Board (IRB), MARA and others as well as major vendors in the private sector appointed by MCMC for the 1Komputer Malaysia program. The growing embrace of software and other digital technologies across the Government as well as private sector and general public augurs well for this business segment.

## Outlook

### Building the Foundation for Integration with a Digital Future

Over the past two decades, ICT (increasingly referred to as 'digital technologies' today) has been the fastest growing industry with the influence to redefine and reshape traditional barriers and parameters governing the political, economic and social landscapes. Today, we are on the verge of digital integration on a global scale.

In view of this, it is pertinent to note that the Government of Malaysia has identified the skilling and upskilling of the workforce as a National Key Economic Area (NKEA) under its broad-based Economic Transformation Program (ETP).

As it stands now, Malaysia's requirement for ICT enabled and empowered professionals is becoming more acute. The industry would need an estimated 22,000 ICT professionals by 2020, with existing IHL capable of supplying only 10,000 during this time frame.

It is for these reasons that Prestariang has expanded into Education and established Malaysia's first boutique university focused exclusively on computer science and engineering incorporating ICT-related disciplines. UniMy is on track to conduct a foundation program for the first batch of 300 students in the second quarter of 2013. Subsequently, we target to enrol another 300 students for degree courses also in the same quarter. When fully operational by 2016, UniMy is expected to have a maximum enrolment of 3,000 students.





AMDC 2011 Prize Giving Ceremony.



Launch of the 1CITIZEN Program.

Beyond national interests, UniMy and the Education segment is projected to account for 40% of the Group's business by 2016 and represents Prestariang's future to deliver shareholder value and sustain benefits for all stakeholders.

## Appreciation

On behalf of the Board of Directors, I would like to extend our gratitude and appreciation to all our stakeholders including our shareholders, customers, business partners, bankers, the Government and relevant regulatory authorities. Let me also congratulate and pay tribute to the Management team and employees for their successful efforts in steering the Group in the right direction.

The future is both bright and exciting for Prestariang. Let us together build on the gains of 2012 to scale the heights in the years to come.

**DATO' MOHAMED YUNUS RAMLI BIN ABBAS**

Chairman

# CEO's Review of **Operations**

Dear Valued Shareholders,

Financial Year (FY) 2012 has provided us with the perfect setting as we prepare to commemorate our 10<sup>th</sup> Anniversary in 2013 as a company that has truly come of age. We approach this milestone at a time when we are charting new frontiers to capitalise on opportunities of business as well as national importance.

Indeed, Prestariang was founded in response to the urgent national imperative to develop human capital for Malaysia's emergent information and communication technologies (ICT) industry. From the outset, we answered the call to 'develop local talents for the global market', a task that was readily absorbed as the Group's Vision.

Since 2003, we have produced more than 160,000 talents who were equipped with the requisite knowledge cum skills and prepared for the constantly shifting demands of a dynamic industry. In turn, these young minds have been instrumental in maturing an ICT sub-sector that in 2011 accounted for \*9.8% of the country's Gross Domestic Product (GDP). Today, the industry is regarded as a key driver of an innovation-led economy and the spearhead in the creation of a 'Digital Malaysia' under the Government's latest Digital Transformation Program (DTP).

\* *(Source: MDeC)*



On this score, Prestariang has succeeded in creating its own sustainable market since the talent gap is now widening considerably as a result of the rapidly-expanding ICT industry and its integration across the nation's economic, governmental and societal dimensions.

As cited by the Minister of Higher Education (MoHE) and referenced by the Chairman in his statement, the expected supply of graduates (10,000) up to 2020 falls markedly short of the projected demand of 22,000 personnel in computer and software engineering.

Given this situation and the current thrust towards a digital nation, the Group is poised to tighten its grip on a market in which we continue to occupy a unique position in the provision of ICT-enabled professionals with the level of employability and quality accepted by industry.

With this in mind, we expanded our business portfolio to include Education as a synergistic addition to our other core activities of ICT Training & Certification and Software Licence Distribution & Management. Indeed, our new Education business forms the base of Prestariang's future growth with an expected 40% share of Group revenue by 2016.



ICT Training & Certifications promote ICT skill creativity and add value for employability.

Meanwhile, our other new business segments of Talent Management and Training & Certification in Oil & Gas are also expected to drive growth in the years to come.

## **TRAINING & CERTIFICATION**

### **Matching Skills with Industry Needs**

As our first business activity, Training & Certification in ICT continues to be the backbone of the Group even as we expand our focus into other related areas. Indeed, this core business is expected to provide the largest share of profits until such time when our Education division reaches maturity.

Currently, we offer a total of 57 certification courses in collaboration with the ICT multinationals mentioned earlier and including other renowned computing giants as Microsoft, Oracle, CompTIA and Adobe. An existing 'Program Pentauliahhan Profesional' ("3P") or Industry Based Certification Program offered under a joint initiative with the MoHE remains a key component of this undertaking.

- **3P**

A total of 5,423 graduates were trained under this program for final year students enrolled in ICT and ICT-related fields as well as lecturers and technical staff at public institutes of higher learning (IHL) during FY2012 compared with 5,197 in FY2011. More importantly, the program achieved a higher certification rate of 81% (4,412 trainees) during the year under review against 73% (3,818) the year before.





The trainees, who came from 16 universities, 27 polytechnics and 16 community colleges, undertook 29 certification courses in FY2012 comprising 21 individual and 8 combined courses. For 2013, we are offering 57 certification courses, all of which are internationally recognised with the exception of the 'Certified IP Associate (CIPA)' that nevertheless, is in much demand on the local front.

- **IC CITIZEN Certification / 1CITIZEN Program**

This 'first of its kind in the world' certification to produce digitally literate and responsible netizens was our pathfinder in efforts to roll out home grown IP certification for the global market. It is currently marketed in partnership with US-based Certiport Inc, at more than 10,000 centres in over 152 countries. They include such countries as Brunei and Indonesia in Southeast Asia; Saudi Arabia, the United Arab Emirates (UAE) and Kuwait in the Middle East; Egypt and South Africa on the African continent, Ireland and Turkey in Europe; as well as the United States and Mexico. In March 2013, IC CITIZEN gained global recognition after receiving the Exceptional Performance Award at the Certiport APAC Conference.

On the local front, the 1CITIZEN program that offers IC CITIZEN was a runaway success in FY2012, with certification awarded to 29,457 participants compared with 2,505 the year before. 1CITIZEN was launched in 2011 as an initiative to support the 1Malaysia concept in fostering unity through enhanced digital literacy and improved internet etiquette.

We had been awarded a two-year contract to offer this programme by MoHE and the Ministry of Information, Communications and Culture (MICC). We are confident that the programme will continue to gain a high take up rate and contribute significantly to Group revenue.

Other developments in this area includes a Memorandum of Understanding (MoU) with Accreditation Service for International Colleges (ASIC) signed in April 2012 to conduct training, assessment and certification as well as to market the Digital Etiquette Certification Program. This is designed to assess knowledge and understanding in the usage of internet technology among candidates.

- **Role Based Training for Civil Servants (RBTCs)**

Another vital program is our RBTCs, which is an extension of a Master Licensing Agreement (MLA) between the Ministry of Finance (MoF) and Microsoft (Malaysia) Sdn Bhd for the acquisition of software. During the year under review, 2,051 civil servants undertook this program to enhance their proficiency in the use of software as part of the Government's initiative to develop the public sector's ICT eco system and service delivery. This represents an increase over the number of people certified under RBTCs in FY2011 which totaled 1,788.

## CEO's Review of **Operations**

- **1Vendor Development Program (1VDP)**

This program is another extension of the MOF-Microsoft MLA, offering registered IT vendors the opportunity to acquire the certification and in doing so, enhance the ICT capabilities of their workforce. A total of 49 vendors achieved their certification during the year under review.

### **Expanding Our Footprint in Oil & Gas Training**

During the year under review, we added another feather to our Training & Certification wing by offering ICT Certification Programs in Oil & Gas. In this endeavour, we will harness our knowledge infrastructure and infostructure to achieve the same goals we have set out for ICT and that is to skill up applicants to meet the challenges of a vibrant industry.

Malaysia is Southeast Asia's second largest producer of oil & gas and it has been given a boost with the recent discovery of new offshore oil fields. The output of crude oil is projected to rise by an estimated 3.3% in 2012, taking our national annual production to about 650,000 barrels per day (bpd).\*

\* *(Source: <http://www.btimes.com.my> 8 February 2012)*

Similar to the ICT industry, the growth of the domestic oil & gas sector in response to rising global demand has widened the shortage of qualified talents in this field. Indeed, the need to upskill and upgrade our workforce for the industry represents one of the National Key Economic Areas (NKEA) to be addressed under the Government's New Economic Model (NEM).

- **Oil & Gas Enhancement Program (OGE)**

This program is offered to fresh engineering graduates as well as existing employees in oil & gas through a collaboration with oil & gas industry players and Autodesk Inc. It provides knowledge and skill set training to participants to enhance their employability and marketability in gaining easier entry into the engineering, production and field operations aspects of the oil & gas industry. As a value-added feature, we assist training candidates for job placements.

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“ Malaysia is Southeast Asia's second largest producer of oil & gas and it has been given a boost with the recent discovery of new offshore oil fields.”

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The first batch of 60 students completed the OGE at end April 2013, following which we are expected to intensify our outreach to recruit more candidates. We are confident that our new undertaking in oil & gas will grow significantly in the years ahead, providing this division with another recurring revenue stream.

### **SOFTWARE LICENCE DISTRIBUTION & MANAGEMENT**

#### **Capitalising on Related Business Opportunities**

This division was established to capitalise on the business opportunities provided under ICT Training & Certification. The distribution and management of licences for products used in our training courses were a natural progression of our business operations.

The performance of software licensing for FY2012 was lower compared with the previous year. We distributed and managed 680,948 software licences in FY2012 compared with almost 1.3 million the previous year. This drop, however, is compensated by results from our other businesses, particularly the heartening response to our home grown IP certification and the promise of new segments such as Education and ICT training in oil & gas.

Nevertheless, we continue to play a vital role in integrating ICT nationwide, as evidenced by the fact that we have distributed and managed more than 1.3 million software licences for the Government's 1Notebook project to give out 1.6 million laptops - and assist the government effort to bridge the digital divide.

During the year under review, Prestariang acquired the rights to market another software. We are now the accredited Direct Value Added Reseller (DVAR) for Plant and Process Engineering Software from Autodesk Inc specifically for the oil & gas industry. This accreditation is a path way to penetrate the private sector in addition to the education sector. By improving our penetration rate into the market, we are now better positioned to extend our Software Licence Distribution & Management business into the oil & gas sector.

### **INNOVATING NEW IP PRODUCTS**

As a knowledge-based company, Prestariang pivots on innovation as a source of business growth and driver of operational efficiency. In this case, we understand that innovation goes beyond the invention of a new idea and has to include the creation of value by bringing that idea to the market. Over the years, we have maintained a fine balancing act in the certification products we choose to develop and how to achieve this to fit the needs of prospective customers. Our home grown certifications have successfully gained inroads into international markets and today, we continue to develop IPs and extend our footprint in the global marketplace.

In FY2012, our innovative minds and talents in-house developed two new IP certifications: Proficiency in Enterprise Communication (PEC) and SMARTGREEN. We have commenced commercialisation of these two products and expect that they will soon join our existing IC CITIZEN in capturing a share of the global market for training & certification programs.

- **PEC**

This is an industry-driven business English certification, which has the potential to enhance the employability of graduates in the ICT Industry. PEC also creates a marketable database for the industry to seek suitable candidates to join their ranks. It is unique in being a product, which addresses both the needs of employee candidates as well as employers.

PEC has been awarded a gold medal and a diamond award at the Invention, Innovation & Design Expo 2013 (iidex2013) at Universiti Teknologi MARA (UiTM) in March 2013.

- **SMARTGREEN**

This certification is poised to be a market leader as a globally benchmarked certification in 'Green' enterprise. With the potential to position Prestariang as the leader in Green IT Certification Training, its Eco-DB program, an online dashboard simulator is developed to help train participants on green practices and standards.

### **EDUCATION**

#### **The Nation's First ICT Boutique University**

The Group's entry into education was formalised by the launch of University Malaysia of Computer Science & Engineering (UniMy) on 31 January 2013. Despite its nascence, UniMy has already stamped its mark as the nation's first boutique university and the first private initiative to be granted a full-fledged university licence by the MoHE.

As part of Prestariang's mission to produce industry-proficient professionals, UniMy is a venture undertaken with a host of global partners, which include the prestigious Melbourne School of Engineering as well as industry players Microsoft, IBM, Huawei, Dell, Autodesk and EC-Council plus local agencies Multimedia Development Corporation (MDeC), Cyberview Sdn Bhd, Kumpulan Modal Perdana and NanoMalaysia. The majority of these partners have existing ties with Prestariang through our business segments of ICT Training & Certification and Software Licence Distribution & Management.

Indeed, UniMy has been warmly welcomed and received by these industry players, who have repeatedly voiced their concerns over the widening gap between the demand and supply of industry-ready talents over the past two decades.

As part of the commitment, the partners will 'adopt' and absorb students into their ranks through training placements. In turn, this will enhance the likelihood of the students to gain employment with the university's partners upon graduation. The participation of the Melbourne School of Engineering is no less critical as it offers a quality assurance benchmarked against best practices for UniMy's curriculum.

To capitalise on our expertise and experience in ICT, UniMy is focused on the delivery of pure computer science and engineering disciplines. Its core revolves around the five strategic computer domains of:

- Computer Engineering;
- Computer Science;
- Software Engineering;
- Information System; and,
- Information Technology

Another unique feature of our university is its integrated offer of a '1+3+1' program, which comprises a year for Foundation studies, three years for the Degree and a final year for postgraduate Masters.

### Why UniMy?

- Committed to providing industrial attachments and job training to its students via workshops, seminars, projects and internships with global IT partners
- Quality Assurance benchmarked against best practices of Melbourne School of Engineering
- Admitting high achieving students will ensure students are capable in excelling in their academic pursuit dedicated only to the field of Computer Science & Engineering (CSE) (small and focused) with a maximum capacity of 3000 students providing low student to faculty ratio of 10:1 to ensure quality education
- Academic programs are specifically designed to train and produce technology savvy developers with entrepreneurial skills to fill the big gap between job supply and demand in critical ICT areas
- Excellent Digital Learning Environment with seamless internet technology to ensure quality Teaching & Learning
- Strategically located in the heart of Cyberjaya Flagship Zone surrounded by world-renowned IT players, with excellent infrastructure and facilities conducive to student learning environment and development

UniMy is on track to receive its first intake of Foundation students in July 2013 followed by a second intake for Degree programs in September the same year. We target a total student enrolment of 600 in the first year, which will include post graduate students by the end of 2013, and a maximum enrolment of 3,000 within a few years.

Our longer term vision for the university is as a focal point for research & development in ICT. By 2020, we anticipate a 40% complement of post-graduate applicants among the total student population.

## FUTURE UNDERTAKINGS

### Talent Management to Complete the Cycle

The Group's focus will naturally shift towards education in the coming years as we seek to entrench ourselves in this competitive sector. Nevertheless, we will not rest on our laurels, but instead continually seek out areas where we can find and develop a niche market.

With this in mind, we are set to introduce another pillar of business to complete our cycle of Training & Certification and education. This new venture is talent management, which will explore the recruitment, performance management, learning and development and compensation management. This new branch of business is aimed at assisting market players to maintain a stable and ready manpower level.

### **ACKNOWLEDGEMENT**

The Group's successful listing in 2011 has provided the stage for us to come of age as the premier player in the provision of invaluable human capital for our nation's economic and digital aspirations. This, along with our rapid growth and maturity as a business over the past decade, has been an ideal preparation to celebrate Prestariang's 10<sup>th</sup> Anniversary on 8 October 2013.

Our many accomplishments have been made possible only through the support and cooperation of our customers, business partners, employees and lastly, our shareholders. Together, we can reach even further as future opportunities beckon.

#### **DR. ABU HASAN BIN ISMAIL**

Chief Executive Officer



# Corporate Responsibility Statement



Prestariang counts as one of the few companies in which Corporate Responsibility (CR) is our *raison d'être*. In our case, CR is an elemental rather than an extension of the Company's core businesses since they are anchored on the premise of lifelong learning and development of human capital. By its very nature, Prestariang's business operations serve the tripartite interests of society, economy and nation as much as they benefit our immediate stakeholders who include shareholders, customers and employees.

Notwithstanding this natural symbiosis with CR, we remain committed to enhancing our positive impact on industry and education as well as the communities we operate in. In this regard, Prestariang stands firm on our syariah compliance to disperse at least 2.5% of annual profits towards charitable causes such as orphanages and other homes for the aged, infirmed and underprivileged.

During the year under review, we carried out or contributed to the following initiatives and activities:

## ACADEMIA-INDUSTRY

- **Industrial & Community Relations Excellence Awards Ceremony (AKPIM 2012)**  
A sponsorship of RM20,000.00 was given to the AKPIM 2012, organised by the Academia-Industry & Community Network (AIC) ICAN of Univeriti Teknologi MARA (UiTM). It was held at the Shah Alam Convention Centre on 18 April 2012.
- **Association of Pacific RIM Universities (APRU) Conference 2012**  
A sponsorship of RM10,000 was allocated to the APRU Conference 2012, which was hosted by Universiti Malaya between 15 and 18 October 2012 with the theme, "Enhancing Teaching And Research Through Technological Innovations". The objective of the APRU conference was to promote dialogue and collaboration between academic institutions in the Pacific RIM in order for them to become effective players in today's global knowledge economy.



AKPIM 2012.





- **ICAN Professional Series Talk**

Prestariang contributed RM10,000.00 for the ICAN Professional Series Talk, which was also organised by UiTM's AIC ICAN. Held on 13 December 2012, these talks highlighted up-to-date and relevant knowledge and best practices from the university, industry and community. The knowledge gained from these talks can be incorporated into teaching, learning, research and consultancy activities. It was also aimed at empowering the community with knowledge and services to help improve their quality of life and societal well being.

## EDUCATION

- **Microsoft Imagine Cup Malaysia 2012**

Prestariang sponsored RM90,000.00 on 4 April 2012 in support of the Microsoft Imagine Cup Malaysia 2012, which is a premier student technology competition organised by Microsoft and Universiti Teknikal Malaysia (UteM) Melaka and hosted by University Sabah Malaysia. Touted as the Olympics of student technology competitions, 112 finalists from 16 colleges and universities around Malaysia participated in the Kick Off Finals, which was held in Kota Kinabalu, Sabah from 16 and 18 May 2012.

- **Yayasan Sukarelawan Siswa**

Prestariang donated RM100,000 to the Yayasan Sukarelawan Siswa on 21 May 2012 at its launching, which was attended by Dato' Seri Najib Abdul Razak, Prime Minister of Malaysia.

- **Malaysian Architectural Education Conference (MAEC) 2012**

Prestariang was the Gold Sponsor for MAEC 2012, which was organised by the Faculty of Design and Architecture, Universiti Putra Malaysia (UPM) and advised by the Malaysian Council of Heads of Architecture Schools (COHAS) from 4 to 5 October 2012. With the theme "The Future of Architectural Education", the conference was intended to bring together internationally and locally renowned architects, educators and scholars to present their views, debate current modes and investigate possible new directions in architectural education in Malaysia.

- **KAEDLive 2012**

Prestariang was the Gold Sponsor for the KAEDLive 2012, a charity event to showcase and promote artworks of students organised by and held at the Kulliyah of Architecture & Environmental Design (KAED), International Islamic University of Malaysia (IIUM). Held from 3 to 4 November 2012, the objective of the event was to raise awareness on issues and situations regarding orphanages, war refugees and other unfortunate individuals through cultural activities, music performances and art.



Microsoft Imagine Cup Malaysia 2012.



KAEDLive 2012.



# Corporate Responsibility **Statement**

## **COMMUNITY**

- **Karnival Jalur Lebar 1Malaysia 2012**

Karnival Jalur Lebar 1 Malaysia or 1Malaysia Broadband Carnival 2012 was organised by the Ministry of Information, Communication and Multimedia Commission (MCMC) and supported by the state governments throughout the country to increase public awareness on embracing ICT technology and its benefits.

Prestariang was one of the Gold Sponsors and contributed RM15,000.00 for each of the carnivals, which were held at the following locations:

- Keningau, Sabah on 15 - 18 June 2012
- Bentong, Pahang on 8 - 9 September 2012
- Jeli, Kelantan on 23 - 24 November 2012



Karnival Jalur Lebar 1Malaysia 2012 - Keningau, Sabah.



Karnival Jalur Lebar 1Malaysia 2012 - Bentong, Pahang.



Karnival Jalur Lebar 1Malaysia 2012 - Jeli, Kelantan.



