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 30 September 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the development and provision of IT learning programs and educational services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit/(Loss) after taxation for the financial year	991,908	(1,648,926)
Attributable to:-		
Owners of the Company	998,403	(1,648,926)
Non-controlling interests	(6,495)	-
	991,908	(1,648,926)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

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 there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional 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 of the Group and of the Company 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.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 35(d) to the financial statements. At the date of this report, there does not exist:-

(i) 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

(ii) 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.

CHANGE OF CIRCUMSTANCES

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

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:-

LIM BENG WEH
DATUK YAACOB BIN WAN IBRAHIM
DATO' MOHD ARIFF BIN ARAFF
LIM EEN HONG
LIM SOON SEONG

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.10.2012	BOUGHT	SOLD	AT 30.9.2013
THE CORPORATE SHAREHOLDER - VICTORY SOLUTIONS (M) SDN. BHD. ("VSM")				
DIRECT INTEREST				
LIM EEN HONG	55,000	-	-	55,000
THE COMPANY				
INDIRECT INTEREST				
LIM EEN HONG	88,567,214	-	-	88,567,214

DIRECTORS' INTERESTS (CONT'D)

By virtue of his shareholding in a corporate shareholder, Lim Een Hong is deemed to have interests in shares in the Company and its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are disclosed in Note 37 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 28 JANUARY 2014

Lim Een Hong

Lim Soon Seong

STATEMENT BY DIRECTORS

We, Lim Een Hong and Lim Soon Seong, being two of the directors of Eduspec Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 11 to 99 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 of affairs of the Group and of the Company at 30 September 2013 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 38, 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 IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 JANUARY 2014**

Lim Een Hong **Lim Soon Seong**

STATUTORY DECLARATION

I, Lim Een Hong, I/C No. 670728-04-5467 being the director primarily responsible for the financial management of Eduspec Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 99 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
Lim Een Hong, I/C No. 670728-04-5467
at Kuala Lumpur in the Federal Territory
on this 28 January 2014

Lim Een Hong

Before me
Datin Hajah Raihela Wanchik (W-275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EDUSPEC HOLDINGS BERHAD
(Incorporated in Malaysia)
Company No : 646756 - X

Report on the Financial Statements

We have audited the financial statements of Eduspec Holdings Berhad, which comprise the statements of financial position as at 30 September 2013 of the Group and of the Company, and the statements of profit or loss and other 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 11 to 99.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

EDUSPEC HOLDINGS BERHAD (CONT'D)

(Incorporated in Malaysia)
Company No : 646756 - X

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 30 September 2013 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

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

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

The supplementary information set out in Note 38 on page 100 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUSPEC HOLDINGS BERHAD (CONT'D)

(Incorporated in Malaysia)
Company No : 646756 - X

Other Matters

(1) As stated in the Note 3(A)(i) to the financial statements, Eduspec Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 October 2012 with a transition date of 1 October 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 September 2012 and 1 October 2011, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 September 2012 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 30 September 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2012 do not contain misstatements that materially affect the financial position as of 30 September 2013 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: 2271/10/15 (J)
Chartered Accountant

28 January 2014

Kuala Lumpur

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2013

	NOTE	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
ASSETS				
NON-CURRENT ASSETS				
Investments in associates	6	351,443	224,566	-
Equipment	7	4,216,199	3,996,934	4,218,165
Intangible assets	8	6,140,821	4,918,489	4,106,642
Goodwill on consolidation	9	292,853	292,853	292,853
		11,001,316	9,432,842	8,617,660
CURRENT ASSETS				
Inventories	10	1,007,335	1,123,167	891,342
Trade receivables	11	9,036,691	4,232,903	4,159,277
Other receivables, deposits and prepayments	12	4,216,308	3,742,444	2,399,741
Amount owing by associates	14	809,975	591,432	-
Tax recoverable		588,062	475,875	495,076
Fixed deposits with licensed banks	15	1,886,707	1,753,789	1,937,987
Cash and bank balances		939,603	1,753,088	2,638,347
		18,484,681	13,672,698	12,521,770
TOTAL ASSETS		29,485,997	23,105,540	21,139,430

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2013 (CONT'D)