Sitting, left to right:

1. **Dr. Abu Hasan Bin Ismail, Ph.D**  
Chief Executive Officer, Non-Independent Executive Director
2. **Dato' Mohammed Yunus Ramli Bin Abbas**  
Chairman, Non-Independent Non-Executive Director
3. **Dato' Jaffar Bin Indot**  
Independent Non-Executive Director

Standing, left to right:

1. **Mr Chan Wan Siew**  
Independent Non-Executive Director
2. **Dato' Loy Teik Ngan**  
Independent Non-Executive Director
3. **Dato' Gan Nyap Liou @ Gan Nyap Liow**  
Independent Non-Executive Director
4. **Dato' Maznah Binti Abdul Jalil**  
Independent Non-Executive Director

# Board of Directors' Profile

## DATO' MOHAMED YUNUS RAMLI BIN ABBAS

Age 64, Malaysian



|   |  |
|---|--|
| <b>Position on the Board</b>                                | Non-Independent Non-Executive Chairman   |
| <b>Date of Appointment</b>                                  | 18 November 2010   |
| <b>Membership of Board Committees</b>                       | None   |
| <b>Qualifications</b>                                       | <ul style="list-style-type: none"> <li>• Economics graduate from the University of Malaya.</li> <li>• MBA from the Nova South Eastern University Fort Lauderdale, Florida, USA.</li> <li>• Executive Program in Business Management, University of Michigan, USA.</li> <li>• Doctorate of Management UNIMAP (Honorary).</li> </ul>   |
| <b>Membership of Associations</b>                           | None   |
| <b>Working Experience and Occupation</b>                    | <ul style="list-style-type: none"> <li>• 1978-1980: Started his career at Motorola, Penang and was subsequently appointed as the Director of Human Resource of Motorola South Asia.</li> <li>• 1980-1985: Director of Training and Development for Motorola Asia Pacific.</li> <li>• 1989-1995: Vice President at Motorola in Florida, USA.</li> <li>• 1996-2001: - Country Manager for Motorola Malaysia.</li> <li>• 2002 : - Chief Executive Officer Encorp Group</li> <li>• 2002-2005: - Chief Executive Officer CELCOM (Malaysia) Berhad.</li> <li>• 2003-2005: - Appointed by the Ministry of Education as the Chairman of the Board of Directors of University Malaysia Perlis (UNIMAP).</li> <li>• 2006 : - Established NuSuara Technologies Sdn Bhd.<br/>- Executive Director of NuSuara Technologies Sdn Bhd.</li> <li>• Non-Executive Chairman of the Board of Directors of Kumpulan Modal Perdana Sdn Bhd.</li> <li>• Board of Director University Technology Malaysia Holdings.</li> </ul> |
| <b>Directorships of other Public Companies</b>              | None   |
| <b>No of Board Meetings Attended for the Financial Year</b> | 4/5  |

**DATO' JAFFAR INDOT**

Age 78, Malaysian



|   |  |
|---|--|
| <b>Position on the Board</b>                                | Independent Non-Executive Director   |
| <b>Date of Appointment</b>                                  | 18 November 2010   |
| <b>Membership of Board Committees</b>                       | <ul style="list-style-type: none"> <li>• Chairman of the Risk Management Committee.</li> <li>• Member of the Nomination Committee and Remuneration Committee.</li> </ul>   |
| <b>Qualifications</b>                                       | <ul style="list-style-type: none"> <li>• Educated at Victoria Institution, Kuala Lumpur and Malay College, Kuala Kangsar.</li> <li>• Attended the International Senior Manager's Program, Harvard Business School in Vevey, Switzerland.</li> </ul>  |
| <b>Membership of Associations</b>                           | <p>Dato' Jaffar is actively serving in various professional entities and NGOs, including:</p> <ul style="list-style-type: none"> <li>• Adviser, Rolls Royce South East Asia Advisory Board.</li> <li>• President, Federation of Reproductive Health Associations Malaysia.</li> <li>• Chairman, Family Health Foundation.</li> <li>• Chairman, PROTON Foundation.</li> <li>• Member, Institute of Strategic and International Studies (ISIS).</li> <li>• Life Member, Harvard Club Malaysia and Member, Harvard Business School Alumni Club of Malaysia.</li> <li>• Trustee, F3 Strategies Berhad.</li> <li>• Chairman, Malaysian Dutch Business Council.</li> </ul>   |
| <b>Working Experience and Occupation</b>                    | <ul style="list-style-type: none"> <li>• Currently, he is the President and Founding Board Member of the Malaysian Alliance of Corporate Directors (MACD)</li> <li>• 1953: Joined the Rural Industrial Development Authority as an Assistant Rural Development Officer.</li> <li>• 1956-1989: Joined Shell and was posted to Tokyo, Japan and London during his tenure until he retired after 33 years of service.</li> <li>• 1980: Returned to Malaysia as Executive Director and Director of Public Affairs for Shell Malaysia.</li> <li>• 1983: Appointed as Managing Director of Shell Malaysia Trading Sdn Bhd and Shell Timur Sdn Bhd.</li> <li>• 1989-1997: Non-Executive Chairman of Shell Timur Sdn Bhd.</li> <li>• Previously served as a director on the boards of several public listed companies including Shell Refining Company (FOM) Bhd, Guinness Anchor Berhad, Malaysian Merchant Marine Bhd, M3nergy Bhd and FSBM Holdings Bhd.</li> </ul> |
| <b>Directorships of other Public Companies</b>              | <ul style="list-style-type: none"> <li>• Board Member of F3 Strategies Berhad, Malaysian Alliance of Corporate Directors, Malaysian Dutch Business Council, Melewar Industrial Group Berhad, Sycal Ventures Berhad and Group, Yayasan Proton.</li> </ul>   |
| <b>No of Board Meetings Attended for the Financial Year</b> | 5/5  |

## Board of Directors' Profile

### DATO' LOY TEIK NGAN

Age 51, Malaysian



|   |  |
|---|--|
| <b>Position on the Board</b>                                | Independent Non-Executive Director   |
| <b>Date of Appointment</b>                                  | 18 November 2010   |
| <b>Membership of Board Committees</b>                       | <ul style="list-style-type: none"> <li>• Chairman of the Remuneration Committee.</li> <li>• Member of the Audit Committee and Risk Management Committee.</li> </ul>  |
| <b>Qualifications</b>                                       | <ul style="list-style-type: none"> <li>• Bachelor of Arts Degree in Economics from the McMaster University in Ontario, Canada.</li> </ul>  |
| <b>Membership of Associations</b>                           | <ul style="list-style-type: none"> <li>• Active member of the Young Presidents' Organisation.</li> <li>• Served as the Deputy President of the Malaysia Amateur Volleyball Association.</li> <li>• Served as the President of the Kuala Lumpur Amateur Volleyball Association.</li> <li>• Board Trustee of Taylor's Education Group Foundation.</li> <li>• Member Yayasan Badminton Malaysia.</li> </ul> |
| <b>Working Experience and Occupation</b>                    | <ul style="list-style-type: none"> <li>• 2003: Took over the reins of the Taylor's Education Group and in the ensuing years, built it into the largest private education group in Malaysia.</li> </ul>   |
| <b>Directorships of other Public Companies</b>              | <ul style="list-style-type: none"> <li>• Board Member of Leisure Holidays Berhad and Group, MBF Corporation Berhad and Group, MBF Unit Trust Management Berhad, Taylor's Education Group Foundation, Yayasan Badminton Malaysia.</li> </ul>  |
| <b>No of Board Meetings Attended for the Financial Year</b> | 4/5  |

**CHAN WAN SIEW**

Age 61, Malaysian



|   |  |
|---|--|
| <b>Position on the Board</b>                                | Independent Non-Executive Director   |
| <b>Date of Appointment</b>                                  | 18 November 2010   |
| <b>Membership of Board Committees</b>                       | <ul style="list-style-type: none"> <li>• Chairman of the Audit Committee.</li> <li>• Member of the Nomination Committee, Remuneration Committee and Finance and Investment Committee.</li> </ul>   |
| <b>Qualifications</b>                                       | <ul style="list-style-type: none"> <li>• Chartered Accountants (MIA, ACCA and CPA).</li> <li>• Institute of Chartered Secretaries &amp; Administrators (UK).</li> <li>• Certified Financial Planner and Chartered Financial Consultants (USA).</li> </ul>  |
| <b>Membership of Associations</b>                           | <ul style="list-style-type: none"> <li>• Fellow Member of the Association of Chartered Certified Accountants (UK), the Institute of Chartered Secretaries and Administrators (UK) and the CPA Australia.</li> <li>• Active member of the National Association of Corporate Directors (NACD) USA and the Federation of Malaysian Manufacturers (FMM) Governance &amp; Ethics.</li> <li>• EXCO Member of the Federation of Public Listed Companies (FPLC).</li> <li>• MIA Council Member and the Federation of Malaysian Manufacturers (FMM) Ethics &amp; Governance Committee.</li> </ul>   |
| <b>Working Experience and Occupation</b>                    | <ul style="list-style-type: none"> <li>• President of Business Transitions Asia Sdn Bhd.</li> <li>• Deputy President and Founding Board Member of the Malaysian Alliance of Corporate Directors (MACD).</li> </ul> <p>Previously served as the:-</p> <ul style="list-style-type: none"> <li>• President of the Malaysia Association of Chartered Certified Accountants (ACCA).</li> <li>• President of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</li> <li>• EXCO Member of the Malaysian Institute of Accountants (MIA) and Global Network of Director Institutes (GNDI).</li> <li>• Vice President and Founding Board Member of the Financial Planning Association of Malaysia (FPAM).</li> <li>• Secretary General of the Malaysian Institute of Corporate Governance (MICG).</li> </ul> |
| <b>Directorships of other Public Companies</b>              | <ul style="list-style-type: none"> <li>• Board Member of Federation of Public Listed Companies Berhad, Integrax Berhad, Luxchem Corporation Berhad, Malaysian Alliance of Corporate Directors, Malaysian Institute of Corporate Governance, Prudential Assurance Malaysia Berhad.</li> </ul>   |
| <b>No of Board Meetings Attended for the Financial Year</b> | 5/5  |

## Board of Directors' Profile

### DATO' GAN NYAP LIOU @ GAN NYAP LIOW

Age 58, Malaysian



|   |  |
|---|--|
| <b>Position on the Board</b>                                | Independent Non-Executive Director   |
| <b>Date of Appointment</b>                                  | 24 November 2010   |
| <b>Membership of Board Committees</b>                       | <ul style="list-style-type: none"> <li>• Chairman of the Nomination Committee.</li> <li>• Member of the Audit Committee, Risk Management Committee and Finance and Investment Committee.</li> </ul>  |
| <b>Qualifications</b>                                       | <ul style="list-style-type: none"> <li>• Chartered Accountant.</li> <li>• Certified Management Consultant.</li> </ul>  |
| <b>Membership of Associations</b>                           | <ul style="list-style-type: none"> <li>• Previously Chairman of the Association of Computer Industry Malaysia (PIKOM), Vice-President of the Association of Asian Oceania Computer Industry Organisation, Member of the Minister of Science &amp; Technology Think Tank, Copyright Tribunal, Labuan International Financial Exchange Committee, Board member of MIMOS Berhad (Government Technology Research) and the US-Malaysia Business Council.</li> <li>• Currently Chairman of the British Malaysian Chamber of Commerce.</li> </ul> |
| <b>Working Experience and Occupation</b>                    | <ul style="list-style-type: none"> <li>• He was the Managing Partner for Asia and member of the Global Management Council at Accenture, a career that spanned 26 years.</li> <li>• 1999-2003: Managing Partner Asia Pacific Corporate Development - Managed the firm's multi-billion dollar Venture Fund in Asia Pacific and concluded investments in China, Japan, Australia and Singapore.</li> </ul>  |
| <b>Directorships of other Public Companies</b>              | <ul style="list-style-type: none"> <li>• Chairman of Cusapi Berhad, Catcha Media Berhad and Diversified Gateway Solutions Berhad.</li> <li>• Board Member of Tanjong Plc, AmBank (M) Berhad, AmIslamic Bank Berhad, Amcorp Properties Berhad, AMMB Holdings Berhad, Badan Pengawas Pemegang Saham Minoriti Berhad, Saujana Resort (M) Berhad, Tien Wah Press Holdings Berhad, Formis Resources Berhad.</li> </ul>  |
| <b>No of Board Meetings Attended for the Financial Year</b> | 4/5  |



**DATO' MAZNAH BINTI ABDUL JALIL**

Age 60, Malaysian



|   |  |
|---|--|
| <b>Position on the Board</b>                                | Independent Non-Executive Director   |
| <b>Date of Appointment</b>                                  | 02 July 2012   |
| <b>Membership of Board Committees</b>                       | <ul style="list-style-type: none"> <li>• Chairman of the Finance and Investment Committee.</li> </ul>  |
| <b>Qualifications</b>                                       | <ul style="list-style-type: none"> <li>• Bachelor of Science (BSc) and Masters Degree in Business Administration (Finance) from the Northern Illinois University, USA and the Central Michigan University, USA respectively.</li> </ul>                      |
| <b>Membership of Associations</b>                           | <ul style="list-style-type: none"> <li>• Trustee and Treasurer of Malaysian Aids Foundation.</li> <li>• Life Member of the Women's Institute of Management.</li> </ul>   |
| <b>Working Experience and Occupation</b>                    | <ul style="list-style-type: none"> <li>• Executive Chairman of Moore Stephens AC Advisory Sdn Bhd.</li> <li>• Managing Director of Keris Maju Sdn Bhd.</li> <li>• Board Member of Pavilion REIT Management Sdn Bhd and Universiti Teknologi Mara.</li> </ul> |
| <b>Directorships of other Public Companies</b>              | <ul style="list-style-type: none"> <li>• Board Member of Malaysian Aids Foundation, Pavilion Real Estate Investment Trust, Sona Petroleum Berhad, Universiti Teknologi MARA.</li> </ul>  |
| <b>No of Board Meetings Attended for the Financial Year</b> | 2/2  |

## Board of Directors' Profile

### DR. ABU HASAN BIN ISMAIL

Age 52, Malaysian



|   |   |
|---|---|
| <b>Position on the Board</b>                                | Chief Executive Officer, Non-Independent Executive Director   |
| <b>Date of Appointment</b>                                  | 18 November 2010  |
| <b>Membership of Board Committees</b>                       | <ul style="list-style-type: none"> <li>Member of the Remuneration Committee and Risk Management Committee.</li> </ul>   |
| <b>Qualifications</b>                                       | <ul style="list-style-type: none"> <li>Diploma in Architecture from Universiti Teknologi Malaysia (UTM).</li> <li>Bachelor of Science (BSc) and Bachelor of Architecture (BArch) from the University of Strathclyde, Glasgow.</li> <li>Master of Philosophy (MPhil) and Doctor of Philosophy (PhD) from the University of Sheffield, UK.</li> </ul>   |
| <b>Membership of Associations</b>                           | <ul style="list-style-type: none"> <li>International Advisory Board of Computer Trade Industry Association (CompTIA) based in the USA.</li> <li>Council member at Taylor's University.</li> <li>Advisory Panel for International Business School (IBS) in Universiti Teknologi Malaysia (UTM).</li> <li>Trustee Member of Yayasan Sukarelawan Siswa (YSS) under the Ministry of Higher Education, Malaysia.</li> <li>Adjunct Professor at Universiti Teknologi Malaysia and a Visiting Professor at Universiti Teknologi MARA.</li> </ul>   |
| <b>Working Experience and Occupation</b>                    | <ul style="list-style-type: none"> <li>1997: Became one of the founders of the Multimedia University and was subsequently appointed as the Professor and Dean at the newly created Faculty of Creative Multimedia.</li> <li>He is currently the Chief Executive Officer and founder of Prestariang Berhad.</li> <li>Since its inception in 2003, Dr. Abu has overseen the financial and strategic growth of the company and has formed successful partnerships with global ICT organisations such as Microsoft, Autodesk, IBM, Oracle, CompTIA, Certiport, Prometric, ASIC and others.</li> <li>Listed the Company on the Main Market of Bursa Malaysia on 27 July 2011.</li> </ul> |
| <b>Directorships of other Public Companies</b>              | Institute Sultan Iskandar of Urban Habitat and High Rise.   |
| <b>No of Board Meetings Attended for the Financial Year</b> | 5/5   |

#### Notes:

- (i) Except for Dr. Abu Hasan Ismail whose spouse and sibling are also substantial shareholders of the Company, none of the Directors has any family relationship with each other and with any substantial shareholders of the Company.
- (ii) None of the Directors has any conviction for offences, other than traffic offences, within the past 10 years.
- (iii) Other than the related party transactions disclosed in Note 35 of the Financial Statements, none of the Directors has conflict of interest with the Company.
- (iv) Except as disclosed above, none of the Directors holds any directorship in other public companies.
- (v) The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of this Annual Report.

# Calendar of Events

## JANUARY

### 17 JANUARY 2012

Prestariang Systems Sdn Bhd (PSSB) secured another contract for its 1CITIZEN Program, worth RM14 million. The two-year contract was awarded by the Ministry of Information, Communications and Culture (MICC) for implementation rollout from 1 January 2012 to 31 December 2013.

## FEBRUARY

### 14 FEBRUARY 2012

The Prize Giving Ceremony for the Autodesk Malaysia Design Competition 2011 (AMDC 2011) was officiated by the Minister of Higher Education.



### 15 FEBRUARY 2012

Analyst Briefing.

## MARCH

### 05 MARCH 2012

Prestariang Berhad and Microsoft Malaysia launched the HEDSTART Program for 25,000 University of Malaya students. This initiative encourages the use of genuine software among university students.

## APRIL

### 03 APRIL 2012

MOU Signing Ceremony between PSSB & Accreditation Service for International Colleges (ASIC) UK on Digital Etiquette Certification Program.



### 04 APRIL 2012

Analyst Briefing.

### 24 APRIL 2012

OSK Small Cap Day 2012 was held in conjunction with the launch of the OSK Jewels 2012 Handbook. Prestariang was selected as one of the Top 5 Malaysian Small Cap Companies 2012.



## JUNE

### 14 - 16 JUNE 2012

3P & CompTIA Off- Site Briefing & Networking, organised by Prestariang to all 3P Program Coordinators of participating universities.



### 20 JUNE 2012

Prestariang Berhad 2<sup>nd</sup> Annual General Meeting (AGM).



### 22 JUNE 2012

Prestariang Education Sdn Bhd (PESB) received an invitation by the Minister of Higher Education Malaysia to establish a private higher education institution: the University of Computing (now known as University Malaysia of Computer Science & Engineering or UniMy).

### 25 JUNE 2012

OSK ASEAN Corporate Day, Singapore.

### 27 JUNE 2012

OSK ASEAN Corporate Day, Kuala Lumpur.

## MAY

### 02 MAY 2012

OSK hosted the Private Banking Small Cap Luncheon where Prestariang was invited to talk and meet up with fund managers and buy-side investors.

### 28 MAY 2012

Analyst Briefing.

**JULY**

● **02 JULY 2012**

Dato' Maznah Binti Abdul Jalil was appointed to the Board of Directors of Prestariang Berhad.



● **03 JULY 2012**

1 Vendor Development Program (1VDP) Launching Ceremony officiated by the Minister of Finance II, Dato' Seri Ahmad Husni Mohamad Hanadzlah. Prestariang was appointed as the exclusive training and certification provider for 1VDP.



● **04 JULY 2012**

Analyst Briefing.

● **25 JULY 2012**

Special Analyst Briefing on University Malaysia of Computer Science & Engineering (UniMy).

**OCTOBER**

● **22 OCTOBER 2012**

Datuk Dr. Halimaton Hamdan was appointed as Vice Chancellor for Prestariang's first boutique university, UniMy. She was the Recipient of the Merdeka Award 2010.



● **29 - 30 OCTOBER 2012**

IPTA Council of ICT Directors (MAPITA) 2012 & Technology Update by Prestariang.

### NOVEMBER

- **07 - 09 NOVEMBER 2012**  
OSK ASEAN Corporate Day, Hong Kong.
- **22 NOVEMBER 2012**  
Prestariang was invited to present its listing experience at the Bursa Malaysia Initial Public Offering (IPO) Seminar.



### DECEMBER

- **14 DECEMBER 2012**  
1CITIZEN Launching and Portfolio 2012 Prize Giving Ceremony. The event was officiated by the Minister of Higher Education, Dato' Seri Mohamed Khaled bin Nordin.
- **18 DECEMBER 2012**  
PSSB received the approval from the Ministry of Finance for the implementation of the Professional Skill Set for Oil & Gas Industry Program worth RM4.8 million.



# Awards & Accolades 2012

1. **EC-Council Circle of Excellence Authorised Training Centre 2012**
2. **Malaysia Venture Capital Awards 2012**
3. **Innovation in Workforce Enablement 2012**  
by Prometric
4. **Microsoft Partner Network 2012**  
(Gold Learning, Gold Volume Licensing,  
Silver Learning & Silver Volume Licensing)
5. **OSK Small Cap Day 2012**  
Prestariang is selected as one of the OSK  
Top 5 Malaysian Small Cap Companies 2012



1



2



3



4



5

## 2011

- Microsoft Learning Solution Partner of the Year 2011
- Certiport Champion of Digital Literacy 2011
- Autodesk Best Performing Partner in Asia Pacific 2011
- Autodesk High Achiever Education Authorisation 2011
- Microsoft Partner Network Gold Volume Licensing 2011
- EC Council ATC of Year 2011

## 2010

- Microsoft Learning Solution Partner of the Year 2010
- CompTIA Authorised Platinum Partner 2010-2011
- Microsoft Gold Certified Partner 2010-2011
- Microsoft Certified Partner 2010-2011
- Recognition Award for Innovative Venture Capital Backed Companies 2010 by the Malaysian Venture Capital and Private Equity Association
- EC-Council Circle of Excellence Authorised Training Centre 2010

## 2009

- Microsoft Certified Partner for Learning Solution (CPLS) Partner Excellence 2009
- Microsoft Gold Certified Partner 2009-2010
- Prometric Most Valued Partner – Most Comprehensive Global IT Certification Program in Asia
- EC-Council Authorised Training Centre of The Year 2009
- Best Performance for Career Education In IBM Software (CEIS Program)
- Highest Certification Achievement and Commitment in Producing Globally-benchmarked Graduates
- Member in Good Standing and Afforded All The Privileges and Benefits of this Designation 2009-2010
- Member in Good Standing of CompTIA (Computing Technology Industry Association) 2009

## 2008

- Microsoft Gold Certified Partner 2008-2009
- Microsoft Certified Partner Learning Solution (CPLS) 2008-2009
- Asia Pacific Regional Best Practices in Advancing Industry Growth through Innovation in Education 2008
- Certificate of Acknowledgement for Prestariang Systems Sdn Bhd, IBM Malaysia Sdn Bhd and Universiti Teknologi Mara (UiTM) working together under the Career Education in IBM Software (CEIS) 2008

## 2007

- Microsoft Certified Partner for Learning Solution (CPLS) 2007-2008

## 2004

- Apple Key Account Win FY2004

## Prestariang to set up University of Computing

There is a crucial need to set up a university for IT talent in Malaysia, says CEO

Andrew Hoock, CEO



## 马大微软“Hedstart计划” 2.5万学生将获原装软件

【本報訊】由馬六甲大學與微軟公司合作，為期三年的“Hedstart计划”日前正式啟動。該計劃旨在為該校2.5萬名學生提供原裝的Microsoft Office、Windows等軟件，以促進其學習和發展。



## Programme to boost local IT vendors' capabilities

【本報訊】由馬六甲大學與微軟公司合作，為期三年的“Hedstart计划”日前正式啟動。該計劃旨在為該校2.5萬名學生提供原裝的Microsoft Office、Windows等軟件，以促進其學習和發展。



## Lonjak industri ICT tempatan

Prestariang tahun ini akan melancarkan University of Computing



【本報訊】由馬六甲大學與微軟公司合作，為期三年的“Hedstart计划”日前正式啟動。該計劃旨在為該校2.5萬名學生提供原裝的Microsoft Office、Windows等軟件，以促進其學習和發展。

## Prestariang aims to triple market worth

Among the key aims: The MNC status economy wants to become one of the top ICT companies in the country

| Year    | 2011 | 2012 | 2013 | 2014  | 2015  |
|---------|------|------|------|-------|-------|
| Revenue | 43.0 | 60.0 | 80.0 | 100.0 | 120.0 |
| Profit  | 5.0  | 7.0  | 10.0 | 15.0  | 20.0  |

## 進軍高教領域 柏斯達亮亮眼小型股

【本報訊】由馬六甲大學與微軟公司合作，為期三年的“Hedstart计划”日前正式啟動。該計劃旨在為該校2.5萬名學生提供原裝的Microsoft Office、Windows等軟件，以促進其學習和發展。

## Big plans brewing for Prestariang

ICT company plans to launch local computing university

【本報訊】由馬六甲大學與微軟公司合作，為期三年的“Hedstart计划”日前正式啟動。該計劃旨在為該校2.5萬名學生提供原裝的Microsoft Office、Windows等軟件，以促進其學習和發展。



## Leveraging on need for cyber manners

Prestariang's culture club sets anti-cyber agency with gov to monitor e-behaviour



## Prestariang tembusi sektor minyak, gas

【本報訊】由馬六甲大學與微軟公司合作，為期三年的“Hedstart计划”日前正式啟動。該計劃旨在為該校2.5萬名學生提供原裝的Microsoft Office、Windows等軟件，以促進其學習和發展。

## Ferislah kontrak RM14

Anak syarikat penyedia perkhidmatan ICT dan latihan pendidikan Prestariang Bhd, Prestariang Systems Sdn Bhd (PSSB), memperolehi satu lagi kontrak untuk Program IGTIZEN bernilai RM14 juta. Kontrak dua tahun itu diberikan daripada Kementerian Perancangan Komunikasi dan Kebudayaan dan syarikat menjangka memulakan program IGTIZEN itu mulai 1 Januari 2012 hingga 31 Disember 2013. Prestariang dalam kenyataan kepada Bursa Malaysia semalam berkata yang program itu dilaksanakan kepada komuniti dan boleh memampung sehingga 40,000 peserta untuk dididik dan diajar buay-cilik digital dan internet.



# 柏斯達亮 動揚22仙

● 柏斯達亮 (PRESTARIANG BERHAD) 宣佈派發 2011 年中期股息，每股派發 22 仙。

● 柏斯達亮 (PRESTARIANG BERHAD) 宣佈派發 2011 年中期股息，每股派發 22 仙。

● 柏斯達亮 (PRESTARIANG BERHAD) 宣佈派發 2011 年中期股息，每股派發 22 仙。

## Prestariang taking the next step

**Investment focus at large public**  
**SEMI-EDU** has achieved a strong FY12 performance with its "strategic" RM1.5 billion target plan of RM1.5 billion in education-related projects through its "strategic" plan. The company's FY12 financial performance was impressive, recording a profit of RM10.211 million, up from RM10.211 million in FY11. The company's revenue grew by 10% to RM102.11 million, with a net profit of RM10.211 million. The company's revenue grew by 10% to RM102.11 million, with a net profit of RM10.211 million.

...and the company will be able to...  
 ...and the company will be able to...  
 ...and the company will be able to...

**Prestariang Ltd**

| Year | Revenue  | Profit   | EPS    |
|------|----------|----------|--------|
| 2011 | RM102.11 | RM10.211 | RM0.22 |
| 2010 | RM92.80  | RM9.280  | RM0.20 |
| 2009 | RM83.50  | RM8.350  | RM0.18 |
| 2008 | RM74.20  | RM7.420  | RM0.16 |
| 2007 | RM64.90  | RM6.490  | RM0.14 |
| 2006 | RM55.60  | RM5.560  | RM0.12 |
| 2005 | RM46.30  | RM4.630  | RM0.10 |
| 2004 | RM37.00  | RM3.700  | RM0.08 |
| 2003 | RM27.70  | RM2.770  | RM0.06 |
| 2002 | RM18.40  | RM1.840  | RM0.04 |
| 2001 | RM9.10   | RM0.910  | RM0.02 |



## Prestariang catat untung RM10.211 juta

**Prestariang Bhd** mencatat keuntungan bersih RM10.211 juta pada suku kewangan ketiga berakhir 30 September 2012 berbanding RM9.28 juta pada suku suku tahun sebelumnya. Ia diumumkan selepas penutupan RM10.211 juta pada 14 Disember ini.

"Ia adalah awal tempoh kepada pengumuman tahunannya, iaitu lebih tinggi daripada dividen yang di bayar pada suku sebelumnya."

Adi Hassan berkata, pengumuman dividen itu bersempadan dengan SIA perisai dalam tempoh seminggu sebelum akhir 2012 kepada pengumuman tahun.

## Prestariang reports RM34m earnings

**KUALA LUMPUR:** Prestariang Bhd has recorded a pre-tax profit of RM34.41 million on revenue of RM111.75 million for the period ended Dec 31. In a statement yesterday, Prestariang said performance was mainly driven by revenue generated from...

**PRESTARIANG BHD**

| Revenue  | Profit  | EPS    |
|----------|---------|--------|
| RM111.75 | RM34.41 | RM0.75 |

## Prestariang targets record FY12 with self-developed solutions

**Investment Director** of Prestariang Bhd said the company is targeting a record FY12 performance with self-developed solutions.

## Prestariang plans interim dividend

**KUALA LUMPUR:** IT Corporation and training provider Prestariang Bhd plans to distribute quarterly interim dividend this year, around 3% of total dividend. Executive Director Adi Hassan said that Prestariang's dividend policy would remain flexible without affecting the company's cashflow. "We have low capital and no debt so the quarterly dividends will not impact our cash position," he said. The company also said that it is able to sustain its three-digit revenue growth but the year-end target is 20-25%.

**We have low capital and no debt so the quarterly dividends will not impact our cash position.**

Prestariang will also adjust its strategy towards more training this year, focusing on the education sector. Through its subsidiary Prestariang Education Ltd, the company has raised up capital of RM100m to support its RM100m expansion in training and RM100m expansion. "We are in a very strong position in education with the company's focus on English language's expansion programme to the level of quality of this year and a solid ability contribution to the end of 2012."

## Prestariang 净利润 4 倍

【吉隆坡 15 日讯】柏斯達亮 (PRESTARIANG BERHAD) 昨日宣布，截至 12 月 31 日止，录得税前盈利 3.441 亿元，较上年同期增长 10%。柏斯達亮表示，业绩增长主要是由自行开发解决方案带来的收入增加所致。



## 利幅增 1% 必达量派息 3 仙

柏斯達亮 (PRESTARIANG BERHAD) 宣布，截至 12 月 31 日止，录得税前盈利 3.441 亿元，较上年同期增长 10%。柏斯達亮表示，业绩增长主要是由自行开发解决方案带来的收入增加所致。公司计划派发每股 3 仙的股息，较去年的 2 仙有所增加。

## Stronger earnings outlook for Prestariang

**Investment Director** of Prestariang Bhd said the company's earnings outlook is stronger due to the expansion of its self-developed solutions. The company's revenue is expected to grow by 10% to 15% in FY12, with a net profit of RM10.211 million.

The group is also positive of setting up the first business unit in the education sector, which is self-developed solutions in the form of a "strategic" plan. The company's revenue is expected to grow by 10% to 15% in FY12, with a net profit of RM10.211 million.

## Higher earnings base set for Prestariang

**Investment Director** of Prestariang Bhd said the company's earnings base is set for higher performance in FY12. The company's revenue is expected to grow by 10% to 15% in FY12, with a net profit of RM10.211 million.

**Investment Director** of Prestariang Bhd said the company's earnings base is set for higher performance in FY12. The company's revenue is expected to grow by 10% to 15% in FY12, with a net profit of RM10.211 million.

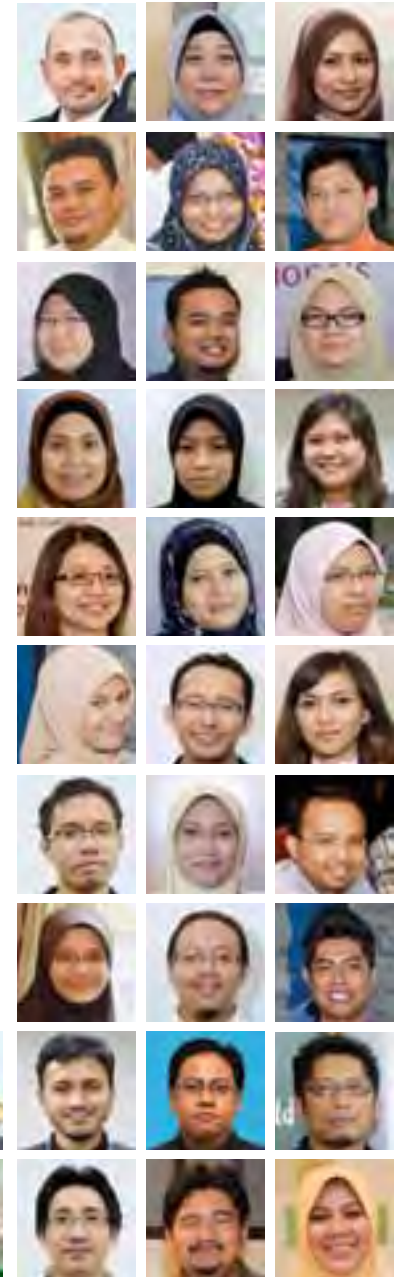
# The People



As a knowledge-based organisation, we continuously invest in people and ideas. Our people are equipped with various qualification and skills to ensure the smooth operation and continuous growth of the Company. We have a team of professionals in the following areas of specialty:

- Autodesk AutoCAD 2010 Associate and Professional
- Autodesk Revit Architecture 2010 Associate and Professional
- Certified Training Professionals (CTP)
- MCAD, CISCO and CompTIA certified engineers and specialists
- Microsoft Certified Professional – Licensing Solutions
- Microsoft Certified Technology Specialist
- Project Management Professional (PMP)
- Graphic, Web & Multimedia Designers

More importantly, the management team led by **Dr. Abu Hasan Ismail, Chief Executive Officer; Abdul Razak Bakrun, Chief Financial Officer; Abdul Hamid Abdul Rahman, Chief Knowledge Officer; Aris Mohd Zainal, Chief Marketing Officer and Rohaizam Isahak, Senior Vice President (Project & Services)** has cultivated a work culture that encourages creativity and drives motivation. We believe innovation and the right attitude, anchored by the necessary qualification and experience, are the key factors behind the continued success of the Company.



# Corporate Statements

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- 068** Other Compliance Information
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# Statement on Corporate Governance

The Board of Directors of Prestariang Berhad (“the Company”) is fully committed to sustaining high standards of corporate governance with the goal of ensuring the Company and the Group are in the forefront of good governance and implementing the guidelines of the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 (“the Code”). The Code serves as a fundamental guide to the Board in discharging its principal duty to act in the best interest of the Company and the Group, and managing the business and affairs of both the Company and the Group efficiently and effectively.

The Board views the corporate governance as synonymous with the four prerequisites of a responsible corporate citizen, namely transparency, accountability, integrity and corporate performance.

The Board is pleased to share the following statement which indicates the Principles and Recommendations of the Code, in all material respect, have been adhered to and complied by the Company during the financial year ended 31 December 2012.

## STATEMENT OF PRINCIPLES

The following sets out the manner in which the Principles and Recommendations of the Code have been applied by the Company.

## BOARD OF DIRECTORS

### Board Responsibilities

The Company is led and controlled by an effective Board comprising one (1) Executive Director and a strong six (6) Non- Executive Directors drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Company’s business operations. The Company recognises the pivotal role play by the Board in the stewardship of its strategic business direction and ultimately in the enhancement of its long-term shareholder value.

The Board remains resolute and upholds its responsibility in governing, guiding and monitoring the direction of the Company with the eventual objective of enhancing long term sustainable value creation aligned with shareholders’ interests whilst taking into account the long-term interests of all stakeholders, including shareholders, employees, customers, business associates and the communities in which the Company and the Group conduct its business.

The Board reserves a schedule of matters for its decision which include the following:-

- reviewing and adopting corporate strategies and direction for the Company and the Group;
- overseeing the conduct and the performance of the Company’s businesses;
- reviewing and approving all investment and divestment proposals;
- reviewing and approving all corporate plans, budgets and other significant matters of a financial nature;
- reviewing and approving human resource policies and processes involving the planning, appointing, training including succession planning for top management;
- developing and implementing an effective public communications programme for the Company and the Group;
- reviewing the adequacy and integrity of the Company and the Group’s internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines;

## Statement on Corporate Governance

- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- developing an effective framework for identifying and monitoring significant business risks; and
- reviewing the Company's strategies on promoting sustainability that focusing on environmental, social and governance (ESG) aspects.

The Board members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct are adhered to, in order for the Company to achieve strong financial performance for each financial year, and more importantly delivers long-term and sustainable value shareholders.

The Non-Executive Directors are independent from Management. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address the matters concerning the management and oversight of the Company's business and operations.

The Board has defined the roles and responsibilities of Non-Executive Directors, which include the following:-

- providing independent and objective views (in the case of Non-Executive Directors who are Independent Non-Executive Directors), assessment and suggestions in deliberations of the Board;
- ensuring effective check and balance in the proceedings of the Board;
- mitigating any possible conflict of interest between the policy-making process and day-to-day management of the Company and the Group; and
- constructively challenging and contributing to the development of the business strategies and direction of the Company and the Group.

The Board has identified the Non-Independent Non-Executive Chairman, Dato' Mohamed Yunus Ramli Bin Abbas, to whom concerns of shareholders and other stakeholders may be conveyed.

The Board members are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The cost of procuring these professional services will be borne by the Company.

### Board Composition and Balance

The Board consists of a total of seven (7) Directors and the status of their directorship is as follows:

| Directors   | Status                                 |
|---|--|
| Dato' Mohamed Yunus Ramli Bin Abbas                       | Non-Independent Non-Executive Chairman |
| Dato' Jaffar Indot  | Independent Non-Executive Director     |
| Dato' Loy Teik Ngan                                       | Independent Non-Executive Director     |
| Chan Wan Siew   | Independent Non-Executive Director     |
| Dato' Gan Nyap Liou @ Gan Nyap Liow                       | Independent Non-Executive Director     |
| Dr. Abu Hasan Bin Ismail                                  | Non-Independent Executive Director     |
| Dato' Maznah Binti Abdul Jalil (Appointed on 2 July 2012) | Independent Non-Executive Director     |

## Statement on Corporate Governance

The Company complies with Bursa Malaysia Securities Berhad Main Market Listing Requirements with regards to Board's composition and the required ratio of Independent Directors. The profiles of the Directors are set out on pages 34 to 40 of this Annual Report.

The roles of the Chairman and the Chief Executive Officer are segregated and clearly defined by their individual position descriptions. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Chief Executive Officer is responsible for the day-to-day management of the business as well as the implementation of Board policies and decisions.

The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company.

The Board does not have any gender diversity policy. Nevertheless, the Group is an equal opportunity employer and all appointments and employment are based strictly on merits and not driven by gender bias.

### Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are subject to retirement by rotation of every Annual General Meeting (AGM) and provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the AGM held following their appointments.

Director(s) of or over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

### Meetings

During the financial year ended 31 December 2012, the Board met on five (5) occasions, deliberating upon and considering a variety of matters including the Company's and Group's financial results, major investments, strategic decisions and the overall direction of the Company and the Group.

Agenda and matters for discussion are prepared and circulated in advance of each meeting. All proceedings from Board meetings are recorded and the minutes are maintained by the Company Secretaries.

Details of Directors attendance at meetings of the Board during the financial year under review are as follows:

| Name of Directors   | No. of Meetings Attended |
|---|--------------------------|
| Dato' Mohamed Yunus Ramli Bin Abbas                       | 4/5                      |
| Dato' Jaffar Indot  | 5/5                      |
| Dato' Loy Teik Ngan                                       | 4/5                      |
| Chan Wan Siew   | 5/5                      |
| Dato' Gan Nyap Liou @ Gan Nyap Liow                       | 4/5                      |
| Dr. Abu Hasan Bin Ismail                                  | 5/5                      |
| Dato' Maznah Binti Abdul Jalil (Appointed on 2 July 2012) | 2/2                      |

## Supply of Information

All members of the Board are supplied with information in a timely manner. Board reports and papers are circulated prior to Board meetings to enable Directors to obtain further information and explanations, where required, before the meetings.

Each Director has access to information pertaining to the Company's and the Group's business and affairs to enable them to discharge their duties. In addition, certain matters are reserved specifically for the Board's decision. These include approval of material acquisitions and disposals of assets, major corporate plans, financial results, and Board appointments.

The Directors also have direct access to the advice of the Company Secretaries, independent professional advisors and internal and external auditors, as and when appropriate, at the Company's expense.

## Company Secretaries

The Board members have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable, on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia Securities Berhad. The Company Secretaries also serve notice to the Directors and principal Officers to notify them of closed periods for trading in the Company's shares, and timely communication of decisions made and in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

## Directors' Training

The Board, through the Nomination Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge, and experience to appropriately perform the duties of Directors. As at the end of the financial year under review, all Directors have successfully completed the Mandatory Accreditation Programme. In addition, Directors undergo continuous training to equip themselves with the necessary knowledge and to keep abreast with developments to effectively discharge their duties as a Director.

## DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for recommending the compensation and remuneration package for the Executive Director and Senior Management staff. In formulating the recommended remuneration package, the Remuneration Committee has taken into consideration the information prepared by Management and also independent consultants by surveying data on the remuneration practices of comparable companies.

The Board, as a whole, determines the remuneration of Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his remuneration. The Company pays its Non-Executive Directors an annual fee which is subject to the approval of the shareholders of the Company at AGM.

## Statement on Corporate Governance

Details of the nature and amount of each major element of the remuneration of Directors of the Company, during the financial year, are as follows:

|                          | EXECUTIVE DIRECTOR<br>(RM) | NON-EXECUTIVE DIRECTORS<br>(RM) | TOTAL<br>(RM) |
|--------------------------|----------------------------|---------------------------------|---------------|
| Emoluments and Allowance | 404,712                    | 55,000                          | 459,712       |
| Fees                     | -                          | 486,000                         | 486,000       |
| Total                    | 404,712                    | 541,000                         | 945,712       |

The number of Directors whose remuneration fell within the respective bands is as follows:

| REMUNERATION BAND (RM) | EXECUTIVE DIRECTORS | NON-EXECUTIVE DIRECTORS |
|------------------------|---------------------|-------------------------|
| 50,000 and below       | -                   | 1                       |
| 50,001 – 100,000       | -                   | 1                       |
| 100,001 – 150,000      | -                   | 4                       |
| 350,001 – 400,000      | 1                   | -                       |

**Note: Successive bands of RM50,000 are not shown entirely as they are not represented.**

### COMMITTEES ESTABLISHED BY THE BOARD

The Board delegates certain responsibilities to the Board Committees, namely the Audit Committee, Nomination Committee, Risk Management Committee, Remuneration Committee and Finance and Investment Committee in order to enhance business and operational efficiencies as well as efficacies.

All Board Committees have written terms of reference and the Board receives all minutes and reports of their proceedings and deliberations, where relevant. The Chairmen of the various Committees report to the Board on the outcome of the Committee meetings. Such reports are usually incorporated in the minutes of the full Board meetings.

#### Audit Committee

The Company's Audit Committee comprises exclusively of Non- Executive Directors, all of the members are independent and presently chaired by Mr. Chan Wan Siew.

The Terms of Reference of the Audit Committee are set out under the Audit Committee Report on pages 61 to 64 of this Annual Report.

The Audit Committee meets at least four (4) times annually.





## Statement on Corporate Governance

During the financial year, the Audit Committee held five (5) meetings and details of attendance of its members are as follows:

| Name                                | No. of Meetings Attended |
|-------------------------------------|--------------------------|
| Chan Wan Siew (Chairman)            | 5/5                      |
| Dato' Loy Teik Ngan                 | 4/5                      |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | 4/5                      |

The Chief Executive Officer, Chief Financial Officer, Senior Manager Corporate Governance and the internal auditors, have attended the Audit Committee meeting by invitation. Where appropriate, the external auditors are invited to attend and brief the Audit Committee and to provide responses to queries raised by the Audit Committee in respect of the Company's Financial Statements and reporting requirements.

### Nomination Committee

The Company's Nomination Committee comprises exclusively of Non-Executive Directors, and all of the members are independent.

The salient terms of the Terms of Reference of the Nomination Committee are as follows:-

- to recommend to the Board, new candidates for appointment and re-election for all directorships to be filed by the shareholders or the Board for any vacancies on the Boards of the Company and the Group;
- to 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;
- to recommend to the Board on the establishment of new committees or the dissolution of any existing committees of the Board which no longer serves its purpose;
- to develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors; and
- to recommend to the Board of Directors to fill the seats on any Board committee.

The Nomination Committee meets as and when required, and at least once a year.

During the financial year, the Nomination Committee held two (2) meetings and details of attendance of its members are as follows:

| Name   | No. of Meetings Attended |
|--|--------------------------|
| Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman) | 2/2                      |
| Dato' Jaffar Indot                             | 2/2                      |
| Chan Wan Siew                                  | 2/2                      |

# Statement on Corporate Governance

## Remuneration Committee

The Remuneration Committee is made up of three (3) Independent Non-Executive Directors and one (1) Non-Independent Executive Director, and is presently chaired by Dato' Loy Teik Ngan.

The salient terms of the Terms of Reference of the Remuneration Committee are as follows:-

- a. to recommend to the Board a competitive Compensation and Remuneration package for Executive Directors and senior management staff (both present and potential future) in order to attract and retain outstanding individuals with the skills and experience needed to manage the Company's business successfully;
- b. to recommend to the Board a competitive Compensation and Remuneration package for Non- Executive Directors in order to attract and retain outstanding individuals of integrity, calibre, credibility and who have the necessary skills and experience to bring an independent judgement to bear on the issues of strategy, performance and resources for the success of the Company; and
- c. to review and recommend the annual compensation and rewards for all individual Directors and senior management staff (both present and potential future).

The Remuneration Committee meets as and when required, and at least once a year.

During the financial year, the Remuneration Committee held one (1) meeting and details of attendance of its members are as follows:

| Name                           | No. of Meetings Attended |
|--------------------------------|--------------------------|
| Dato' Loy Teik Ngan (Chairman) | 1/1                      |
| Dato' Jaffar Indot             | 1/1                      |
| Chan Wan Siew                  | 1/1                      |
| Dr. Abu Hasan Bin Ismail       | 1/1                      |

## Risk Management Committee

The Risk Management Committee is made up exclusively of Non-Executive Directors, whom all of the members are independent Directors and currently chaired by Dato' Jaffar Indot.

The salient terms of the Terms of Reference of the Risk Management Committee are as follows:-

- a. to review existing controls that may reduce the key risk factors of the Company;
- b. to review and recommend risk management strategies, policies and risk tolerance for the Board's approval;
- c. to review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- d. to ensure adequate infrastructure, resources and systems are in place for an effective risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the insurer's risk taking activities; and
- e. to review the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

## Statement on Corporate Governance

During the financial year, the Risk Management Committee held two (2) meetings and details of attendance of its members are as follows:

| Name                                | No. of Meetings Attended |
|-------------------------------------|--------------------------|
| Dato' Jaffar Indot (Chairman)       | 2/2                      |
| Dato' Loy Teik Ngan                 | 2/2                      |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | 2/2                      |

### Finance and Investment Committee

The Finance & Investment Committee is led by the Chairwoman, Dato' Maznah Binti Abdul Jalil. The Committee is made up of exclusively Non- Executive Directors, and all of the members are independent Directors.

The Terms of Reference of the Finance and Investment Committee are as follows:-

- a. to develop, review and recommend to the Board the investment policies and strategies;
- b. to perform the duties that are assigned to it by the Board including, without limitation, the review of all investment proposals;
- c. to receive quarterly reports from Management, deliberate and decide on the compliance with the overall investment policies and strategies, and to report the findings to the Board;
- d. to review and give approval for the Company to proceed with the Initial Project Assessment/pre-qualification/tender bid stage, which meet the pre-determined criteria, and all ventures;
- e. to authorise the Company to enter into any agreements, memorandum of understanding and/or contracts with potential partners for the requalification/tender stage and approve such terms in relation to the said agreement, memorandum of understanding and/or contracts. Notwithstanding, any agreement, memorandum of understanding or contracts which may include equity participation of the Company is reserved for deliberation by the Board; and
- f. following the Detailed Appraisal/Evaluation or if the tender is successful:
  - (i) to review and approve on behalf of the Board the investment proposals, if these fall within the approved authority limits delegated to the Committee by the Board; and
  - (ii) to review and recommend to the Board for final decision, the investment proposals, which are beyond the authority limits of the Committee.

The Finance and Investment Committee meets as and when required, and at least once a year.

## Statement on Corporate Governance

During the financial year, the Finance and Investment Committee held one (1) meeting and details of attendance of its members are as follows:

| Name                                      | No. of Meetings Attended |
|---|--------------------------|
| Dato' Maznah Binti Abdul Jalil (Chairman) | 1/1                      |
| Dato' Gan Nyap Liou @ Gan Nyap Liow       | 1/1                      |
| Chan Wan Siew                             | 1/1                      |

### SHAREHOLDERS AND INVESTORS

#### Communication

The Company recognises the paramount importance of communicating with its shareholders and other stakeholders as it is a key component to uphold the principles and best practices of corporate governance for the Company and the Group.

In maintaining the commitment to effective communication with shareholders and stakeholders, the Company adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders and stakeholders. This practise of disclosure of information is not just established to comply with Bursa Malaysia Securities Berhad Main Market Listing Requirements pertaining to continuing disclosure, but it also adopts the best practices as recommended in the Code with regards to strengthening engagement and communication with its shareholders. Where possible and applicable, the Company also provides additional disclosure of information on a voluntary basis. The Company believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

The annual report is a main channel of communication between the Company and its shareholders and stakeholders. The annual report communicates comprehensive information of the financial results and activities undertaken by the Company and the Group. As a listed corporation, the contents and disclosure requirements of the annual report are also governed by Bursa Malaysia Securities Berhad Main Market Listing Requirements.

In addition, the Company and the Group always strive to voluntarily make available in the Company's annual report information and disclosures that extend well beyond the regulatory requirements in order to provide more extensive information which enable various stakeholders to have better appreciation of the Group's business strategies, operations, performance, challenges and quality of management.

The Company disseminates its annual report, together with an executive summary, to its shareholders either in hard copy or in CD ROM media. The executive summary provides highlights of the Company's and the Group's key financial and corporate information, in order to facilitate shareholders' access to such key information. All information to shareholders is available electronically as soon as it is announced or published.

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Directors and Senior Management Officers.



## Statement on Corporate Governance

At the Company's AGM, the Chairman of the Company presents a comprehensive and concise review of the Group's financial performance and value created for shareholders. This review is supported by visual and graphical presentation of key points and key financial figures. Printed copies of this review are also made available to shareholders upon their request and to the media.

In addition, the Company makes various announcements through Bursa Malaysia Securities Berhad, in particular, the timely release of the quarterly results within two (2) months from the close of a particular quarter. Summaries of the quarterly and full year results and copies of the full announcements are supplied to shareholders and members of the public upon request. Members of the public can also obtain the full financial results and Company announcements from Bursa Malaysia Securities Berhad's website.

### Investor Relations

Along with good corporate governance practices, the Company has embarked on appropriate corporate policies to provide greater disclosure and transparency through all its communications with its shareholders, investors and the general public.