	NOTE	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	16	38,333,333	38,333,333	36,703,333
Reserves	17	(22,594,781)	(23,408,015)	(22,148,942)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		15,738,552	14,925,318	14,554,391
NON-CONTROLLING INTERESTS		173,502	179,997	183,382
TOTAL EQUITY		15,912,054	15,105,315	14,737,773
NON-CURRENT LIABILITIES				
Long-term borrowings	18	377,756	58,066	45,616
Deferred taxation	19	519,664	610,340	661,264
		897,420	668,406	706,880
CURRENT LIABILITIES				
Trade payables	22	3,550,181	1,141,233	538,611
Other payables and accruals	23	5,172,696	4,505,022	3,388,498
Amount owing to associates	14	37,749	-	-
Short-term borrowings	24	1,057,700	17,796	13,336
Bank overdrafts	25	2,822,192	1,666,379	1,737,798
Provision for taxation		36,005	1,389	16,534
		12,676,523	7,331,819	5,694,777
TOTAL LIABILITIES		13,573,943	8,000,225	6,401,657
TOTAL EQUITY AND LIABILITIES		29,485,997	23,105,540	21,139,430

EDUSPEC HOLDINGS BERHAD
(Incorporated in Malaysia)
Company No : 646756 - X

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	NOTE	2013 RM	2012 RM
REVENUE	26	34,292,819	29,186,033
COST OF SALES		(21,918,251)	(18,442,690)
GROSS PROFIT		12,374,568	10,743,343
OTHER INCOME		3,613,752	2,066,786
		15,988,320	12,810,129
ADMINISTRATIVE EXPENSES		(10,066,249)	(6,905,033)
SELLING AND DISTRIBUTION EXPENSES		(2,401,993)	(2,449,016)
OTHER EXPENSES		(2,326,775)	(2,731,745)
FINANCE COSTS		(244,734)	(125,310)
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		109,278	54,404
PROFIT BEFORE TAXATION	27	1,057,847	653,429
INCOME TAX EXPENSE	28	(65,939)	(152,627)
PROFIT AFTER TAXATION		991,908	500,802
OTHER COMPREHENSIVE INCOME - Foreign currency translation differences		(185,169)	(133,260)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		806,739	367,542

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

	NOTE	2013 RM	2012 RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:			
Owners of the Company		998,403	504,187
Non-controlling interests		(6,495)	(3,385)
		991,908	500,802
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		813,234	370,927
Non-controlling interests		(6,495)	(3,385)
		806,739	367,542
EARNINGS PER SHARE (SEN)			
- Basic	29	0.26	0.14
- Diluted	29	0.26	0.13

EDUSPEC HOLDINGS BERHAD
(Incorporated in Malaysia)
Company No : 646756 - X

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

		← Non-Distributable Reserves →					Distributable Reserves			
	Share Capital RM	Share Premium RM	Reverse Acquisition Reserve RM	Capital Redemption Reserve RM	Contingent Consideration Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.10.2011	36,703,333	2,882,056	(18,570,000)	546,778	978,000	(119,566)	(7,866,210)	14,554,391	183,382	14,737,773
Profit after taxation for the financial year	-	-	-	-	-	-	504,187	504,187	(3,385)	500,802
Other comprehensive income for the financial year: - Foreign currency translation differences	-	-	-	-	-	(133,260)	-	(133,260)	-	(133,260)
Total comprehensive income for the financial year	-	-	-	-	-	(133,260)	504,187	370,927	(3,385)	367,542
Contributions by and distributions to owners of the Company: - Realisation pursuant to performance shares consideration	1,630,000	-	-	-	(978,000)	-	(652,000)	-	-	-
Balance at 30.9.2012	38,333,333	2,882,056	(18,570,000)	546,778	-	(252,826)	(8,014,023)	14,925,318	179,997	15,105,315

EDUSPEC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 646756 - X

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

		← Non-Distributable Reserves →					Distributable Reserves			
	Share Capital RM	Share Premium RM	Reverse Acquisition Reserve RM	Capital Redemption Reserve RM	Contingent Consideration Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 30.9.2012/1.10.2012	38,333,333	2,882,056	(18,570,000)	546,778	-	(252,826)	(8,014,023)	14,925,318	179,997	15,105,315
Profit after taxation for the financial year	-	-	-	-	-	-	998,403	998,403	(6,495)	991,908
Other comprehensive income for the financial year:										
- Foreign currency translation differences	-	-	-	-	-	(185,169)	-	(185,169)	-	(185,169)
Total comprehensive income for the financial year	-	-	-	-	-	(185,169)	998,403	813,234	(6,495)	806,739
Balance at 30.9.2013	38,333,333	2,882,056	(18,570,000)	546,778	-	(437,995)	(7,015,620)	15,738,552	173,502	15,912,054