The Company strives to promote and encourage bilateral communications with its shareholders through participation at its general meetings and also ensures timely dissemination of any information to investors, analysts and the general public.

The Company and the Group maintain the following website that allows all shareholders and investors access to information about the Company and the Group: [www.prestariang.com.my](http://www.prestariang.com.my). Any further information regarding the Company and the Group may also be obtained from the following persons:

Senior Manager, Corporate Governance  
Telephone : 03-8314 8400  
Facsimile : 03-8318 9280  
[inquiry@prestariang.com.my](mailto:inquiry@prestariang.com.my)

Assistant Manager, Corporate Governance  
Telephone : 03-8314 8400  
Facsimile : 03-8318 9280  
[inquiry@prestariang.com.my](mailto:inquiry@prestariang.com.my)

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board aims to provide a balance and meaningful assessment of the Company's and the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders and the Chairman's Statement in the Annual Report.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the Company's and Group's annual and interim financial statements. It also reviews the appropriateness of the Company's and Group's accounting standards and regulatory requirements.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Company and the Group is set out on page 70 of this Annual Report.

# Statement on Corporate Governance

## Related Party Transactions

The Company and the Group has no significant transactions with the related parties during the year under review.

## Internal Control

The Board has overall responsibility for maintaining a system of internal control and risk management that provides a reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Statement on Risk Management and Internal Control furnished on pages 65 to 67 of this Annual Report provides an overview of the internal control within the Group during the financial year under review.

## Relationship with the Auditors

The Company has established a transparent arrangement with the Auditors to meet their professional requirement. Key features underlying the relationship of the Audit Committee with the Internal and External Auditors are included in the Audit Committee Report on pages 61 to 64 of this Annual Report.

## Internal Audit

In the pursuit of greater independence in the internal audit function, the Internal Audit activity continued to be outsourced during the financial year under review to KPMG Management and Risk Consulting Sdn Bhd to provide internal audit services.

A summary of the activities of the Audit Committee and the Internal Auditors during the financial year under review is set out in the Audit Committee Report on pages 61 to 64 of this Annual Report.

## Annual Assessment of Independence

To ensure the effectiveness of the Independent Non-Executive Directors on the Board, including newly appointed Independent Non-Executive Directors, the independence assessment shall be conducted annually.

The Independent Non-Executive Directors, are not employees and do not participate in the day to day management of the Company. They bring with them perspective and knowledge from their respective field which will benefit the Company.

The Board is satisfied with the level of independence shown by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

# Audit Committee Report

The Board of Directors (“Board”) of Prestariang Berhad (“the Company”) is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

## OBJECTIVES

The objectives of the Audit Committee are as follows:-

- reviewing reports from internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the Company’s policies; and
- ensuring that proper processes and procedures are in place to comply with applicable laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### COMPOSITION

The Audit Committee comprises at least three (3) Directors, all of whom are Independent. The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director. The Audit Committee comprises only of Non-Executive Directors.

### MEMBERSHIP

The present members of the Audit Committee comprise the following Independent Non-Executive Directors:

Chan Wan Siew (Chairman)  
Dato’ Loy Teik Ngan  
Dato’ Gan Nyap Liou @ Gan Nyap Liow

### DUTIES AND RESPONSIBILITIES

- To review the quarterly and annual financial statements of the Company.
- To review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of Management integrity.
- To consider annually the Risk Management Framework adopted within the Company and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities.
- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.
- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including for example, the Company’s Code of Business Conduct.
- To obtain assurance that proper plans for control have been developed, prior to the commencement of major areas of change within the organisation.

## Audit Committee Report

- (vii) To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Company.
- (viii) To review with the external auditors the nature and scope of their audit plan and report.
- (ix) To review any matters concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors.
- (x) To review and evaluate factors related to the independence of the external auditors and assist them in preserving their independence.
- (xi) To be advised of significant use of the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that the position as auditors are not deemed to be compromised.
- (xii) To review the external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
- (xiii) To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.
- (xiv) To review with the external auditors the Statement of Internal Controls of the Group for inclusion in the annual report.
- (xv) To prepare the annual Audit Committee report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an internal, audit function and summary of the activities of that function for inclusion in the annual report.
- (xvi) To review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the annual report.
- (xvii) To review ordinary and extraordinary dividend payments.
- (xviii) To act on any other matters as may be directed by the Board.

### RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee is authorised by the Board:-

- (i) to review any activity within the Audit Committee's terms of reference. It is authorised to seek any information it requires from any Director or member of management and has full and unrestricted access to any information pertaining to the Company and the management, and all employees of the Group are required to comply with the requests made by the Audit Committee;
- (ii) to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. In the event that any member of the Audit Committee shall need to seek external professional advice in furtherance of his duties, he shall first consult with and obtain the prior approval of the Chairman of the Audit Committee;



- (iii) to review any activity within its Terms of Reference, and where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of management integrity, possible conflicts of interest, or abuse by a significant or controlling shareholder; and
- (iv) shall have direct communication channels and be able to convene meetings with the external auditors excluding the attendance of the non-independent members of the Audit Committee, whenever deemed necessary.

## MEETINGS

The Audit Committee shall:

- (i) meet at least four (4) times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting; and
- (ii) report to the Board and its minutes will be tabled to and noted by the Board.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW

- (i) Reviewed the unaudited quarterly financial results of the Company and the Group before recommending to the Board for report on consolidated approval and release to Bursa Malaysia Securities Berhad.
- (ii) Reviewed the Audit Planning Memorandum of the Company and the Group for the financial year ended 31 December 2012 with the external auditors.
- (iii) Reviewed the audited financial statements of the Company and the Group, the issues arising from the audit, their resolution and the audit report prior to recommending to the Board for approval.
- (iv) Reviewed the role and management of the internal audit function and the continued option to outsource the internal audit function in the financial year ended 31 December 2012.
  - a. Reviewed with the internal auditors, the internal audit findings and recommendations presented and the manner in which the issues raised by the internal auditors are subsequently resolved by Management.
  - b. Reviewed other pertinent issues of the Company and the Group, that have significant impact on the results of the Company and the Group and the statutory audits.

# Audit Committee Report

## INTERNAL AUDIT FUNCTION

It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures.

To this end, the functions of the internal auditors are to:

- (i) perform audit work in accordance with the pre-approved internal audit plan;
- (ii) carry out reviews on the systems of internal control of the Company and the Group;
- (iii) review and comment on the effectiveness and adequacy of the existing control policies and procedures; and
- (iv) provide recommendations, if any, for the improvement of the control policies and procedures.

The Audit Committee and the Board are satisfied with the performance of the internal auditors and have in the interest of continuity and greater independence in the Internal Audit function, taken the decision to continue with the outsource of the Internal Audit function to KPMG Management and Risk Consulting Sdn. Bhd., in the provision of outsourced internal audit services. The approved audit fee is RM60,000 per annum.

In the year under review, the internal auditors completed 2 audit cycles focused on key controls deployed by the Management in respect of the following processes as approved by the Audit Committee:

### Cycle 1

Strategic Management  
Financial Management  
Sales and Marketing Activities

### Cycle 2

Human Resource Management  
Information System  
Property and Equipment

# Statement on Risk Management and Internal Control

## BOARD RESPONSIBILITY

The Board recognises their responsibility in upholding an effective and adequate risk management and internal control system, which contribute to a material part of good corporate governance. In line with that, the Board acknowledges their responsibility of ensuring the principal and significant risks of the Company and the Group are identified and properly managed by the risk management and internal control system of the Company.

The Board has established an on-going process for identifying, evaluating and managing significant risks faced by the Company and the Group and to regularly review this process in conjunction with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Management is assigned with the role of assisting the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the various risks that could affect the operation of the Company and the Group, and ensuring appropriate and suitable controls are taken to mitigate and control the risks.

From time to time, the Board has received written assurance from the Chief Executive Officer and Chief Finance Officer that the risk management and internal control system in place is operating in an adequate and effective manner, and that it is sufficient to safeguard the interest of the Company and the Group.

The Board acknowledges that a sound risk management and internal control system provides reasonable but not absolute assurance, that the Company and the Group will not be hindered in achieving its business objectives in the ordinary course of business.

## CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

The day to day operations of the Company and the Group is monitored by the Chief Executive Officer. This control is exercised through Senior Management in respect of commercial, financial and operational aspects of the Company and the Group. The Chief Executive Officer and Senior Management meet regularly to deliberate on such matters.

The Board fully supports the contents of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, and through the Audit Committee continually reviewing the adequacy and effectiveness of the risk management processes in place within the various operating units with the aim of strengthening the risk management functions across the Company and the Group.

Management also acknowledges its responsibility for the management of risks, for developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating units within the Group. Acknowledging the need for an effective and independent Internal Audit function as an integral part of the control structure and risk management framework of the Company and the Group, the decision was taken to outsource the Internal Audit activities to a third party service provider.

# Statement on Risk Management and Internal Control

## INTERNAL AUDIT FUNCTION

In desiring to maintain total independence in the management of the risk and internal control environment, the Company has appointed KPMG Management and Risk Consulting Sdn. Bhd. to manage the Company's internal audit function on an outsourced basis.

KPMG Management and Risk Consulting Sdn. Bhd. reports independently and directly to the Audit Committee in respect of the internal audit function. The Audit Committee together with KPMG Management and Risk Consulting Sdn. Bhd. agree on the scope and planned internal audit activities annually and all audit findings arising there from are reported to the Audit Committee.

KPMG Management and Risk Consulting Sdn. Bhd. is allowed for unrestricted access to all the documents and records of the Company and the Group which deemed necessary for the performance of its function and independently reviews the risk identification procedures and control processes implemented by Management. It also reviews the risk management and internal controls in the key activities of the Company's and the Group's business based on the risk profiles of the business units in the Company and the Group. In addition, KPMG Management and Risk Consulting Sdn. Bhd. carries out periodic assignments to ensure the policies and procedures established by the Board are complied with by Management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

As an additional function to the Group, KPMG Management and Risk Consulting Sdn. Bhd. also provides business improvement recommendations for the consideration of Management and the Board to assist in the continuous development of a more efficient and comprehensive risk management and internal control environment.

In the year under review, KPMG Management and Risk Consulting Sdn. Bhd. had completed 2 audit cycles which focused on key controls deployed by Management in respect of the following processes as approved by the Audit Committee:

### Cycle 1

- Strategic Management
- Financial Management
- Sales and Marketing Activities

### Cycle 2

- Human Resource Management
- Information System
- Property and Equipment

## OTHER KEY RISK MANAGEMENT AND INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee and Finance & Investment Committee.
- Well defined organisational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to Senior Management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.
- Budgets are prepared annually for the Business/Operating units and approved by the Board. The budgets include operational and financial requirements and performance monitored on a quarterly basis.

## Statement on Risk Management and Internal Control

- The Chief Executive Officer meets regularly with Senior Management to discuss issues on the financial performance, business initiatives and other management and corporate issues of the Company and the Group.
- There are regular Board meetings and Board papers are distributed in advance to all Board Members who are entitled to receive and access all necessary and relevant information. Decisions of the Board are only made after the required information is made available and deliberated on by the Board. The Board maintains complete and effective control over the strategies and direction of the Company and the Group.
- The Audit Committee reviews the effectiveness of the system of risk management and internal control of the Company and the Group on behalf of the Board. The Audit Committee comprises Non-Executive Members of the Board, who are also Independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Company and the Group. The Audit Committee is also entitled to seek such other third party independent professional advice deemed necessary in the performance of its responsibility.
- Review by the Audit Committee of risk management and internal control issues identified by the external and internal auditors and action taken by the Management in respect of the findings arising therefrom. The internal audit function reports directly to the Audit Committee. Findings are communicated to the Management and the Audit Committee with recommendations for improvements and follow up to confirm all agreed recommendations are implemented. The internal audit plan is structured on a risk based approach and is reviewed and approved by the Audit Committee.
- The Risk Management Committee was established by the Board to assist the Board in overseeing the overall management of the principal areas of risk of the Company and the Group including capital management and operational process.
- Review all proposals for material capital and investment opportunities by the Finance & Investment Committee and approval of the same by the Board prior to committing the expenses.
- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operational, financial and regulatory environment. Management Accounts are prepared timely and on a monthly basis and is reviewed by the Chief Executive Officer with the Senior Management.

### **WEAKNESSES IN RISK MANAGEMENT AND INTERNAL CONTROL RESULTING IN MATERIAL LOSS**

The Board is of the opinion that there is no apparent significant weakness in the system of risk management and internal control, contingencies or uncertainties that could result in material loss and adversely affect the Company and the Group. The Company and the Group continues to take necessary measures to strengthen its internal control structure and the management of risks.

### **REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITOR**

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2012 and have reported to the Board that there were no significant findings that have come to their attention that causes them to believe that the statement is inconsistent with their understanding to the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

## Other Compliance Information

The following information is provided in compliance with paragraph 9.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

### a) Utilisation Of Proceeds

The Public Issue raised gross proceeds of RM19.8 million which is accrued to the Company. As at the end of the financial year ended ("FYE") 31 December 2012, the status of actual utilisation of the proceeds as compared to the proposed utilisation are as follows:

| Description                          | Estimated timeframe for utilisation upon listing | Proposed utilisation (RM'000) | Actual utilisation (RM'000) | Deviation     |         | Note |
|--------------------------------------|--|-------------------------------|-----------------------------|---------------|---------|------|
|                                      |  |                               |                             | (RM'000)      | (%)     |      |
| Capital expenditure                  | Within 12 months                                 | 2,500                         | 1,543                       | 957           | 38.28   | 3    |
| Research and development expenditure | Within 24 months                                 | 6,500                         | 2,327                       | 4,173         | 64.20   | 1    |
| Working capital                      | Within 24 months                                 | 6,200                         | 417                         | 5,783         | 93.27   | 1    |
| Repayment of term loan               | Within 12 months                                 | 1,600                         | 1,690                       | (90)          | (5.63)  |      |
| Estimated listing expenses           | Immediate  | 3,000                         | 3,428                       | (428)         | (14.27) | 2    |
| <b>Total Gross Proceeds</b>          |  | <b>19,800</b>                 | <b>9,405</b>                | <b>10,395</b> |         |      |

The gross proceeds arising from the Offer for Sale, net of the relevant fee, entirely to the Offeror and no part of the proceeds will be received by the Company are accrued.

#### Note:-

- (1) IPO proceeds will be utilised within the estimate timeframe. The Group does not expect any material deviation as at the date of this report.
- (2) The total listing expenses was RM3.43 million of which RM0.97 million was offset against share premium as these transaction costs were directly attributed to the issuance of new shares of the IPO exercise. The deviation of RM0.43 million from the estimated listing expenses will be funded from working capital.
- (3) The deviation of RM0.96 million will be utilised under working capital.

**b) Share Buy Back**

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

**c) Related Party Transactions (“RPT”)**

The details of RPT for the financial year under review are disclosed in Note 34 of the financial statements. The transactions are in the ordinary course of business.

**d) Options, Warrants or Convertible Securities**

The Company did not issue any options, warrants or convertible securities during the FYE 31 December 2012.

**e) Non-Audit Fees**

The amount of non-audit fees paid to the external auditors by the Company for the the FYE 31 December 2012 was RM37,000.

**f) Imposition of Sanctions and/or Penalties**

FYE 31 December 2012, there were no sanctions or penalties imposed on the Company

**g) Profit Estimates, Forecasts or Projections**

There were no significant variances noted between the reported results and the unaudited results announced. The Company did not make any release on the profit estimates, forecasts or projections for the financial year.

**h) Profit Guarantees**

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

**i) Material Contracts**

There was no material contract entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

# Statement of Responsibility by Directors

The Board of Directors (“the Board”) of the Company is responsible for ensuring the annual audited financial statements of the Company and the Group are made in accordance with applicable approved accounting standards, and have reflected a true and fair view of the state of affairs of the Group and the Company as at 31 December 2012, and of the results of their operations and cash flows of the Company and the Group at the financial year.

The Board also responsible for ensuring that the annual audited financial statements of the Company and the Group are in compliance with the provisions of the Companies Act, 1965, the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standard Board, the Listing Requirements of Bursa Malaysia Securities Berhad and all other necessary laws and regulations.

The Directors have further responsibility of ensuring that proper, accurate, timely and reliable accounting records are kept. The annual audited financial statements have been prepared based on relevant and appropriate accounting policies and with usage of reasonable and prudent judgement and estimates.

The Directors have general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Company and the Group for the financial year ended 31 December 2012 as set out on pages 80 to 140 of this annual report.



# Financial Statements

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# Directors' Report

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

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

|  | <b>The Group<br/>RM'000</b> | <b>The Company<br/>RM'000</b> |
|--|-----------------------------|-------------------------------|
| Profit after taxation for the financial year | 37,231                      | 24,233                        |
| Attributable to:                             |                             |                               |
| Owners of the Company                        | 37,231                      | 24,233                        |
| Non-controlling interest                     | *                           | -                             |
|  | 37,231                      | 24,233                        |

Note:-

\* - Amount less than RM500

## DIVIDENDS

Since the end of the previous financial year, the Company:-

- (a) paid a final single-tier dividend of 4 sen per ordinary share amounting to RM8,800,000 in respect of the financial year ended 31 December 2011 on 26 June 2012;
- (b) paid a first interim single-tier dividend of 2 sen per ordinary share amounting to RM4,400,000 in respect of the current financial year on 19 June 2012;
- (c) paid a second interim single-tier dividend of 2 sen per ordinary share amounting to RM4,400,000 in respect of the current financial year on 14 September 2012; and
- (d) paid a third interim single-tier dividend of 3 sen per ordinary share amounting to RM6,600,000 in respect of the current financial year on 30 November 2012.

On 20 February 2013, the Board of Directors declared a fourth interim single-tier dividend of 3 sen per ordinary share amounting to RM6,600,000 in respect of the financial year ended 31 December 2012. The interim dividend was paid on 28 March 2013.

The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## VALUATION METHODS

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

# Directors' Report

## CONTINGENT AND OTHER LIABILITIES

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

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

No contingent 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 its obligations when they fall due.

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

## DIRECTORS

The directors who served since the date of the last report are as follows:-

DATO' MOHAMED YUNUS RAMLI BIN ABBAS  
DR. ABU HASAN BIN ISMAIL  
CHAN WAN SIEW  
DATO' JAFFAR INDOT  
DATO' GAN NYAP LIOW @ GAN NYAP LIOW  
DATO' LOY TEIK NGAN  
DATO' MAZNAH BINTI ABDUL JALIL [appointed on 2 July 2012]

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

|                                     | 1.1.2012/<br>Date of<br>appointment | Number of Ordinary Shares of RM0.10 Each |                      | 31.12.2012 |
|-------------------------------------|-------------------------------------|--|----------------------|------------|
|                                     |                                     | Acquired                                 | Sold/<br>Transferred |            |
| <b>The Company</b>                  |                                     |  |                      |            |
| <b>Direct Interests:</b>            |                                     |  |                      |            |
| Dato' Mohamed Yunus Ramli Bin Abbas | 250,000                             | -  | -                    | 250,000    |
| Chan Wan Siew                       | 250,000                             | -  | -                    | 250,000    |
| Dato' Jaffar Indot                  | 320,000                             | -  | -                    | 320,000    |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | 1,893,000                           | -  | -                    | 1,893,000  |
| Dato' Loy Teik Ngan                 | 275,000                             | -  | -                    | 275,000    |
| Dato' Maznah Binti Abdul Jalil      | 959,000                             | 40,000                                   | -                    | 999,000    |
| <b>Indirect Interests:</b>          |                                     |  |                      |            |
| Dr. Abu Hasan Bin Ismail #          | 90,650,700                          | -  | -                    | 90,650,700 |
| Dato' Jaffar Indot ##               | 120,000                             | 10,000                                   | -                    | 130,000    |
| Dato' Loy Teik Ngan ###             | 500,000                             | 1,000,000                                | -                    | 1,500,000  |

Notes:

- # - Deemed interested by virtue of his substantial shareholdings in Ekohati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. which in turn are substantial shareholders of the Company pursuant to Section 6A of the Companies Act 1965.
- ## - Deemed interested by virtue of his spouse's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act 1965.
- ### - Deemed interested by virtue of his substantial shareholdings in Taylor's Education Sdn. Bhd. pursuant to Section 6A of the Companies Act 1965.

By virtue of his interest in shares in the Company, Dr. Abu Hasan Bin Ismail is deemed to have an interest in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

# Directors' Report

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed in Note 26 and Note 27 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 34 to the financial statements.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The significant events subsequent to the end of the reporting period are disclosed in Note 35 to the financial statements.

## AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

## SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 23 APRIL 2013.

**Dr. Abu Hasan Bin Ismail**

**Dato' Mohamed Yunus Ramli Bin Abbas**

# Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dr. Abu Hasan Bin Ismail and Dato' Mohamed Yunus Ramli Bin Abbas, being two of the directors of Prestariang Berhad, state that, in the opinion of the directors, the financial statements set out on pages 80 to 140 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the financial year then ended on that date.

The supplementary information set out in Note 36, 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 DATED 23 APRIL 2013.**

**Dr. Abu Hasan Bin Ismail**

**Dato' Mohamed Yunus Ramli Bin Abbas**

# Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Abdul Razak Bin Bakrun, I/C No. 680321-04-5245 being the officer primarily responsible for the financial management of Prestariang Berhad, do solemnly and sincerely declare that the financial statements set out on pages 80 to 140 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  
Abdul Razak Bin Bakrun, I/C No. 680321-04-5245  
at Kuala Lumpur in the Federal Territory  
on this 23 April 2013.

Before me

**Abdul Razak Bin Bakrun**

**Yap Lee Chin (W 591)**  
Commissioner for Oaths

# Independent Auditors' Report

To The Members of Prestariang Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Prestariang Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 80 to 140.

### *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.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial 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 and its subsidiaries have been properly kept in accordance with the provisions of the act.





**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)**

- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 36 on page 140 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**OTHER MATTERS**

1. As stated in Note 3(a) to the financial statements, Prestariang Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial 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 financial year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**James Chan Kuan Chee**  
Approval No: 2271/10/13 (J)  
Chartered Accountant

Kuala Lumpur

# Statements of Financial Position

at 31 December 2012

|   | Note | ← The Group →        |                      |                    | ← The Company →      |                      |                    |
|---|------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
|   |      | 31.12.2012<br>RM'000 | 31.12.2011<br>RM'000 | 1.1.2011<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2011<br>RM'000 | 1.1.2011<br>RM'000 |
| <b>Assets</b>                                     |      |                      |                      |                    |                      |                      |                    |
| Non-current assets                                |      |                      |                      |                    |                      |                      |                    |
| Investment in subsidiaries                        | 5    | -                    | -                    | -                  | 39,890               | 19,800               | -                  |
| Property and equipment                            | 6    | 10,852               | 9,325                | 7,414              | 174                  | -                    | -                  |
| Development costs                                 | 7    | 2,879                | 2,405                | 1,385              | -                    | -                    | -                  |
|   |      | <b>13,731</b>        | 11,730               | 8,799              | <b>40,064</b>        | <b>19,800</b>        | -                  |
| <b>Current assets</b>                             |      |                      |                      |                    |                      |                      |                    |
| Inventories                                       | 8    | 2,470                | 3,614                | 1,549              | -                    | -                    | -                  |
| Trade receivables                                 | 9    | 21,259               | 22,410               | 4,154              | -                    | -                    | -                  |
| Other receivables                                 | 10   | 2,549                | 1,402                | 2,351              | 18                   | 5                    | -                  |
| Amount due from subsidiaries                      | 11   | -                    | -                    | -                  | 304                  | 7,297                | -                  |
| Short-term investments                            | 12   | 1,271                | 1,081                | 1,055              | -                    | -                    | -                  |
| Tax recoverable                                   |      | 234                  | -                    | -                  | 234                  | -                    | -                  |
| Cash and cash equivalents                         | 13   | 61,297               | 46,975               | 26,143             | 11,562               | 12,316               | **                 |
|   |      | <b>89,080</b>        | 75,482               | 35,252             | <b>12,118</b>        | <b>19,618</b>        | **                 |
| <b>Total assets</b>                               |      | <b>102,811</b>       | 87,212               | 44,051             | <b>52,182</b>        | <b>39,418</b>        | **                 |
| <b>Liabilities and equity</b>                     |      |                      |                      |                    |                      |                      |                    |
| <b>Current liabilities</b>                        |      |                      |                      |                    |                      |                      |                    |
| Trade payables                                    | 14   | 12,577               | 14,874               | 3,224              | -                    | -                    | -                  |
| Other payables                                    | 15   | 8,827                | 2,258                | 4,485              | 548                  | 63                   | 2                  |
| Amount due to a subsidiary                        | 11   | -                    | -                    | -                  | 12,946               | -                    | -                  |
| Borrowings  | 16   | 310                  | 381                  | 1,562              | -                    | -                    | -                  |
| Tax payable                                       |      | 38                   | 1,110                | 354                | -                    | 700                  | -                  |
|   |      | <b>21,752</b>        | 18,623               | <b>9,625</b>       | 13,494               | <b>763</b>           | 2                  |
| <b>Net current assets/ (liabilities)</b>          |      | <b>67,328</b>        | 56,859               | <b>25,627</b>      | (1,376)              | <b>18,855</b>        | (2)                |
| <b>Non-current liabilities</b>                    |      |                      |                      |                    |                      |                      |                    |
| Borrowings  | 16   | 1,333                | 1,903                | 3,414              | -                    | -                    | -                  |
| Redeemable Convertible Preference Shares ("RCPS") |      | -                    | -                    | 2,000              | -                    | -                    | -                  |
|   |      | <b>1,333</b>         | 1,903                | <b>5,414</b>       | -                    | -                    | -                  |
| <b>Total liabilities</b>                          |      | <b>23,085</b>        | 20,526               | <b>15,039</b>      | 13,494               | <b>763</b>           | 2                  |
| <b>Net assets/(liabilities)</b>                   |      | <b>79,726</b>        | 66,686               | <b>29,012</b>      | 38,688               | <b>38,655</b>        | (2)                |

# Statement of Financial Position

at 31 December 2012

|   | Note | ← The Group →        |                      |                    | ← The Company →      |                      |                    |
|---|------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
|   |      | 31.12.2012<br>RM'000 | 31.12.2011<br>RM'000 | 1.1.2011<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2011<br>RM'000 | 1.1.2011<br>RM'000 |
| <b>Equity</b>   |      |                      |                      |                    |                      |                      |                    |
| Share capital   | 19   | 22,000               | 22,000               | 19,475             | 22,000               | 22,000               | **                 |
| Share premium   | 19   | 20,044               | 20,044               | 1,737              | 16,632               | 16,632               | -                  |
| Merger deficit  | 20   | (14,212)             | (14,212)             | (14,212)           | -                    | -                    | -                  |
| Retained profits  | 21   | 51,885               | 38,854               | 22,012             | 56                   | 23                   | (2)                |
| <b>Total equity attributable to owners of the Company</b> |      | <b>79,717</b>        | 66,686               | 29,012             | <b>38,688</b>        | <b>38,655</b>        | (2)                |
| Non-controlling interest                                  |      | 9                    | -                    | -                  | -                    | -                    | -                  |
| <b>Total equity</b>                                       |      | <b>79,726</b>        | 66,686               | 29,012             | <b>38,688</b>        | <b>38,655</b>        | (2)                |
| <b>Total liabilities and equity</b>                       |      | <b>102,811</b>       | 87,212               | 44,051             | <b>52,182</b>        | <b>39,418</b>        | **                 |

Note :  
\*\* - RM2

The annexed notes form an integral part of these financial statements.

# Statements of Comprehensive Income

for the financial year ended 31 December 2012

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Revenue   | 22   | 110,086        | 111,839        | 26,700         | 12,985         |
| Cost of sales   |      | (58,171)       | (64,063)       | -              | -              |
| Gross profit  |      | 51,915         | 47,776         | 26,700         | 12,985         |
| Other income  | 23   | 1,595          | 1,159          | 182            | 4              |
| Administrative expenses   |      | (14,906)       | (12,535)       | (3,000)        | (3,463)        |
| Other expenses  |      | (1,824)        | (1,437)        | (6)            | -              |
| Finance costs   | 24   | (178)          | (520)          | (2)            | (1)            |
| Profit before taxation  | 25   | 36,602         | 34,443         | 23,874         | 9,525          |
| Income tax expense  | 28   | 629            | (801)          | 359            | (700)          |
| Profit after taxation   |      | 37,231         | 33,642         | 24,233         | 8,825          |
| Other comprehensive income  |      | -              | -              | -              | -              |
| Total comprehensive income for the financial year                     |      | 37,231         | 33,642         | 24,233         | 8,825          |
| <b>Profit after taxation attributable to:</b>                         |      |                |                |                |                |
| Owners of the Company   |      | 37,231         | 33,642         | 24,233         | 8,825          |
| Non-controlling interest  |      | *              | -              | -              | -              |
|   |      | 37,231         | 33,642         | 24,233         | 8,825          |
| <b>Total comprehensive income attributable to:</b>                    |      |                |                |                |                |
| Owners of the Company   |      | 37,231         | 33,642         | 24,233         | 8,825          |
| Non-controlling interest  |      | *              | -              | -              | -              |
|   |      | 37,231         | 33,642         | 24,233         | 8,825          |
| <b>Earnings per share attributable to owners of the Company (sen)</b> |      |                |                |                |                |
| Basic   | 29   | 16.92          | 16.19          |                |                |

Note :

\* - Amount less than RM500

The annexed notes form an integral part of these financial statements.

# Statements of Changes in Equity

for the financial year ended 31 December 2012

| Note   | Attributable to owners of the Company |                         |   |                          | Attributable to owners of the Company<br>RM'000 | Non-controlling Interest<br>RM'000 | Total Equity<br>RM'000 |
|--|---------------------------------------|-------------------------|---|--------------------------|---|------------------------------------|------------------------|
|  | ← Non-distributable →                 |                         | Distributable<br>Retained Profits<br>RM'000 | Merger Deficit<br>RM'000 |   |                                    |                        |
|  | Share Capital<br>RM'000               | Share Premium<br>RM'000 |   |                          |   |                                    |                        |
| <b>The Group</b>   |                                       |                         |   |                          |   |                                    |                        |
| <b>At 1 January 2011</b>   |                                       |                         |   |                          |   |                                    |                        |
| Transactions with owners of the Company:-  |                                       |                         |   |                          |   |                                    |                        |
| Public issue   | 2,200                                 | 17,600                  | -   | -                        | 19,800  | -                                  | 19,800                 |
| Listing expenses   | -                                     | (968)                   | -   | -                        | (968)   | -                                  | (968)                  |
| Dividends paid   | -                                     | -                       | -   | (16,800)                 | (16,800)  | -                                  | (16,800)               |
| Share issue pursuant to conversion of RCPC   | 325                                   | 1,675                   | -   | -                        | 2,000   | -                                  | 2,000                  |
| Total transactions with the owners of the Company:-                                | 2,525                                 | 18,307                  | -   | (16,800)                 | 4,032   | -                                  | 4,032                  |
| Profit after taxation/Total comprehensive income for the financial year            | -                                     | -                       | -   | 33,642                   | 33,642  | -                                  | 33,642                 |
| <b>At 31 December 2011/<br/>1 January 2012</b>                                     | <b>22,000</b>                         | <b>20,044</b>           | <b>(14,212)</b>                             | <b>38,854</b>            | <b>66,686</b>                                   | <b>-</b>                           | <b>66,686</b>          |
| Transactions with owners of the Company:-  |                                       |                         |   |                          |   |                                    |                        |
| Dividend paid  | -                                     | -                       | -   | (24,200)                 | (24,200)  | -                                  | (24,200)               |
| Profit after taxation/Total comprehensive income for the financial year            | -                                     | -                       | -   | 37,231                   | 37,231  | *                                  | 37,231                 |
| Changes in ownership interest in a subsidiary that no result in a loss of control: |                                       |                         |   |                          |   |                                    |                        |
| Effect of change in stake  | -                                     | -                       | -   | -                        | -   | 9                                  | 9                      |
| <b>At 31 December 2012</b>   | <b>22,000</b>                         | <b>20,044</b>           | <b>(14,212)</b>                             | <b>51,885</b>            | <b>79,717</b>                                   | <b>9</b>                           | <b>79,726</b>          |

Note :

\* - Amount less than RM500

# Statements of Changes in Equity

for the financial year ended 31 December 2012

|  | Note | Attributable to owners of the Company |                         |   | Total Equity<br>RM'000 |
|--|------|---------------------------------------|-------------------------|---|------------------------|
|  |      | Share Capital<br>RM'000               | Share Premium<br>RM'000 | (Accumulated loss)/<br>Retained Profits<br>RM'000 |                        |
| <b>The Company</b>   |      |                                       |                         |   |                        |
| <b>At 1 January 2011</b>   |      | **                                    | -                       | (2)   | (2)                    |
| Transactions with owners of the Company:-                                  |      |                                       |                         |   |                        |
| Shares issued for acquisition of subsidiaries                              |      | 19,800                                | -                       | -   | 19,800                 |
| Public issue   |      | 2,200                                 | 17,600                  | -   | 19,800                 |
| Listing expenses   |      | -                                     | (968)                   | -   | (968)                  |
| Dividend paid  | 30   | -                                     | -                       | (8,800)   | (8,800)                |
| Total transactions with the owners<br>of the Company                       |      | 22,000                                | 16,632                  | (8,800)   | 29,832                 |
| Profit after taxation/Total comprehensive<br>income for the financial year |      | -                                     | -                       | 8,825   | 8,825                  |
| <b>At 31 December 2011/<br/>1 January 2012</b>                             |      | <b>22,000</b>                         | <b>16,632</b>           | <b>23</b>   | <b>38,655</b>          |
| Transactions with owners of the Company:-                                  |      |                                       |                         |   |                        |
| Dividends paid   | 30   | -                                     | -                       | (24,200)  | (24,200)               |
| Profit after taxation/Total comprehensive<br>income for the financial year |      | -                                     | -                       | 24,233  | 24,233                 |
| <b>At 31 December 2012</b>   |      | <b>22,000</b>                         | <b>16,632</b>           | <b>56</b>   | <b>38,688</b>          |

Note:

\*\* - RM2

# Statements of Cash Flows

for the financial year ended 31 December 2012

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Cash flows from generated from operating activities</b>          |                |                |                |                |
| Profit before taxation  | 36,602         | 34,443         | 23,874         | 9,525          |
| Adjustments for:-   |                |                |                |                |
| Amortisation of development costs                                   | 463            | 425            | -              | -              |
| Bad debts written off   | 319            | -              | -              | -              |
| Depreciation of property and equipment                              | 909            | 860            | 6              | -              |
| Development costs written off                                       | -              | 98             | -              | -              |
| Dividend income   | (33)           | (4)            | -              | -              |
| Fair value gain on short-term investments                           | (190)          | (26)           | -              | -              |
| Interest expense  | 105            | 218            | -              | -              |
| Interest income   | (594)          | (411)          | (182)          | (4)            |
| Listing expenses  | -              | 1,048          | -              | 1,048          |
| Loss on disposal of property and equipment                          | 45             | 32             | -              | -              |
| Unrealised loss/(gain) on foreign exchange                          | 76             | (108)          | -              | -              |
| Writeback of impairment losses on trade receivables                 | (219)          | -              | -              | -              |
| <b>Operating profit before working capital changes</b>              | <b>37,483</b>  | <b>36,575</b>  | <b>23,698</b>  | <b>10,569</b>  |
| Decrease/(Increase) in inventories                                  | 1,144          | (2,065)        | -              | -              |
| Increase in trade and other receivables                             | (172)          | (17,307)       | (12)           | (5)            |
| Decrease in trade and other payables                                | 4,272          | 9,531          | 484            | 61             |
| <b>Cash generated from operating activities</b>                     | <b>42,727</b>  | <b>26,734</b>  | <b>24,170</b>  | <b>10,625</b>  |
| Interest paid   | (105)          | (218)          | -              | -              |
| Income tax paid   | (677)          | (45)           | (575)          | -              |
| <b>Net cash generated from operating activities carried forward</b> | <b>41,945</b>  | <b>26,471</b>  | <b>23,595</b>  | <b>10,625</b>  |

# Statements of Cash Flows

for the financial year ended 31 December 2012

|  | Note | The Group       |                | The Company     |                |
|--|------|-----------------|----------------|-----------------|----------------|
|  |      | 2012<br>RM'000  | 2011<br>RM'000 | 2012<br>RM'000  | 2011<br>RM'000 |
| <b>Net cash generated from operating activities brought forward</b>          |      | <b>41,945</b>   | 26,471         | <b>23,595</b>   | 10,625         |
| <b>Cash flows used in investing activities</b>                               |      |                 |                |                 |                |
| Repayment from/(Advances to) subsidiaries                                    |      | -               | -              | <b>6,993</b>    | (7,297)        |
| Additional investments in subsidiaries                                       | 5    | -               | -              | <b>(20,090)</b> | -              |
| Acquisition of equity interest in a subsidiary by a non-controlling interest |      | <b>9</b>        | -              | -               | -              |
| Purchase of property and equipment   | 31   | <b>(2,772)</b>  | (2,763)        | <b>(180)</b>    | -              |
| Dividend received  |      | <b>33</b>       | 4              | -               | -              |
| Interest received  |      | <b>594</b>      | 411            | <b>182</b>      | 4              |
| Proceed from disposal of property and equipment                              |      | <b>291</b>      | 200            | -               | -              |
| Development costs paid   |      | <b>(937)</b>    | (1,543)        | -               | -              |
| <b>Net cash used in investing activities</b>                                 |      | <b>(2,782)</b>  | (3,691)        | <b>(13,095)</b> | (7,293)        |
| <b>Cash flows (used in)/generated from financing activities</b>              |      |                 |                |                 |                |
| Proceeds from issuance of shares   |      | -               | 19,800         | -               | 19,800         |
| Payment of listing expenses  |      | -               | (2,016)        | -               | (2,016)        |
| Drawdown of term loans   |      | -               | 343            | -               | -              |
| Repayment of hire purchase obligations                                       |      | <b>(510)</b>    | (383)          | -               | -              |
| Repayment of term loans  |      | <b>(131)</b>    | (1,849)        | -               | -              |
| Advances from subsidiaries   |      | -               | -              | <b>12,946</b>   | -              |
| Dividends paid   |      | <b>(24,200)</b> | (16,800)       | <b>(24,200)</b> | (8,800)        |
| <b>Net cash (used in)/generated from financing activities</b>                |      | <b>(24,841)</b> | (905)          | <b>(11,254)</b> | 8,984          |
| Net increase/(decrease) in cash and cash equivalents                         |      | <b>14,322</b>   | 21,875         | <b>(754)</b>    | 12,316         |
| Cash and cash equivalents at beginning of the financial year                 |      | <b>46,975</b>   | 25,100         | <b>12,316</b>   | **             |
| <b>Cash and cash equivalents at end of the financial year</b>                | 13   | <b>61,297</b>   | 46,975         | <b>11,562</b>   | 12,316         |

Note:

\*\* - RM2



# Notes to the Financial Statements

for the financial year ended 31 December 2012

## 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur.

Principal place of business : 70-73, NeoCyber,  
Lingkar Cyber Point Barat,  
63000 Cyberjaya,  
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 April 2013.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of PSSB and its subsidiaries have been consolidated using the merger method of accounting as disclosed in Note 4(b) to the financial statements on the assumption that the Group had been in existence since 1 January 2011.

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

- (a) These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 3. BASIS OF PREPARATION (CONT'D)

- (b) The Group have not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

| MFRSs and IC Interpretations (Including The Consequential Amendments)                     | Effective Date |
|---|----------------|
| MFRS 9 Financial Instruments  | 1 January 2015 |
| MFRS 10 Consolidated Financial Statements   | 1 January 2013 |
| MFRS 11 Joint Arrangements  | 1 January 2013 |
| MFRS 12 Disclosure of Interests in Other Entities   | 1 January 2013 |
| MFRS 13 Fair Value Measurements   | 1 January 2013 |
| MFRS 119 Employee Benefits  | 1 January 2013 |
| MFRS 127 Separate Financial Statements  | 1 January 2013 |
| MFRS 128 Investments in Associates and Joint Ventures                                     | 1 January 2013 |
| Amendments to MFRS 1: Government Loans  | 1 January 2013 |
| Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures       | 1 January 2015 |
| Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance                           | 1 January 2013 |
| Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities                          | 1 January 2014 |
| Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income               | 1 July 2012    |
| Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities             | 1 January 2014 |
| IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine            | 1 January 2013 |
| Annual Improvements to MFRSs 2009 – 2011 Cycle  | 1 January 2013 |

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.
- (ii) MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control.
- (iii) MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

### 3. BASIS OF PREPARATION (CONT'D)

- (b) The Group have not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- (Cont'd)
- (iv) MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (vi) The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.
- (vii) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities.
- (viii) The Annual Improvements to MFRSs 2009 - 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### (i) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Critical Accounting Estimates And Judgements (Cont'd)

##### *(ii) Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

##### *(iii) Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### *(vi) Amortisation of Development Costs*

Changes in the expected level of usage and technical development could impact the economic useful lives and therefore, future amortisation charges could be revised.

##### *(v) Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### *(vi) Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

##### *(vii) Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Basis of Consolidation (Cont'd)

##### *(iii) Acquisitions of Non-controlling Interests*

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

##### *(iv) Loss of Control*

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

As part of its transaction to MFRS, the Group elected not to restate those business combinations that occurred before the date of transaction 1 January 2011.

#### (c) Functional and Foreign Currencies

##### *(i) Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

##### *(ii) Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments

Financial instruments are recognised in the statements of the financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables financial assets, or available-for-sale financial assets, as appropriate.

• **Financial Assets at Fair Value Through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

• **Held-to-maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

• **Loans and Receivables Financial Assets**

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



# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial Instruments (Cont'd)

##### (i) *Financial Assets (Cont'd)*

- **Available-for-sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

##### (ii) *Financial Liabilities*

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

##### (iii) *Equity Instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (e) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.



**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

|                                |              |
|--------------------------------|--------------|
| Freehold buildings             | 50 years     |
| Computer systems and equipment | 5 years      |
| Furniture and fittings         | 10 years     |
| Office equipment               | 5 - 10 years |
| Office renovation              | 5 - 10 years |
| Motor vehicles                 | 5 years      |

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

**(g) Research and Development Expenditure**

Research expenditure is recognised as an expense when it is incurred. Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Research and Development Expenditure (Cont'd)

Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

#### (h) Impairment

##### (i) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.



**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Impairment (Cont'd)**

**(i) Impairment of Financial Assets (Cont'd)**

With the exception of available-for-sale equity instruments, 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 available-for-sale equity instruments, 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 made is recognised in other comprehensive income.

**(ii) Impairment of Non-Financial Assets**

The carrying values of assets, other than those to which MFRS 136-Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

**(i) Assets under Hire Purchase**

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(f) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

**(j) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Inventories (Cont'd)

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

#### (k) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### (l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(n) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

(o) Employees Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss and included in the development costs, in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(p) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (p) Related Parties (Cont'd)

- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### (q) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### (r) Revenue and Other Income

##### (i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

##### (ii) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

##### (iii) Management Fees

Management fees are recognised as income as and when the services are rendered.

##### (iv) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

##### (v) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

##### (v) Rental Income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements unless collectability is in doubt.

#### (s) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue 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 to make decision about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# Notes to the Financial Statements

for the financial year ended 31 December 2012

## 5. INVESTMENT IN SUBSIDIARIES

|                                    | The Company    |                |
|------------------------------------|----------------|----------------|
|                                    | 2012<br>RM'000 | 2011<br>RM'000 |
| Unquoted shares, at cost -         |                |                |
| At 1 January                       | 19,800         | -              |
| Addition during the financial year | 20,090         | 19,800         |
| At 31 December                     | 39,890         | 19,800         |

The details of the subsidiaries, which are all incorporated in Malaysia, are as follows:-

| Name of Company                          | Principal Activities   | Proportion (%) of ownership Interest |      |
|--|--|--------------------------------------|------|
|  |  | 2012                                 | 2011 |
| <b>Held by the Company:</b>              |  |                                      |      |
| Prestariang Systems Sdn. Bhd. ("PSSB")   | Providing Information and Communication Technology ("ICT") training and certification, and software licence distribution and management. | 100                                  | 100  |
| Prestariang Education Sdn. Bhd. ("PESB") | Dormant.   | 100                                  | -    |
| Pure Leap Sdn. Bhd. ("PLSB")             | Dormant.   | 90                                   | -    |
| <b>Subsidiaries of PSSB</b>              |  |                                      |      |
| Logisys Sdn. Bhd. ("LSB")                | Providing ICT training and software licence distribution and management.   | 100                                  | 100  |
| Prestariang R&D Sdn. Bhd. ("PR&D")       | Research and development.  | 100                                  | 100  |

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### Acquisition of Subsidiaries

##### (i) Prestariang Education Sdn. Bhd. ("PESB")

On 21 March 2012, the Company acquired 2 ordinary shares of RM1 each representing 100% of the issued and paid-up share capital of PESB for a total cash consideration of RM2. Consequently, PESB became a wholly-owned subsidiary of the Company.

On 4 April 2012, the Company subscribed for 19,999,998 ordinary shares of RM1 each of the issued and paid-up share capital of PESB at par for a total cash consideration of RM19,999,998 to retain its equity interest of 100%.

The fair value and carrying amount of the identifiable liabilities of PESB as at the date of acquisition amounted to RM8,549.

##### (ii) Pure Leap Sdn. Bhd. ("PLSB")

On 12 July 2012, the Company acquired 2 ordinary shares of RM1 each representing 100% of the issued and paid-up share capital of PLSB for a total cash consideration of RM2. Consequently, PLSB became a wholly-owned subsidiary of the Company.

On 30 August 2012, PLSB increased its issued and paid-up share capital from RM2 to RM100,000. The Company subscribed for 89,998 ordinary shares of RM1 each at par for a total cash consideration of RM89,998 diluting its equity interest from 100% to 90%.

The fair value and carrying amount of the identifiable liabilities of PLSB as at the date of acquisition amounted to RM2.



Notes to the Financial Statements  
for the financial year ended 31 December 2012

6. PROPERTY AND EQUIPMENT

|                                 | Freehold<br>Buildings<br>RM'000 | Computer<br>Systems and<br>Equipment<br>RM'000 | Furniture<br>and<br>Fittings<br>RM'000 | Office<br>Equipment<br>RM'000 | Office<br>Renovation<br>RM'000 | Motor<br>Vehicles<br>RM'000 | Work in<br>Progress<br>RM'000 | Total<br>RM'000 |
|---------------------------------|---------------------------------|--|--|-------------------------------|--------------------------------|-----------------------------|-------------------------------|-----------------|
| <b>The Group</b>                |                                 |  |  |                               |                                |                             |                               |                 |
| <b>At 31 December 2012</b>      |                                 |  |  |                               |                                |                             |                               |                 |
| <b>Cost</b>                     |                                 |  |  |                               |                                |                             |                               |                 |
| At 1 January                    | 5,255                           | 522  | 699                                    | 548                           | 2,092                          | 1,866                       | -                             | 10,982          |
| Additions                       | -                               | 594  | 12                                     | 6                             | 20                             | 597                         | 1,543                         | 2,772           |
| Disposals                       | -                               | -  | -                                      | -                             | -                              | (593)                       | -                             | (593)           |
| <b>At 31 December</b>           | <b>5,255</b>                    | <b>1,116</b>                                   | <b>711</b>                             | <b>554</b>                    | <b>2,112</b>                   | <b>1,870</b>                | <b>1,543</b>                  | <b>13,161</b>   |
| <b>Accumulated depreciation</b> |                                 |  |  |                               |                                |                             |                               |                 |
| At 1 January                    | 165                             | 339  | 160                                    | 198                           | 295                            | 500                         | -                             | 1,657           |
| Charge for the year (Note 25)   | 105                             | 94   | 71                                     | 55                            | 211                            | 373                         | -                             | 909             |
| Disposals                       | -                               | -  | -                                      | -                             | -                              | (257)                       | -                             | (257)           |
| <b>At 31 December</b>           | <b>270</b>                      | <b>433</b>                                     | <b>231</b>                             | <b>253</b>                    | <b>506</b>                     | <b>616</b>                  | <b>-</b>                      | <b>2,309</b>    |
| <b>Net carrying amount</b>      |                                 |  |  |                               |                                |                             |                               |                 |
| <b>At 31 December</b>           | <b>4,985</b>                    | <b>683</b>                                     | <b>480</b>                             | <b>301</b>                    | <b>1,606</b>                   | <b>1,254</b>                | <b>1,543</b>                  | <b>10,852</b>   |
| <b>The Group</b>                |                                 |  |  |                               |                                |                             |                               |                 |
| <b>At 31 December 2011</b>      |                                 |  |  |                               |                                |                             |                               |                 |
| <b>Cost</b>                     |                                 |  |  |                               |                                |                             |                               |                 |
| At 1 January                    | 3,462                           | 399  | 659                                    | 482                           | 1,455                          | 2,019                       | -                             | 8,476           |
| Additions                       | 1,793                           | 123  | 40                                     | 66                            | 637                            | 344                         | -                             | 3,003           |
| Disposal                        | -                               | -  | -                                      | -                             | -                              | (497)                       | -                             | (497)           |
| <b>At 31 December</b>           | <b>5,255</b>                    | <b>522</b>                                     | <b>699</b>                             | <b>548</b>                    | <b>2,092</b>                   | <b>1,866</b>                | <b>-</b>                      | <b>10,982</b>   |
| <b>Accumulated depreciation</b> |                                 |  |  |                               |                                |                             |                               |                 |
| At 1 January                    | 69                              | 289  | 92                                     | 145                           | 133                            | 334                         | -                             | 1,062           |
| Charge for the year (Note 25)   | 96                              | 50   | 68                                     | 53                            | 162                            | 431                         | -                             | 860             |
| Disposal                        | -                               | -  | -                                      | -                             | -                              | (265)                       | -                             | (265)           |
| <b>At 31 December</b>           | <b>165</b>                      | <b>339</b>                                     | <b>160</b>                             | <b>198</b>                    | <b>295</b>                     | <b>500</b>                  | <b>-</b>                      | <b>1,657</b>    |
| <b>Net carrying amount</b>      |                                 |  |  |                               |                                |                             |                               |                 |
| <b>At 31 December</b>           | <b>5,090</b>                    | <b>183</b>                                     | <b>539</b>                             | <b>350</b>                    | <b>1,797</b>                   | <b>1,366</b>                | <b>-</b>                      | <b>9,325</b>    |

# Notes to the Financial Statements

for the financial year ended 31 December 2012

## 6. PROPERTY AND EQUIPMENT (CONT'D)

|                                 | Freehold<br>Buildings<br>RM'000 | Computer<br>Systems and<br>Equipment<br>RM'000 | Furniture<br>and<br>Fittings<br>RM'000 | Office<br>Equipment<br>RM'000 | Office<br>Renovation<br>RM'000 | Motor<br>Vehicles<br>RM'000 | Work in<br>Progress<br>RM'000 | Total<br>RM'000 |
|---------------------------------|---------------------------------|--|--|-------------------------------|--------------------------------|-----------------------------|-------------------------------|-----------------|
| <b>The Company</b>              |                                 |  |  |                               |                                |                             |                               |                 |
| <b>At 31 December 2012</b>      |                                 |  |  |                               |                                |                             |                               |                 |
| <b>Cost</b>                     |                                 |  |  |                               |                                |                             |                               |                 |
| At 1 January                    | -                               | -  | -                                      | -                             | -                              | -                           | -                             | -               |
| Addition                        | -                               | -  | -                                      | -                             | -                              | 180                         | -                             | 180             |
| <b>At 31 December</b>           | <b>-</b>                        | <b>-</b>                                       | <b>-</b>                               | <b>-</b>                      | <b>-</b>                       | <b>180</b>                  | <b>-</b>                      | <b>180</b>      |
| <b>Accumulated depreciation</b> |                                 |  |  |                               |                                |                             |                               |                 |
| At 1 January:                   | -                               | -  | -                                      | -                             | -                              | -                           | -                             | -               |
| Charge for the year (Note 25)   | -                               | -  | -                                      | -                             | -                              | 6                           | -                             | 6               |
| <b>At 31 December</b>           | <b>-</b>                        | <b>-</b>                                       | <b>-</b>                               | <b>-</b>                      | <b>-</b>                       | <b>6</b>                    | <b>-</b>                      | <b>6</b>        |
| <b>Net carrying amount</b>      |                                 |  |  |                               |                                |                             |                               |                 |
| <b>At 31 December</b>           | <b>-</b>                        | <b>-</b>                                       | <b>-</b>                               | <b>-</b>                      | <b>-</b>                       | <b>174</b>                  | <b>-</b>                      | <b>174</b>      |

- (a) Included in property and equipment of the Group are motor vehicles with a total net book value of RM676,000 (2011: RM1,366,000) held under hire purchase arrangements. The details of the hire purchase payables are disclosed in Note 17 to the financial statements.
- (b) During the financial year, the Group acquired property and equipment with an aggregate amount of RM2,772,000 (2011: RM3,003,000). In the previous financial year, an amount of RM2,137,000 was acquired by means of hire purchase.
- (c) The freehold buildings of the Group at the end of the reporting period have been pledged to a licensed bank as security for banking facilities granted to the Group, as disclosed in Note 16 to the financial statements.



Notes to the Financial Statements  
for the financial year ended 31 December 2012

7. DEVELOPMENT COSTS

|   | The Group      |                |
|---|----------------|----------------|
|   | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Cost</b>   |                |                |
| <b>At 1 January</b>                                     | 2,830          | 1,385          |
| Additional during the financial year                    | 937            | 1,543          |
| Written off during the financial year                   | -              | (98)           |
| <b>At 31 December</b>                                   | <b>3,767</b>   | 2,830          |
| <b>Accumulated amortisation</b>                         |                |                |
| <b>At 1 January</b>                                     | 425            | -              |
| Amortisation for the year (Note 25)                     | 463            | 425            |
| <b>At 31 December</b>                                   | <b>888</b>     | 425            |
| <b>Net carrying amount</b>                              |                |                |
| As at 31 December                                       | <b>2,879</b>   | 2,405          |
| The development costs included the following expenses:- |                |                |
| Directors' non-fee emoluments                           | -              | 116            |
| Staff costs   | -              | 642            |

8. INVENTORIES

|                | The Group      |                |
|----------------|----------------|----------------|
|                | 2012<br>RM'000 | 2011<br>RM'000 |
| At cost:       |                |                |
| Finished goods | 2,470          | 3,614          |

None of the inventories is carried at net realisable value.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 9. TRADE RECEIVABLES

|                         | The Group      |                |
|-------------------------|----------------|----------------|
|                         | 2012<br>RM'000 | 2011<br>RM'000 |
| Trade receivables       | 21,259         | 22,629         |
| Less: Impairment losses | -              | (219)          |
|                         | <b>21,259</b>  | <b>22,410</b>  |

Trade receivables are non-interest bearing and are generally on 30 to 60 days credit terms. They are recognised at their original invoiced amounts less trade discounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

|                                       | The Group      |                |
|---------------------------------------|----------------|----------------|
|                                       | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Neither past due nor impaired:</b> |                |                |
| 1 to 30 days                          | 18,183         | 19,503         |
| 31 to 60 days                         | 73             | 801            |
|                                       | <b>18,256</b>  | <b>20,304</b>  |
| <b>Past due but not impaired:</b>     |                |                |
| 61 to 90 days                         | -              | 683            |
| More than 90 days                     | 3,003          | 1,423          |
|                                       | <b>3,003</b>   | <b>2,106</b>   |
|                                       | <b>21,259</b>  | <b>22,410</b>  |
| Impaired                              | -              | 219            |
|                                       | <b>21,259</b>  | <b>22,629</b>  |

9. TRADE RECEIVABLES (CONT'D)

**Trade receivables that are neither past due nor impaired**

Trade receivables that were neither past due nor impaired relate to customers with no default.

**Trade receivables that are past due but not impaired**

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

**Trade receivables that are impaired**

The Group's trade receivables that are impaired as at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

|                                       | <b>Group</b>  |               |
|---------------------------------------|---------------|---------------|
|                                       | <b>2012</b>   | <b>2011</b>   |
|                                       | <b>RM'000</b> | <b>RM'000</b> |
| Trade receivables                     |               |               |
| - nominal amounts                     | -             | 219           |
| Less: Allowance for impairment losses | -             | (219)         |
|                                       | -             | -             |

Movement in allowance for impairment losses :-

|                                     | <b>2012</b>   | <b>2011</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>RM'000</b> | <b>RM'000</b> |
| At 1 January                        | <b>219</b>    | 219           |
| Writeback during the financial year | <b>(219)</b>  | -             |
| At 31 December                      | -             | 219           |

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 10. OTHER RECEIVABLES

|                    | The Group      |                | The Company    |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Sundry receivables | 2,129          | 798            | 18             | 5              |
| Other deposits     | 64             | 138            | -              | -              |
| Prepayments        | 323            | 429            | -              | -              |
| Advances           | 33             | 37             | -              | -              |
|                    | <b>2,549</b>   | <b>1,402</b>   | <b>18</b>      | <b>5</b>       |

Sundry receivables are non-interest bearing. They are recognised at the amounts which represent their fair values on initial recognition.

### 11. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand in cash.

### 12. SHORT-TERM INVESTMENTS

|  | The Group      |                |
|--|----------------|----------------|
|  | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Financial assets at fair value through profit or loss:-</b> |                |                |
| Equity funds unit trust, at carrying value                     |                |                |
| <b>At 1 January</b>  | <b>1,081</b>   | 1,055          |
| Fair value gain  | 190            | 26             |
| <b>At 31 December</b>  | <b>1,271</b>   | 1,081          |
| <b>Market value of equity funds unit trust</b>                 |                |                |
| <b>At 31 December</b>  | <b>1,271</b>   | 1,081          |

**Notes to the Financial Statements**  
for the financial year ended 31 December 2012

**13. CASH AND CASH EQUIVALENTS**

|                             | The Group      |                | The Company    |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Cash and bank balances      | <b>28,393</b>  | 34,260         | <b>1,490</b>   | 12,316         |
| Deposit with licensed banks | <b>32,904</b>  | 12,715         | <b>10,072</b>  | -              |
|                             | <b>61,297</b>  | 46,975         | <b>11,562</b>  | 12,316         |

The deposits with licensed banks of the Group bore an effective interest rate of 3.00% (2011: ranging from 3.00% to 3.15%) per annum. The deposits have maturity periods ranging from 30 to 60 days (2011: 60 to 180 days) at the end of the reporting period.

Included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM7,832,000 (2011: RM7,715,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

**14. TRADE PAYABLES**

The normal trade credit term granted to the Group is 60 days.

**15. OTHER PAYABLES**

|                 | The Group      |                | The Company    |                |
|-----------------|----------------|----------------|----------------|----------------|
|                 | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Sundry payables | <b>885</b>     | 1,349          | <b>12</b>      | -              |
| Accruals        | <b>2,865</b>   | 641            | <b>536</b>     | 63             |
| Deferred income | <b>5,077</b>   | 268            | <b>-</b>       | -              |
|                 | <b>8,827</b>   | 2,258          | <b>548</b>     | 63             |

# Notes to the Financial Statements

for the financial year ended 31 December 2012

## 16. BORROWINGS

|                              | The Group      |                |
|------------------------------|----------------|----------------|
|                              | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Short-term Borrowings</b> |                |                |
| <b>Secured</b>               |                |                |
| Hire purchase (Note 17)      | 193            | 270            |
| Term loan (Note 18)          | 117            | 111            |
|                              | 310            | 381            |
| <b>Long-term Borrowings</b>  |                |                |
| <b>Secured</b>               |                |                |
| Hire purchase (Note 17)      | 357            | 790            |
| Term loan (Note 18)          | 976            | 1,113          |
|                              | 1,333          | 1,903          |
| <b>Total Borrowings</b>      |                |                |
| <b>Secured</b>               |                |                |
| Hire purchase (Note 17)      | 550            | 1,060          |
| Term loan (Note 18)          | 1,093          | 1,224          |
|                              | 1,643          | 2,284          |



Notes to the Financial Statements  
for the financial year ended 31 December 2012

17. HIRE PURCHASE PAYABLES

|  | The Group      |                |
|--|----------------|----------------|
|  | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Minimum hire purchase payments:</b>             |                |                |
| Not later than one year                            | 218            | 322            |
| Later than one year and not later than two years   | 218            | 322            |
| Later than two years and not later than five years | 156            | 539            |
|  | <b>592</b>     | 1,183          |
| Less: Future finance charges                       | <b>(42)</b>    | (123)          |
| Present value of hire purchase payables            | <b>550</b>     | 1,060          |
| <b>Present value of hire purchase payables</b>     |                |                |
| Not later than one year (Note 16)                  | 193            | 270            |
| <b>Non-current portion:</b>                        |                |                |
| Later than one year and not later than two years   | 204            | 285            |
| Later than two years and not later than five years | 153            | 505            |
| Total non-current portion (Note 16)                | <b>357</b>     | 790            |
|  | <b>550</b>     | 1,060          |
| Analysed as:                                       |                |                |
| Due within 12 months (Note 16)                     | 193            | 270            |
| Due after 12 months (Note 16)                      | 357            | 790            |
|  | <b>550</b>     | 1,060          |

The hire purchase payables bore effective interest rates ranging from 4.90% to 6.36% (2011: 4.90% to 6.36%) per annum at the end of the reporting period.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 18. TERM LOAN

|  | The Group      |                |
|--|----------------|----------------|
|  | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Current portion</b>                             |                |                |
| Repayable within one year (Note 16)                | 117            | 111            |
| <b>Non-current portion</b>                         |                |                |
| Later than one year and not later than two years   | 123            | 117            |
| Later than two years and not later than five years | 410            | 389            |
| Later than five years                              | 443            | 607            |
| Total non-current portion (Note 16)                | 976            | 1,113          |
|  | <b>1,093</b>   | <b>1,224</b>   |

The details of the repayment terms are as follows:-

| TERM LOAN | NUMBER OF<br>MONTHLY<br>INSTALMENT | MONTHLY<br>INSTALMENT<br>RM | DATE OF<br>COMMENCEMENT<br>OF REPAYMENT | THE GROUP<br>AMOUNT OUTSTANDING |                |
|-----------|------------------------------------|-----------------------------|---|---------------------------------|----------------|
|           |                                    |                             |   | 2012<br>RM'000                  | 2011<br>RM'000 |
| 1         | 180                                | 14,333                      | July 2008                               | <b>1,093</b>                    | 1,224          |

The term loan bore an effective interest rate of 5.10% (2011: 5.10%) per annum at the end of the reporting period.

The term loan 1 at the end of the reporting period is secured by:-

- (a) a general facility agreement of RM4,367,729;
- (b) a Deed of Assignment cum Power of Attorney for RM4,367,729 over six units of buildings of the Group; and
- (c) a personal guarantee of a director of the Group for RM1,760,000.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 19. SHARE CAPITAL AND SHARE PREMIUM

#### Share Capital

|   | The Company                                 |              |                |                |
|---|---|--------------|----------------|----------------|
|   | Number of Ordinary<br>Shares of RM0.10 Each |              | Amount         |                |
|   | 2012<br>'000                                | 2011<br>'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Authorised</b>                         | <b>500,000</b>                              | 500,000      | <b>50,000</b>  | 50,000         |
| <b>Issued and Fully Paid-up</b>           |   |              |                |                |
| At 1 January                              | <b>220,000</b>                              | ^^           | <b>22,000</b>  | **             |
| Issued for acquisition<br>of subsidiaries | -   | 198,000      | -              | 19,800         |
| Public issue                              | -   | 22,000       | -              | 2,200          |
| Issued during the year                    | -   | 220,000      | -              | 22,000         |
| <b>At 31 December</b>                     | <b>220,000</b>                              | 220,000      | <b>22,000</b>  | 22,000         |

Notes:-

^^ - 20 units of ordinary shares

\*\* - RM2

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share without restriction at any meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### Share Premium

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>At 1 January</b>                                       | <b>20,044</b>  | 1,737          | <b>16,632</b>  | -              |
| Arising pursuant to public issue                          | -              | 17,600         | -              | 17,600         |
| Listing expenses  | -              | (968)          | -              | (968)          |
| Arising pursuant to conversion<br>of RCPS in a subsidiary | -              | 1,675          | -              | -              |
| <b>At 31 December</b>                                     | <b>20,044</b>  | 20,044         | <b>16,632</b>  | 16,632         |

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 19. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)

#### Share Premium (Cont'd)

In the previous financial year, the total listing expenses for the IPO exercise amounted to RM3,428,000 of which RM968,000 has been written off against the share premium. The balance of the listing expenses has been recognised in profit or loss.

Included in the share premium of the Group is an amount of RM3,412,000 (2011: RM3,412,000) relating to the share premium in a subsidiary accounted for in consolidation under the pooling of interest method of accounting.

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act 1965.

### 20. MERGER DEFICIT

The merger deficit arose from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the pooling interest method of accounting.

### 21. RETAINED PROFITS

At the end of the reporting period, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system.

### 22. REVENUE

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| ICT training and certification               | 34,156         | 25,530         | -              | -              |
| Software licence distribution and management | 75,930         | 86,309         | -              | -              |
| Gross dividend income                        | -              | -              | 26,700         | 8,800          |
| Management fees                              | -              | -              | -              | 4,185          |
|  | <b>110,086</b> | 111,839        | <b>26,700</b>  | 12,985         |

**Notes to the Financial Statements**  
for the financial year ended 31 December 2012

**23. OTHER INCOME**

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Dividend income                                     | 33             | 4              | -              | -              |
| Fair value gain on short-term investments           | 190            | 26             | -              | -              |
| Foreign exchange gain - realised                    | 555            | 601            | -              | -              |
| Foreign exchange gain - unrealised                  | -              | 108            | -              | -              |
| Interest income                                     | 594            | 411            | 182            | 4              |
| Writeback of impairment losses on trade receivables | 219            | -              | -              | -              |
| Rental income                                       | -              | 8              | -              | -              |
| Others  | 4              | 1              | -              | -              |
|   | <b>1,595</b>   | <b>1,159</b>   | <b>182</b>     | <b>4</b>       |

**24. FINANCE COSTS**

|                    | The Group      |                | The Company    |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Bank charges       | 26             | 36             | 2              | 1              |
| Commission charges | 47             | 266            | -              | -              |
| Interest Expense:  | -              | 4              | -              | -              |
| - bank overdraft   | 50             | 69             | -              | -              |
| - hire purchase    | 55             | 145            | -              | -              |
| - term loan        | 105            | 218            | -              | -              |
|                    | <b>178</b>     | <b>520</b>     | <b>2</b>       | <b>1</b>       |

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 25. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:-

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Amortisation of development costs (Note 7)      | 463            | 425            | -              | -              |
| Audit fees                                      |                |                |                |                |
| - for the financial year                        | 89             | 65             | 34             | 20             |
| - non-statutory                                 | 37             | 72             | 37             | 72             |
| Bad debts written off                           | 319            | -              | -              | -              |
| Car park rental                                 | 4              | 4              | -              | -              |
| Depreciation of property and equipment (Note 6) | 909            | 860            | 6              | -              |
| Development costs written off                   | -              | 98             | -              | -              |
| Foreign exchange loss - unrealised              | 76             | -              | -              | -              |
| Listing expenses                                | -              | 1,048          | -              | 1,048          |
| Loss on disposal of property and equipment      | 45             | 32             | -              | -              |
| Rental of equipment                             | 224            | 186            | 17             | 9              |
| Rental of office                                | -              | 13             | -              | -              |
| Staff costs (Note 26)                           | 6,982          | 7,010          | 2,230          | 1,300          |

### 26. STAFF COSTS

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Salaries, wages, allowances and bonuses   | 5,452          | 5,887          | 2,069          | 1,222          |
| Pension costs - defined contribution plan | 519            | 635            | 153            | 74             |
| Social security cost                      | 34             | 27             | 8              | 4              |
| Other staff related expenses              | 977            | 461            | -              | 50             |
|   | 6,982          | 7,010          | 2,230          | 1,300          |

Included in the staff costs of the Group and the Company are directors' remuneration amounting to RM964,000 and RM946,000 (2011: RM1,548,000 and RM859,000) respectively, as further disclosed in Note 27 to the financial statements.

Notes to the Financial Statements  
for the financial year ended 31 December 2012

27. DIRECTORS' REMUNERATION

|                               | The Group      |                | The Company    |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Directors</b>              |                |                |                |                |
| Executive:                    |                |                |                |                |
| Fees                          | 18             | 18             | -              | -              |
| Salaries and other emoluments | 405            | 967            | 405            | 320            |
|                               | <b>423</b>     | <b>985</b>     | <b>405</b>     | <b>320</b>     |
| Non-Executive:                |                |                |                |                |
| Fees                          | 541            | 563            | 541            | 539            |
| Total                         | <b>964</b>     | <b>1,548</b>   | <b>946</b>     | <b>859</b>     |

The number of directors of the Group and of the Company whose total remuneration during the financial year fell within the following bands are analysed below:-

|                         |          |          |          |          |
|-------------------------|----------|----------|----------|----------|
| Executive directors:    |          |          |          |          |
| RM200,001 - RM250,000   | -        | -        | -        | -        |
| RM250,001 - RM300,000   | -        | -        | -        | 1        |
| RM350,001 - RM400,000   | -        | -        | 1        | -        |
| RM400,001 - RM450,000   | 1        | 1        | -        | -        |
| RM500,001 - RM550,000   | -        | -        | -        | -        |
| RM550,001 - RM600,000   | -        | 1        | -        | -        |
|                         | <b>1</b> | <b>2</b> | <b>1</b> | <b>1</b> |
| Non-executive directors |          |          |          |          |
| RM1 - RM50,000          | 1        | -        | 1        | -        |
| RM50,001 - RM100,000    | 1        | -        | 1        | -        |
| RM100,001 - RM150,000   | 4        | 5        | 4        | 5        |
|                         | <b>7</b> | <b>7</b> | <b>7</b> | <b>6</b> |

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 28. INCOME TAX EXPENSE

|                                | The Group      |                | The Company    |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Income tax:                    |                |                |                |                |
| - for the financial year       | 86             | 805            | -              | 700            |
| - overprovision in prior years | (715)          | (4)            | (359)          | -              |
|                                | <b>(629)</b>   | 801            | <b>(359)</b>   | 700            |

The taxation of the Group and of the Company was in respect of interest income and management fees.

During the current financial year, the statutory tax rate remained at 25%.

PSSB, a wholly-owned subsidiary of the Company is not subject to tax as it has been granted the MSC Malaysia Status, which qualifies PSSB for the Pioneer Status incentive under the Promotion of Investments Act 1986. PSSB will enjoy full exemption from income tax on its statutory income from pioneer activities for five years from 30 June 2005 to 29 June 2010. This incentive has been extended for another 5 years to 29 June 2015.

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

|   | The Group       |                | The Company    |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2012<br>RM'000  | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Profit before taxation  | <b>36,602</b>   | 34,443         | <b>23,874</b>  | 9,525          |
| Taxation at Malaysia statutory tax rate of 25% (2011:25%)                               | <b>9,151</b>    | 8,611          | <b>5,969</b>   | 2,381          |
| Tax effects of:-  |                 |                |                |                |
| Tax-exempt income under the pioneer status  | <b>(10,598)</b> | (9,088)        | -              | -              |
| Non-taxable income  | <b>(56)</b>     | (6)            | <b>(6,675)</b> | (2,200)        |
| Non-deductible expenses   | <b>1,674</b>    | 1,428          | <b>706</b>     | 519            |
| Deferred tax liabilities not recognised during the financial year due to pioneer status | <b>(98)</b>     | (129)          | -              | -              |
| Deferred tax assets not recognised during the financial year                            | <b>13</b>       | -              | -              | -              |
| Utilisation of deferred tax asset not recognised in prior year                          | -               | (11)           | -              | -              |
| Overprovision of current tax in prior years   | <b>(715)</b>    | (4)            | <b>(359)</b>   | -              |
|   | <b>(629)</b>    | 801            | <b>(359)</b>   | 700            |



## Notes to the Financial Statements for the financial year ended 31 December 2012

### 28. INCOME TAX EXPENSE (CONT'D)

The deferred tax assets/(liabilities) recognised in the statements of financial position are as follows:-

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Deferred tax liability:-                         |                |                |                |                |
| Accelerated capital allowances over depreciation | (4)            | (7)            | -              | -              |
| Deferred tax assets:-                            |                |                |                |                |
| Unabsorbed capital allowances                    | 4              | 7              | -              | -              |
|  | -              | -              | -              | -              |

No deferred tax asset is recognised in the statements of financial position on the following items:-

|                               |     |     |   |   |
|-------------------------------|-----|-----|---|---|
| Unutilised tax losses         | 640 | 598 | - | - |
| Unabsorbed capital allowances | 2   | -   | - | - |
| Others                        | 14  | -   | - | - |
|                               | 656 | 598 | - | - |

### 29. BASIC EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, as follows:-

|  | The Group |         |
|--|-----------|---------|
|  | 2012      | 2011    |
| Profit attributable to owners of the Company (RM'000)      | 37,231    | 33,642  |
| Weighted average number of ordinary shares in issue ('000) | 220,000   | 207,825 |
| Basic earnings per share (sen)                             | 16.92     | 16.19   |

The diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 30. DIVIDENDS

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| In respect of the financial year ended 31 December 2010:                                 |                |                |                |                |
| - declared as final tax-exempt dividend of approximately RM1.52 sen per ordinary share # | -              | 8,000          | -              | -              |
| In respect of the financial year ended 31 December 2011:                                 |                |                |                |                |
| - declared as first interim single-tier dividend of RM0.04 sen per ordinary share        | -              | 8,800          | -              | 8,800          |
| - declared as final single-tier dividend of RM0.04 sen per ordinary share                | <b>8,800</b>   | -              | <b>8,800</b>   | -              |
| In respect of the financial year ended 31 December 2012:                                 |                |                |                |                |
| - declared as first interim single-tier dividend of RM0.02 sen per ordinary share        | <b>4,400</b>   | -              | <b>4,400</b>   | -              |
| - declared as second interim single-tier dividend of RM0.02 sen per ordinary share       | <b>4,400</b>   | -              | <b>4,400</b>   | -              |
| - declared as third interim single-tier dividend of RM0.03 sen per ordinary share        | <b>6,600</b>   | -              | <b>6,600</b>   | -              |
|  | <b>24,200</b>  | 16,800         | <b>24,200</b>  | 8,800          |

Note:

# - The dividend was paid by PSSB to its shareholders prior to the acquisition of the subsidiaries by the Company.

On 20 February 2013, the Board of Directors declared a fourth interim single-tier dividend of 3 sen per ordinary share amounting to RM6,600,000 in respect of the financial year ended 31 December 2012. The interim dividend was paid on 28 March 2013.

The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

**31. PURCHASE OF PROPERTY AND EQUIPMENT**

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Cost of property and equipment purchased              | 2,772          | 3,003          | 180            | -              |
| Amount financed through hire purchase                 | -              | (240)          | -              | -              |
| Cash disbursed for purchase of property and equipment | 2,772          | 2,763          | 180            | -              |

**32. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group financial performance.

**(a) Financial Risk Management Policies**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(i) Market Risk**

**(ii) Foreign Currency Risk**

The Group is exposed to foreign currency risk on sales and purchases that are primarily denominated in United States Dollar. Foreign currency risk is monitored closely and managed to an acceptable level. The Group did not enter into any forward currency contracts during the financial year ended 31 December 2012 and 2011 respectively.

# Notes to the Financial Statements

for the financial year ended 31 December 2012

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### (i) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

|   | ← United<br>States Dollar<br>RM'000 | The Group<br>Ringgit<br>Malaysia<br>RM'000 | → Total<br>RM'000 |
|---|-------------------------------------|--|-------------------|
| <b>At 31 December 2012</b>                |                                     |  |                   |
| <b><u>Financial assets</u></b>            |                                     |  |                   |
| Trade receivables                         | 1,382                               | 19,877                                     | 21,259            |
| Other receivables                         | -                                   | 2,226                                      | 2,226             |
| Short-term investments                    | -                                   | 1,271                                      | 1,271             |
| Cash and cash equivalents                 | 3,062                               | 58,235                                     | 61,297            |
| <b>Total financial assets</b>             | <b>4,444</b>                        | <b>81,609</b>                              | <b>86,053</b>     |
| <b><u>Financial liabilities</u></b>       |                                     |  |                   |
| Trade payables                            | 4,478                               | 8,099                                      | 12,577            |
| Other payables                            | -                                   | 8,827                                      | 8,827             |
| Borrowings                                | -                                   | 1,643                                      | 1,643             |
| <b>Total financial liabilities</b>        | <b>4,478</b>                        | <b>18,569</b>                              | <b>23,047</b>     |
| <b>Net financial (liabilities)/assets</b> | <b>(34)</b>                         | <b>63,040</b>                              | <b>63,006</b>     |

Notes to the Financial Statements  
for the financial year ended 31 December 2012

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

|   | ← United<br>States Dollar<br>RM'000 | The Group<br>Ringgit<br>Malaysia<br>RM'000 | → Total<br>RM'000 |
|---|-------------------------------------|--|-------------------|
| <b>At 31 December 2011</b>                |                                     |  |                   |
| <b><u>Financial assets</u></b>            |                                     |  |                   |
| Trade receivables                         | 4,396                               | 18,014                                     | 22,410            |
| Other receivables                         | -                                   | 973  | 973               |
| Short-term investments                    | -                                   | 1,081                                      | 1,081             |
| Cash and cash equivalents                 | 1,770                               | 45,205                                     | 46,975            |
| <b>Total financial assets</b>             | <b>6,166</b>                        | <b>65,273</b>                              | <b>71,439</b>     |
| <b><u>Financial liabilities</u></b>       |                                     |  |                   |
| Trade payables                            | 14,836                              | 38   | 14,874            |
| Other payables                            | 1,045                               | 1,213                                      | 2,258             |
| Borrowings                                | -                                   | 2,284                                      | 2,284             |
| <b>Total financial liabilities</b>        | <b>15,881</b>                       | <b>3,535</b>                               | <b>19,416</b>     |
| <b>Net financial (liabilities)/assets</b> | <b>(9,715)</b>                      | <b>61,738</b>                              | <b>52,023</b>     |

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (i) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign currency sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

|                       | ←————— The Group —————→                                    |                                       |  |                                       |
|-----------------------|--|---------------------------------------|--|---------------------------------------|
|                       | Effect<br>on Profit<br>After<br>Taxation<br>2012<br>RM'000 | Effect on<br>Equity<br>2012<br>RM'000 | Effect<br>on Profit<br>After<br>Taxation<br>2011<br>RM'000 | Effect on<br>Equity<br>2011<br>RM'000 |
| Increase/(Decrease)   |  |                                       |  |                                       |
| United States Dollar: |  |                                       |  |                                       |
| - strengthened by 5%  | (1)  | (1)                                   | (364)  | (364)                                 |
| - weekend by 5%       | 1  | 1                                     | 364  | 364                                   |

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income. Information relating to the Group's bank borrowings is disclosed in their respective notes.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (i) Market Risk (Cont'd)

##### (iii) Interest Rate Risk (Cont'd)

The Group's interest rate profile as monitored by management is set out below:-

|                        | The Group |        |
|------------------------|-----------|--------|
|                        | 2012      | 2011   |
|                        | RM'000    | RM'000 |
| <b>Fixed rate</b>      |           |        |
| Hire purchase payables | 550       | 1,060  |
| <b>Floating rates</b>  |           |        |
| Term loan              | 1,093     | 1,224  |

Interests on financial instruments which are subjected to floating interest rates are repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

##### Interest rate sensitivity analysis

The following table details the sensitivity analysis to a reasonable possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

|                                  | ← The Group →  |                                       |  |                                       |
|----------------------------------|--|---------------------------------------|--|---------------------------------------|
|                                  | Effect<br>on Profit<br>After<br>Taxation<br>2012<br>RM'000 | Effect on<br>Equity<br>2012<br>RM'000 | Effect<br>on Profit<br>After<br>Taxation<br>2011<br>RM'000 | Effect on<br>Equity<br>2011<br>RM'000 |
| Increase of 100 basis point (bp) | (8)  | (8)                                   | (9)  | (9)                                   |
| Decrease of 100 (bp)             | 8  | 8                                     | 9  | 9                                     |

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (i) Market Risk (Cont'd)

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted securities prices. The Group manages its exposure to price risks by maintaining a portfolio of equities with different risk profiles.

The Group's equity price profile as monitored by management is set out below:-

|                         | The Group      |                |
|-------------------------|----------------|----------------|
|                         | 2012<br>RM'000 | 2011<br>RM'000 |
| Equity funds unit trust | 1,271          | 1,081          |

##### Equity price risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

|                | ← The Group →  |                                       |  |                                       |
|----------------|--|---------------------------------------|--|---------------------------------------|
|                | Effect<br>on Profit<br>After<br>Taxation<br>2012<br>RM'000 | Effect on<br>Equity<br>2012<br>RM'000 | Effect<br>on Profit<br>After<br>Taxation<br>2011<br>RM'000 | Effect on<br>Equity<br>2011<br>RM'000 |
| Increase by 5% | 64   | 64                                    | 54   | 54                                    |
| Decrease by 5% | (64)   | (64)                                  | (54)   | (54)                                  |

##### (ii) Credit Risk

Credit risk is the risk of loss that may arise on the outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group minimises credit risk by dealing exclusively with high credit rating financial institutions.

The Group's objective is to seek continual revenue growth whilst minimising losses incurred due to increased credit risk exposure. The Group's revenue from customers is predominantly on a cash basis. For trade on credit terms, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.



32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by a customer which constituted approximately 76% of its total trade receivables at the end of the reporting period.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

|           | The Group      |                |
|-----------|----------------|----------------|
|           | 2012<br>RM'000 | 2011<br>RM'000 |
| Singapore | 1,382          | 4,173          |
| Malaysia  | 19,877         | 18,237         |
|           | 21,259         | 22,410         |

Financial assets that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group as disclosed in Note 9 to the financial statements. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Deposit with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due but not impaired

Information regarding the financial assets that are either past due or impaired is disclosed in Note 9 to the financial statements.

(iii) **Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (iii) Liquidity Risk (Cont'd)

The following table detailed the remaining contractual maturities at the end of the reporting period of the Group and of the Company's derivative and non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) and the earliest date the Group and the Company are required to pay:-

#### The Group

|                               | Weighted<br>Average<br>Effective Rate<br>(%) | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within one<br>1 year or on<br>demand<br>RM'000 | One to two<br>years<br>RM'000 | Two to five<br>years<br>RM'000 | More than<br>five years<br>RM'000 |
|-------------------------------|--|------------------------------|---|--|-------------------------------|--------------------------------|-----------------------------------|
| <b>At 31 December 2012</b>    |  |                              |   |  |                               |                                |                                   |
| <b>Financial liabilities:</b> |  |                              |   |  |                               |                                |                                   |
| Trade payables                | -  | 12,577                       | 12,577  | 12,577   | -                             | -                              | -                                 |
| Other payables                | -  | 8,827                        | 8,827   | 8,827  | -                             | -                              | -                                 |
| Borrowings                    | 4.90% - 6.36%                                | 1,643                        | 1,918   | 391  | 391                           | 670                            | 466                               |
|                               |  | <b>23,047</b>                | <b>23,322</b>                                       | <b>21,795</b>                                  | <b>391</b>                    | <b>670</b>                     | <b>466</b>                        |

#### At 31 December 2011

|                               |               |               |               |               |            |              |            |
|-------------------------------|---------------|---------------|---------------|---------------|------------|--------------|------------|
| <b>Financial liabilities:</b> |               |               |               |               |            |              |            |
| Trade payables                | -             | 14,874        | 14,874        | 14,874        | -          | -            | -          |
| Other payables                | -             | 2,258         | 2,258         | 2,258         | -          | -            | -          |
| Borrowings                    | 4.90% - 6.36% | 2,284         | 2,663         | 494           | 494        | 1,055        | 620        |
|                               |               | <b>19,416</b> | <b>19,795</b> | <b>17,626</b> | <b>494</b> | <b>1,055</b> | <b>620</b> |

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

| The Company                   | Weighted<br>Average<br>Effective Rate<br>(%) | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within one<br>1 year or on<br>demand<br>RM'000 | One to two<br>years<br>RM'000 | Two to five<br>years<br>RM'000 | More than<br>five years<br>RM'000 |
|-------------------------------|--|------------------------------|---|--|-------------------------------|--------------------------------|-----------------------------------|
| <b>At 31 December 2012</b>    |  |                              |   |  |                               |                                |                                   |
| <b>Financial liabilities:</b> |  |                              |   |  |                               |                                |                                   |
| Other payables                | -  | 548                          | 548   | 548  | -                             | -                              | -                                 |
| Amount due to a subsidiary    | -  | 12,946                       | 12,946  | 12,946   | -                             | -                              | -                                 |
|                               |  | <b>13,494</b>                | <b>13,494</b>                                       | <b>13,494</b>                                  | <b>-</b>                      | <b>-</b>                       | <b>-</b>                          |
| <b>At 31 December 2011</b>    |  |                              |   |  |                               |                                |                                   |
| <b>Financial liabilities:</b> |  |                              |   |  |                               |                                |                                   |
| Other payables                | -  | 63                           | 63  | 63   | -                             | -                              | -                                 |

(b) Capital Risk Management

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 shareholders value. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders. There were no changes in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than 25% of the issued and paid-up share capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair Values of Financial Instruments

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

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables, quoted investments and borrowings.

The carrying values of the financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rate on or near the end of the reporting period, except as follows:-

|                            | Note | Carrying<br>Amount<br>2012<br>RM'000 | Fair Value<br>2012<br>RM'000 | Carrying<br>Amount<br>2011<br>RM'000 | Fair Value<br>2011<br>RM'000 |
|----------------------------|------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| <b>Financial Liability</b> |      |                                      |                              |                                      |                              |
| Hire purchase payables     | 17   | 550                                  | 531                          | 1,060                                | 1,038                        |

#### Fair value hierarchy

The table below analyses financial instruments carried at fair values, by valuation method. The different levels have been defined as follows:-

- Level 1 - Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Fair value measurements derive from input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Fair value measurements derive from valuation techniques that include input for the asset or liability that are not based on observable market data (unobservables inputs).

|                            | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|----------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>The Group</b>           |                   |                   |                   |                 |
| <b>At 31 December 2012</b> |                   |                   |                   |                 |
| Financial asset            |                   |                   |                   |                 |
| Short-term investments     | 1,271             | -                 | -                 | 1,271           |
| <b>At 31 December 2011</b> |                   |                   |                   |                 |
| Financial asset            |                   |                   |                   |                 |
| Short-term investments     | 1,081             | -                 | -                 | 1,081           |



**Notes to the Financial Statements**  
for the financial year ended 31 December 2012

**32. FINANCIAL INSTRUMENTS (CONT'D)**

**(d) Classification of Financial Instruments (Cont'd)**

| The Group                              | Note | Loan and<br>receivables<br>financial<br>assets<br>RM'000 | Other financial<br>liabilities<br>RM'000 | Fair value through<br>profit or loss<br>RM'000 | Total<br>RM'000 |
|--|------|--|--|--|-----------------|
| <b>At 31 December 2012</b>             |      |  |  |  |                 |
| <b>Assets</b>                          |      |  |  |  |                 |
| Trade receivables                      | 9    | 21,259   | -  | -  | 21,259          |
| Other receivables                      | 10   | 2,226  | -  | -  | 2,226           |
| Short-term investments                 | 12   | -  | -  | 1,271  | 1,271           |
| Cash and cash equivalents              | 13   | 61,297   | -  | -  | 61,297          |
| <b>Total financial assets</b>          |      | <b>84,782</b>  | <b>-</b>                                 | <b>1,271</b>                                   | <b>86,053</b>   |
| <b>Total non-financial assets</b>      |      |  |  |  | <b>16,758</b>   |
| <b>Total assets</b>                    |      |  |  |  | <b>102,811</b>  |
| <b>Liabilities</b>                     |      |  |  |  |                 |
| Trade payables                         | 14   | -  | 12,577                                   | -  | 12,577          |
| Other payables                         | 15   | -  | 8,827                                    | -  | 8,827           |
| Borrowings                             | 16   | -  | 1,643                                    | -  | 1,643           |
| <b>Total financial liabilities</b>     |      | <b>-</b>   | <b>23,047</b>                            | <b>-</b>                                       | <b>23,047</b>   |
| <b>Total non-financial liabilities</b> |      |  |  |  | <b>38</b>       |
| <b>Total liabilities</b>               |      |  |  |  | <b>23,085</b>   |

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Classification of Financial Instruments (Cont'd)

| The Group                              | Note | Loan and<br>receivables<br>financial<br>assets<br>RM'000 | Other financial<br>liabilities<br>RM'000 | Fair value through<br>profit or loss<br>RM'000 | Total<br>RM'000 |
|--|------|--|--|--|-----------------|
| <b>At 31 December 2011</b>             |      |  |  |  |                 |
| <b>Assets</b>                          |      |  |  |  |                 |
| Trade receivables                      | 9    | 22,410   | -  | -  | 22,410          |
| Other receivables                      | 10   | 973  | -  | -  | 973             |
| Short-term investments                 | 12   | -  | -  | 1,081  | 1,081           |
| Cash and cash equivalents              | 13   | 46,975   | -  | -  | 46,975          |
| <b>Total financial assets</b>          |      | <b>70,358</b>  | <b>-</b>                                 | <b>1,081</b>                                   | <b>71,439</b>   |
| <b>Total non-financial assets</b>      |      |  |  |  | <b>15,773</b>   |
| <b>Total assets</b>                    |      |  |  |  | <b>87,212</b>   |
| <b>Liabilities</b>                     |      |  |  |  |                 |
| Trade payables                         | 14   | -  | 14,874                                   | -  | 14,874          |
| Other payables                         | 15   | -  | 2,258                                    | -  | 2,258           |
| Borrowings                             | 16   | -  | 2,284                                    | -  | 2,284           |
| <b>Total financial liabilities</b>     |      | <b>-</b>   | <b>19,416</b>                            | <b>-</b>                                       | <b>19,416</b>   |
| <b>Total non-financial liabilities</b> |      |  |  |  | <b>1,110</b>    |
| <b>Total liabilities</b>               |      |  |  |  | <b>20,526</b>   |

32. FINANCIAL INSTRUMENTS (CONT'D)

(d) Classification of Financial Instruments (Cont'd)

| The Company                     | Note | Loan and<br>receivables<br>financial<br>assets<br>RM'000 | Other financial<br>liabilities<br>RM'000 | Fair value through<br>profit or loss<br>RM'000 | Total<br>RM'000 |
|---------------------------------|------|--|--|--|-----------------|
| <b>At 31 December 2012</b>      |      |  |  |  |                 |
| <b>Assets</b>                   |      |  |  |  |                 |
| Other receivables               | 10   | 18   | -  | -  | 18              |
| Amount due from subsidiaries    | 11   | 304  | -  | -  | 304             |
| Cash and cash equivalents       | 13   | 11,562   | -  | -  | 11,562          |
| Total financial assets          |      | 11,884   | -  | -  | 11,884          |
| Total non-financial assets      |      |  |  |  | 40,298          |
| Total assets                    |      |  |  |  | 52,182          |
| <b>Liabilities</b>              |      |  |  |  |                 |
| Other payables                  | 15   | -  | 548                                      | -  | 548             |
| Amount due from subsidiary      | 11   | -  | 12,946                                   | -  | 12,946          |
| Total financial liabilities     |      | -  | 13,494                                   | -  | 13,494          |
| Total non-financial liabilities |      |  |  |  | -               |
| Total liabilities               |      |  |  |  | 13,494          |

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Classification of Financial Instruments (Cont'd)

| The Company                        | Note | Loan and<br>receivables<br>financial<br>assets<br>RM'000 | Other financial<br>liabilities<br>RM'000 | Fair value through<br>profit or loss<br>RM'000 | Total<br>RM'000 |
|------------------------------------|------|--|--|--|-----------------|
| <b>At 31 December 2011</b>         |      |  |  |  |                 |
| <b>Assets</b>                      |      |  |  |  |                 |
| Other receivables                  | 10   | 5  | -  | -  | 5               |
| Amount due from subsidiaries       | 11   | 7,297  | -  | -  | 7,297           |
| Cash and cash equivalents          | 13   | 12,316   | -  | -  | 12,316          |
| <b>Total financial assets</b>      |      | <b>19,618</b>  | <b>-</b>                                 | <b>-</b>                                       | <b>19,618</b>   |
| Total non-financial assets         |      |  |  |  | 40,298          |
| <b>Total assets</b>                |      |  |  |  | <b>59,916</b>   |
| <b>Liabilities</b>                 |      |  |  |  |                 |
| Other payables                     | 15   | -  | 63                                       | -  | 63              |
| <b>Total financial liabilities</b> |      | <b>-</b>   | <b>63</b>                                | <b>-</b>                                       | <b>63</b>       |
| Total non-financial liabilities    |      |  |  |  | 700             |
| <b>Total liabilities</b>           |      |  |  |  | <b>763</b>      |

### 33. SEGMENTAL INFORMATION

The Group's business segments can be organised into the following segments reflecting the Group's internal reporting structure:

- Information and communications technology ("ICT") training and certification and software licence distribution and management (collectively referred to as the "ICT services and distribution") - provision of both basic and professional ICT training and certification encompassing instructor-led courses and certification examination at the end of the course. At the same time distributing and managing the software licences.
- Other - The holding company is involved in activity of investment holding.

Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.



33. SEGMENTAL INFORMATION (CONT'D)

(a) Business Segments

|                               | ICT Services<br>and<br>Distribution<br>RM'000 | Other<br>RM'000 | Inter-<br>Segment<br>Elimination<br>RM'000 | Total<br>RM'000 |
|-------------------------------|---|-----------------|--|-----------------|
| <b>The Group</b>              |   |                 |  |                 |
| <b>At 31 December 2012</b>    |   |                 |  |                 |
| <b>Revenue</b>                |   |                 |  |                 |
| External revenue              | 110,086                                       | -               | -  | 110,086         |
| Inter-segment revenue         | -   | 26,700          | (26,700)                                   | -               |
| Segment revenue               | 110,086                                       | 26,700          | (26,700)                                   | 110,086         |
| <b>Results</b>                |   |                 |  |                 |
| Segment results               | 39,591  | 23,889          | (26,700)                                   | 36,780          |
| Finance costs                 |   |                 |  | (178)           |
| Profit before tax             |   |                 |  | 36,602          |
| Income tax expense            |   |                 |  | 629             |
| Profit after taxation         |   |                 |  | 37,231          |
| <b>Assets</b>                 |   |                 |  |                 |
| Segment assets                | 90,125  | 12,452          | -  | 102,577         |
| Tax recoverable               | -   | 234             | -  | 234             |
|                               | 90,125  | 12,686          | -  | 102,811         |
| <b>Liabilities</b>            |   |                 |  |                 |
| Segment liabilities           | 22,487  | 560             | -  | 23,047          |
| Tax payable                   | 38  | -               | -  | 38              |
|                               | 22,525  | 560             | -  | 23,085          |
| <b>Other information</b>      |   |                 |  |                 |
| Depreciation and amortisation | 1,366   | 6               | -  | 1,372           |
| Capital expenditure:          |   |                 |  |                 |
| - Property and equipment      | 2,589   | 183             | -  | 2,772           |

# Notes to the Financial Statements

for the financial year ended 31 December 2012

## 33. SEGMENTAL INFORMATION (CONT'D)

### (a) Business Segments (Cont'd)

| The Group                     | ICT Services<br>and<br>Distribution<br>RM'000 | Other<br>RM'000 | Inter-<br>Segment<br>Elimination<br>RM'000 | Total<br>RM'000 |
|-------------------------------|---|-----------------|--|-----------------|
| <b>At 31 December 2011</b>    |   |                 |  |                 |
| <b>Revenue</b>                |   |                 |  |                 |
| External revenue              | 111,839                                       | -               | -  | 111,839         |
| Inter-segment revenue         | -   | 12,985          | (12,985)                                   | -               |
| Segment revenue               | 111,839                                       | 12,985          | (12,985)                                   | 111,839         |
| <b>Results</b>                |   |                 |  |                 |
| Segment results               | 34,237  | 9,526           | (8,800)                                    | 34,963          |
| Finance costs                 |   |                 |  | (520)           |
| Profit before tax             |   |                 |  | 34,443          |
| Income tax expense            |   |                 |  | (801)           |
| Profit after taxation         |   |                 |  | 33,642          |
| <b>Assets</b>                 |   |                 |  |                 |
| Segment assets                | 74,891  | 12,321          | -  | 87,212          |
| <b>Liabilities</b>            |   |                 |  |                 |
| Segment liabilities           | 19,353  | 63              | -  | 19,416          |
| Tax payable                   | 409   | 701             | -  | 1,110           |
|                               | 19,762  | 764             | -  | 20,526          |
| <b>Other information</b>      |   |                 |  |                 |
| Depreciation and amortisation | 1,285   | -               | -  | 1,285           |
| Capital expenditure:          |   |                 |  |                 |
| - Property and equipment      | 3,003   | -               | -  | 3,003           |

33. SEGMENTAL INFORMATION (CONT'D)

(b) Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

Geographical information

|                  | Malaysia<br>RM'000 | Export<br>RM'000 | Total<br>RM'000 |
|------------------|--------------------|------------------|-----------------|
| <b>The Group</b> |                    |                  |                 |
| <b>2012</b>      |                    |                  |                 |
| Revenue          | 107,046            | 3,040            | 110,086         |
| <b>2011</b>      |                    |                  |                 |
| Revenue          | 102,491            | 9,348            | 111,839         |

The Group's assets are mainly located in Malaysia and the costs to acquire property and equipment are in Malaysia.

Major Customers

Revenue from two major customers, with revenue equal to or more than 43% of the Group revenue, amounted to RM47,338,000 (2011: RM42,776,000) arising from sales by the ICT services and distribution segment.

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 34. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the financial year:

| Company  | Relationship   |
|--|--|
| Prestariang System Sdn. Bhd. ("PSSB")                | A subsidiary.  |
| Plug & Play Technology Holdings Sdn. Bhd. ("PPTHSB") | A company in which a director, Dato' Mohamed Yunus Ramli bin Abbas, has an interest. |
| AmInvestment Bank Berhad ("ABB")                     | A company in which a director, Dato' Gan Nyap Liou @ Gan Nyap Liow, has an interest. |

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>The Group</b>                          |                |                |                |                |
| Rental of office from:                    |                |                |                |                |
| - PPTHSB                                  | -              | 13             | -              | -              |
| Initial Public Offering ("IPO") expenses: |                |                |                |                |
| - ABB                                     | -              | 1,048          | -              | 1,048          |
| Management fees received/receivable from: |                |                |                |                |
| -PSSB                                     | -              | -              | -              | 4,185          |
| Dividend received from:                   |                |                |                |                |
| -PSSB                                     | -              | -              | <b>26,700</b>  | 8,800          |

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director of that entity.

The remuneration of directors and other members of key management during the year was as follows:-

|                               | The Group      |                | The Company    |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Short-term employees benefits | 1,842          | 2,059          | 1,211          | 889            |
| Post-employments benefits:    |                |                |                |                |
| - defined contribution plan   | 154            | 178            | 82             | 42             |
| - others                      | -              | 52             | -              | 50             |
|                               | <b>1,996</b>   | <b>2,289</b>   | <b>1,293</b>   | <b>981</b>     |

Included in the total key management personnel compensation are:-

|                                      | The Group      |                | The Company    |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Directors' remuneration<br>(Note 27) | 964            | 1,548          | 946            | 859            |

# Notes to the Financial Statements

## for the financial year ended 31 December 2012

### 35. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The details of the significant events subsequent to the financial year are as follows:-

- (i) On 10 January 2013, the Minister of Higher Education granted its approval to PESB, a wholly-owned subsidiary of the Company, to establish a private higher education institution to be known as Universiti Malaysia of Computer Science And Engineering ("UniMy").
- (ii) During the month of February 2013, the Company purchased 950,000 of its own issued ordinary shares of RM0.10 each from the open market at prices ranging from RM1.02 to RM1.04 per share for a total consideration (including transaction costs) of RM975,035. These shares were purchased under the Company's share buy-back scheme and are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

### 36. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared 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 on 20 December 2010.

|                               | The Group      |                | The Company    |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Total retained earnings       |                |                |                |                |
| - Realised                    | 54,912         | 36,736         | 56             | 23             |
| - Unrealised                  | (76)           | 108            | -              | -              |
|                               | 54,836         | 36,844         | 56             | 23             |
| Add: Consolidated adjustments | (2,951)        | 2,010          | -              | -              |
| Retained earnings             | 51,885         | 38,854         | 56             | 23             |

# List of Properties

| No. | Location  | Registered Owner | Tenure   | Built-up Area | Description/ Existing Use                   | Approximate Age of Building (Years) | Net Book Value as at 31.12.12 (RM'000) | Date of Acquisition |
|-----|---|------------------|----------|---------------|---|-------------------------------------|--|---------------------|
| 1.  | 70-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 1,710 sq.ft.  | Office building                             | 4                                   | 250                                    | 4 Sep 2007          |
| 2.  | 71-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 1,710 sq.ft.  | Office building                             | 4                                   | 250                                    | 4 Sep 2007          |
| 3.  | 72-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 1,710 sq.ft.  | Office building                             | 4                                   | 250                                    | 4 Sep 2007          |
| 4.  | 73-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 1,847 sq.ft.  | Office building                             | 4                                   | 301                                    | 4 Sep 2007          |
| 5.  | 72-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 1,446 sq.ft.  | Office building                             | 4                                   | 475                                    | 4 Sep 2007          |
| 6.  | 73-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 2,440 sq.ft.  | Office building/<br>Partially training room | 4                                   | 751                                    | 15 Sep 2007         |
| 7.  | 71-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 1,446 sq.ft.  | Office building                             | 4                                   | 499                                    | 1 Jul 2009          |
| 8.  | 70-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 1,446 sq.ft.  | Office building                             | 4                                   | 499                                    | 1 Jul 2009          |
| 9.  | 73-A, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor | PSSB             | Freehold | 2,440 sq.ft.  | Office building                             | 4                                   | 1,730                                  | 3 Sep 2010          |

PSSB – Prestariang Systems Sdn Bhd

# Analysis of Shareholdings

as at 30 April 2013

## SHARE CAPITAL

|                                  |  |
|----------------------------------|--|
| Authorised share capital         | : RM50,000,000.00 divided into 500,000,000 Ordinary Shares of RM0.10 each  |
| Issued and paid-up share capital | : RM22,000,000.00 divided into 220,000,000 Ordinary Shares of RM0.10 each<br>(including 950,000 treasury shares) |
| Class of share                   | : Ordinary Shares of RM0.10 each   |
| Voting rights                    | : One (1) vote per Ordinary Share  |
| Number of shareholders           | : 2,086  |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings       | No. of Shareholders | %             | No. of Shares      | %             |
|------------------------|---------------------|---------------|--------------------|---------------|
| 1 - 99                 | 4                   | 0.19          | 200                | 0.00          |
| 100 - 1,000            | 169                 | 8.10          | 133,900            | 0.06          |
| 1,001 - 10,000         | 1,162               | 55.70         | 6,826,900          | 3.12          |
| 10,001 - 100,000       | 614                 | 29.43         | 21,981,300         | 10.03         |
| 100,001 - 10,952,499*  | 133                 | 6.38          | 82,993,700         | 37.89         |
| 10,952,500 and above** | 4                   | 0.19          | 107,114,000        | 48.90         |
| <b>Total</b>           | <b>2,086</b>        | <b>100.00</b> | <b>219,050,000</b> | <b>100.00</b> |

Notes :

(\*) Less than 5% of issued and paid-up share capital

(\*\*) 5% and above of issued and paid-up share capital

## SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2013

| Name of Substantial Shareholder      | Direct Interest    |                | Indirect Interest         |                |
|--------------------------------------|--------------------|----------------|---------------------------|----------------|
|                                      | No. of Shares Held | % <sup>1</sup> | No. of Shares Held        | % <sup>1</sup> |
| Dr. Abu Hasan Bin Ismail             | 0                  | 0              | 90,650,700 <sup>(a)</sup> | 41.38          |
| EkoHati Sdn. Bhd.                    | 50,000,900         | 22.83          | 40,649,800 <sup>(b)</sup> | 18.56          |
| Sigma Dedikasi Sdn. Bhd.             | 31,409,800         | 14.34          | 59,240,900 <sup>(c)</sup> | 27.04          |
| Anjakan Evolusi Sdn. Bhd.            | 9,240,000          | 4.22           | 81,410,700 <sup>(d)</sup> | 37.17          |
| Kumpulan Modal Perdana Sdn. Bhd.     | 13,856,000         | 6.33           | 0                         | 0              |
| Minister of Finance, Incorporated    | -                  | -              | 15,753,600 <sup>(e)</sup> | 7.16           |
| Datuk Ir Dr. Ahmad Fikri Bin Hussein | -                  | -              | 31,409,800 <sup>(f)</sup> | 14.34          |
| Shahirul Azian Binti Abu Bakar       | -                  | -              | 90,650,700 <sup>(g)</sup> | 41.38          |
| Zubaidah Binti Ismail                | -                  | -              | 90,650,700 <sup>(h)</sup> | 41.38          |



## SUBSTANTIAL SHAREHOLDERS (CONT'D)

*Notes:*

- (a) Deemed interest by virtue of his interest in EkoHati Sdn Bhd, Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 ("the Act").
- (b) Deemed interest by virtue of Dr. Abu Hasan Bin Ismail's ("Dr. Abu") interest in Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 6A of the Act.
- (c) Deemed interest by virtue of Dr. Abu's interest in EkoHati Sdn. Bhd. and Sigma Dedikasi Sdn. Bhd. pursuant to Section 6A of the Act.
- (d) Deemed interest by virtue of Dr. Abu's interest in EkoHati Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 6A of the Act.
- (e) Deemed interest by virtue of its interest in Kumpulan Modal Perdana Sdn. Bhd. pursuant to Section 6A of the Act.
- (f) Deemed interest by virtue of his interest in Sigma Dedikasi Sdn. Bhd. pursuant to Section 6A of the Act.
- (g) Deemed interest by virtue of the interest of her spouse, Dr. Abu in EkoHati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 6A of the Act.
- (h) Deemed interest by virtue of the interest of her sibling, Dr. Abu in EkoHati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 6A of the Act.
- (1) excluding a total of 950,000 ordinary shares of RM0.10 each bought-back by the Company and retained as treasury shares as at 30 April 2013.

## DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2013

| Name of Directors                   | Direct Interest    |                | Indirect Interest  |                |
|-------------------------------------|--------------------|----------------|--------------------|----------------|
|                                     | No. of Shares Held | % <sup>1</sup> | No. of Shares Held | % <sup>1</sup> |
| Dato' Mohamed Yunus Ramli Bin Abbas | 250,000            | 0.11           | -                  | -              |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | 1,893,000          | 0.86           | -                  | -              |
| Dato' Jaffar Indot                  | 340,000            | 0.16           | 150,000*           | 0.07           |
| Dato' Loy Teik Ngan                 | 275,000            | 0.13           | 1,500,000**        | 0.68           |
| Chan Wan Siew                       | 250,000            | 0.11           | -                  | -              |
| Dato' Maznah Binti Abdul Jalil      | 1,081,000          | 0.49           | 60,000***          | 0.03           |
| Dr. Abu Hasan Bin Ismail            | -                  | -              | 90,650,700****     | 41.38          |

*Notes:*

- (\*) Deemed interest by virtue of his spouse's shareholdings pursuant to Section 134(12)(c) of the Act.
- (\*\*) Deemed interest by virtue of his interest in Taylor's Education Sdn. Bhd. pursuant to Section 6A of the Act.
- (\*\*\*) Deemed interest by virtue of her spouse's shareholdings pursuant to Section 134(12)(c) of the Act.
- (\*\*\*\*) Deemed interest by virtue of his interest in EkoHati Sdn. Bhd., Sigma Dedikasi Sdn Bhd and Anjakan Evolusi Sdn. Bhd. pursuant to Section 6A of the Act.
- (1) excluding a total of 950,000 ordinary shares of RM0.10 each bought-back by the Company and retained as treasury shares as at 30 April 2013.

# Analysis of Shareholdings

as at 30 April 2013

## THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2013

| No. | Securities Account Holders   | No. of Shares | % <sup>1</sup> |
|-----|--|---------------|----------------|
| 1.  | EkoHati Sdn. Bhd.  | 50,000,900    | 22.83          |
| 2.  | Sigma Dedikasi Sdn. Bhd.   | 31,409,800    | 14.34          |
| 3.  | Kumpulan Modal Perdana Sdn. Bhd.   | 13,856,000    | 6.33           |
| 4.  | UOBM Nominees (Tempatan) Sdn. Bhd.<br><i>Exempt An for Areca Capital Sdn. Bhd. (Client A/C 1)</i>                                      | 11,847,300    | 5.41           |
| 5.  | Loet Holding Inc   | 9,300,000     | 4.25           |
| 6.  | Anjakan Evolusi Sdn. Bhd.  | 9,240,000     | 4.22           |
| 7.  | CITIGroup Nominees (Tempatan) Sdn. Bhd.<br><i>Exempt An for American International Assurance Berhad</i>                                | 8,176,200     | 3.73           |
| 8.  | AmanahRaya Trustees Berhad<br><i>Skim Amanah Saham Bumiputera</i>  | 5,000,000     | 2.28           |
| 9.  | HSBC Nominees (Asing) Sdn. Bhd.<br><i>Exempt An for Credit Suisse (SG BR-TST-ASING)</i>  | 2,460,000     | 1.12           |
| 10. | CITIGroup Nominees (Tempatan) Sdn. Bhd.<br><i>Employees Provident Fund Board (PHEIM)</i>   | 2,454,900     | 1.12           |
| 11. | CIMB Group Nominees (Tempatan) Sdn. Bhd.<br><i>AmTrustee Berhad for CIMB Islamic Dali Equity Theme Fund</i>                            | 2,023,700     | 0.92           |
| 12. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br><i>CIMB for Chan Hiok Khiang (PB)</i>  | 2,000,000     | 0.91           |
| 13. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br><i>CIMB for Gan Nyap Liou @ Gan Nyap Liow (PB)</i>   | 1,893,000     | 0.86           |
| 14. | Taylor's Education Sdn. Bhd.   | 1,500,000     | 0.68           |
| 15. | HLIB Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Yeoh Eng Hua</i>   | 1,430,000     | 0.65           |
| 16. | HSBC Nominees (Tempatan) Sdn. Bhd.<br><i>HSBC (M) Trustees Bhd for MAAKL Progress Fund (4082)</i>                                      | 1,197,200     | 0.55           |
| 17. | Yeoh Eng Hua   | 1,172,000     | 0.54           |
| 18. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br><i>Deutsche Trustees Malaysia Berhad for EastSpring Investmentssmall-Cap Fund</i> | 1,051,000     | 0.48           |



## Analysis of Shareholdings as at 30 April 2013

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2013 (CONT'D)

| No.          | Securities Account Holders   | No. of Shares      | % <sup>1</sup> |
|--------------|--|--------------------|----------------|
| 19.          | CIMSEC Nominee (Tempatan) Sdn. Bhd.<br><i>Bank of Singapore LTD for Mohd Omar Bin Mustapha</i>                     | 1,000,000          | 0.46           |
| 20.          | RHB Capital Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Fong Siling (CEB)</i>               | 1,000,000          | 0.46           |
| 21.          | Maznah Binti Abdul Jalil   | 844,000            | 0.39           |
| 22.          | HLB Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Yeoh Poh Choo</i>                           | 830,000            | 0.38           |
| 23.          | Teh Beng Khim  | 812,300            | 0.37           |
| 24.          | HSBC Nominees (Asing) Sdn. Bhd.<br><i>HSBC-FS for OSK Fideus Asia and Emerging Markets Value Fund LTD</i>          | 800,000            | 0.37           |
| 25.          | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br><i>CIMB Bank for Chia Ai Seng (M28033)</i>                                 | 760,000            | 0.35           |
| 26.          | AIBB Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Yeoh Poh Choo</i>                          | 736,000            | 0.34           |
| 27.          | Cartaban Nominees (Asing) Sdn. Bhd.<br><i>Exempt an for Daiwa Capital Markets Singapore Limited (Trustaccount)</i> | 705,700            | 0.32           |
| 28.          | CITIGroup Nominees (Tempatan) Sdn. Bhd.<br><i>ING Insurance Berhad (Unitlink-AE)</i>                               | 674,800            | 0.31           |
| 29.          | CITIGroup Nominees (Tempatan) Sdn. Bhd.<br><i>ING Insurance Berhad (Unitlink-AB)</i>                               | 667,200            | 0.30           |
| 30.          | Yeoh Eng Hua   | 660,000            | 0.30           |
| <b>Total</b> |  | <b>165,502,000</b> | <b>75.55</b>   |

(1) *excluding a total 950,000 ordinary shares of RM0.10 each bought-back by the Company and retained as treasury shares as at 30 April 2013.*

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Third Annual General Meeting (“3<sup>rd</sup> AGM”) of the Company will be held at Banquet Hall, Level 1, Main Lobby Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 12 June 2013 at 10:00 a.m. for the following purposes :-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Notes to Notice of 3<sup>rd</sup> AGM No. 7)**
2. To approve the payment of Directors’ fees for the financial year ended 31 December 2012. **(Resolution 1)**
3. To re-elect Dato’ Loy Teik Ngan, who is retiring pursuant to Article 95 of the Company’s Articles of Association and being eligible, has offered himself for re-election. **(Resolution 2)**
4. To re-elect Dato’ Maznah Binti Abdul Jalil, who is retiring pursuant to Article 97 of the Company’s Articles of Association and being eligible, has offered herself for re-election. **(Resolution 3)**
5. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 :-  
**(Resolution 4)**  
“**THAT** Dato’ Jaffar Indot, who is retiring at the conclusion of this Annual General Meeting pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting.”
6. To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 5)**

### As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:-

7. **ORDINARY RESOLUTION NO. 1**  
**- AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **(Resolution 6)**

“**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons 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 and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

**AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

8. **ORDINARY RESOLUTION NO. 2**  
**- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**(Resolution 7)**

“**THAT** subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, if applicable, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:

- (i) the aggregate number of shares purchased does not exceed 10% of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) an amount not exceeding the Company’s audited retained profit of RM56,000.00 and/or the share premium account of RM16,632,000.00 for the financial year ended 31 December 2012 at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

**THAT** authority conferred by this Resolution shall commence immediately upon the passing of this Resolution and will only continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution, passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting, whichever occurs first;

**AND THAT** authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase.”

## Notice of Annual General Meeting

9. **SPECIAL RESOLUTION:  
- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

**(Resolution 8)**

**THAT** the Proposed Amendments to the Company's Articles of Association as set out in Part B of the Circular to Shareholders dated 21 May 2013 be and are hereby approved and adopted;

**AND THAT** the Directors and Secretaries of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments of the Company's Articles of Association.

10. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**

**CHIN MUN YEE (MAICSA 7019243)**

Company Secretaries

Kuala Lumpur

Dated: 21 May 2013

# Notice of Annual General Meeting

## NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 5 June 2013 ("General Meeting Record of Depositories") shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the Meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
7. This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

# Notice of Annual General Meeting

## 8. Explanatory Note to Special Business :-

### (i) **Resolution 6 – Authority pursuant to Section 132D of the Companies Act, 1965**

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the 3<sup>rd</sup> AGM of the Company (hereinafter referred to as the “General Mandate”).

The Company had been granted a general mandate by its shareholders at the Second Annual General Meeting (“2<sup>nd</sup> AGM”) of the Company held on 20 June 2012. (hereinafter referred to as the “Previous Mandate”)

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

### (ii) **Resolution 7 – Authority to renew the purchase of the Company’s own shares (hereinafter referred to as “Renewal of Share Buy-back Authority”)**

The Renewal of Share Buy-back Authority is to renew the authority granted by the shareholders of the Company at the 2<sup>nd</sup> AGM of the Company held on 20 June 2012. The proposed renewal will allow the Company to purchase its own shares up to 10% of the total issued and paid-up share capital of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to Part A of the Circular to Shareholders dated 21 May 2013 for more information.

### (iii) **Resolution 8 – Proposed Amendments to the Articles of Association of the Company (hereinafter referred to as “the Proposed Amendments”)**

The Proposed Amendments are to streamline the Company’s Articles of Association to be aligned with the recent amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to Part B of the Circular to Shareholders dated 21 May 2013 for more information.





**PRESTARIANG BERHAD**

[Company No. 922260-K]

[Incorporated in Malaysia]

**Form of Proxy**

PRESTARIANG®

|                           |  |
|---------------------------|--|
| CDS Account No.           |  |
| Number of ordinary shares |  |

\*I/We, (full name) \_\_\_\_\_ bearing \*NRIC No./Passport No./Company No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a \*member/members of Prestariang Berhad ("the Company") hereby appoint:

First Proxy "A"

|              |                    |                             |   |
|--------------|--------------------|-----------------------------|---|
| Full Name    | NRIC/ Passport No. | Proportion of Shareholdings |   |
|              |                    | No. of Shares               | % |
| Full Address |                    |                             |   |

and/or failing \*him/her,

Second Proxy "B"

|              |                    |                             |   |
|--------------|--------------------|-----------------------------|---|
| Full Name    | NRIC/ Passport No. | Proportion of Shareholdings |   |
|              |                    | No. of Shares               | % |
| Full Address |                    |                             |   |

# to put on a separate sheet where there are more than two (2) proxies

\_\_\_\_\_

100%

or failing \*him/her, the \*Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Third Annual General Meeting of the Company to be held at Banquet Hall, Level 1, Main Lobby Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 12 June 2013 at 10:00 a.m. and at any adjournment thereof.

In the case of a vote by a show of hands, my proxy \_\_\_\_\_ (one only) shall vote on \*my/our behalf.

My/our proxy/proxies shall vote as follows:

*(Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at \*his/her discretion.)*

| Item                    | Agenda   | Resolution | For | Against |
|-------------------------|--|------------|-----|---------|
| 1.                      | To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon. |            |     |         |
| 2.                      | To approve the payment of Directors' fees.   | 1          |     |         |
| 3.                      | To re-elect Dato' Loy Teik Ngan as Director.   | 2          |     |         |
| 4.                      | To re-elect Dato' Maznah Binti Abdul Jalil as Director.  | 3          |     |         |
| 5.                      | To re-appoint Dato' Jaffar Indot as Director.  | 4          |     |         |
| 6.                      | To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.                                       | 5          |     |         |
| <b>Special Business</b> |  |            |     |         |
| 7.                      | Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.   | 6          |     |         |
| 8.                      | Proposed renewal of share buy-back authority.  | 7          |     |         |
| 9.                      | Proposed amendments to the Articles of Association of the Company.   | 8          |     |         |

As witness my/our hand(s) this day \_\_\_\_\_ of \_\_\_\_\_, 2013.

\_\_\_\_\_  
\*Signature of Member/Common Seal

\* Strike out whichever not applicable

**Notes :-**

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5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

*fold here*

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Stamp

To:

**Symphony Share Registrars Sdn Bhd**

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

*fold here*

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70-73, NeoCyber,  
Lingkar Cyber Point Barat  
63000 Cyberjaya, Selangor Darul Ehsan

Tel : (03) 8314 8400

Fax : (03) 8318 9280

E-mail: [inquiry@prestariang.com.my](mailto:inquiry@prestariang.com.my)

[www.prestariang.com.my](http://www.prestariang.com.my)