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,057,847	653,429
Adjustments for:-		
Amortisation of intangible assets	1,199,840	634,103
Depreciation of equipment	1,599,327	1,700,222
Equipment written off	116	-
Impairment losses on:		
- trade receivables	-	76,383
- other receivables	26,743	50,669
Interest expense	244,734	125,310
Inventories written off	1,368	1,974
Gain on disposal of equipment	(1,443)	(9,877)
Interest income	(53,171)	(55,639)
Share of results in associates	(109,278)	(54,404)
Unrealised foreign exchange gain	(345,115)	(171,472)
Writeback of impairment losses on:		
- trade receivables	(8,495)	(40,000)
- other receivables	(50,669)	-
Operating profit before working capital changes	3,561,804	2,910,698
Decrease/(Increase) in inventories	114,464	(233,799)
Increase in trade and other receivables	(4,716,331)	(1,450,184)
Increase in trade and other payables	2,665,023	1,706,427
Increase in amount owing to associates	37,749	-
CASH FROM OPERATIONS	1,662,709	2,933,142
Interest paid	(244,734)	(125,310)
Income tax paid	(234,180)	(199,402)
NET CASH FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	1,183,795	2,608,430

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

	NOTE	2013 RM	2012 RM
NET CASH FROM OPERATING ACTIVITIES/ BALANCE BROUGHT FORWARD		1,183,795	2,608,430
CASH FLOWS FOR INVESTING ACTIVITIES			
Addition of intangible assets		(2,768,193)	(1,443,885)
Advances to associates		(218,543)	(591,432)
Investments in associates		-	(184,841)
Interest received		53,171	55,639
Proceeds from disposal of equipment		3,430	10,600
Purchase of equipment	30	(326,470)	(1,440,603)
NET CASH FOR INVESTING ACTIVITIES		(3,256,605)	(3,594,522)
NET CASH FROM/(FOR) FINANCING ACTIVITIES			
Drawdown of term loans		991,897	-
Repayment of term loans		(743,130)	-
Repayment of hire purchase obligations		(17,015)	(16,090)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		231,752	(16,090)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,841,058)	(1,002,182)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,840,498	2,838,536
EFFECT ON FOREIGN EXCHANGE		4,678	4,144
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31	4,118	1,840,498

EDUSPEC HOLDINGS BERHAD
(Incorporated in Malaysia)
Company No : 646756 - X

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2013

	NOTE	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
ASSETS				
NON-CURRENT ASSETS				
Investments in subsidiaries	5	22,350,003	22,467,642	22,467,642
Investments in associates	6	45	45	-
Equipment	7	27,072	23,711	28,923
		22,377,120	22,491,398	22,496,565
CURRENT ASSETS				
Other receivables, deposits and prepayments	12	53,529	35,877	134,270
Amount owing by subsidiaries	13	2,134,018	2,234,129	443
Amount owing by associates	14	801,000	585,000	-
Tax recoverable		155,160	134,375	134,375
Cash and bank balances		6,002	33,734	36,597
		3,149,709	3,023,115	305,685
TOTAL ASSETS		25,526,829	25,514,513	22,802,250
EQUITY AND LIABILITY				
EQUITY				
Share capital	16	38,333,333	38,333,333	36,703,333
Reserves	17	(25,255,483)	(23,606,557)	(20,158,828)
TOTAL EQUITY		13,077,850	14,726,776	16,544,505
CURRENT LIABILITIES				
Other payables and accruals	23	765,600	773,800	467,303
Amount owing to subsidiaries	13	10,686,083	10,013,937	5,790,442
Bank overdrafts	25	997,296	-	-
TOTAL LIABILITY		12,448,979	10,787,737	6,257,745
TOTAL EQUITY AND LIABILITY		25,526,829	25,514,513	22,802,250

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	NOTE	2013 RM	2012 RM
REVENUE	26	-	-
OTHER INCOME		2,617,926	1,731,435
		2,617,926	1,731,435
ADMINISTRATIVE EXPENSES		(3,279,251)	(2,635,987)
SELLING AND DISTRIBUTION EXPENSES		(13,542)	(73,651)
OTHER EXPENSES		(972,971)	(839,526)
FINANCE COSTS		(1,088)	-
LOSS BEFORE TAXATION	27	(1,648,926)	(1,817,729)
INCOME TAX EXPENSE	28	-	-
LOSS AFTER TAXATION		(1,648,926)	(1,817,729)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(1,648,926)	(1,817,729)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-			
Owners of the Company		(1,648,926)	(1,817,729)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-			
Owners of the Company		(1,648,926)	(1,817,729)

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

EDUSPEC HOLDINGS BERHAD
(Incorporated in Malaysia)
Company No : 646756 - X

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	SHARE CAPITAL RM	SHARE PREMIUM RM	CONTINGENT CONSIDERATION RESERVE RM	ACCUMULATED LOSSES RM	TOTAL EQUITY RM
Balance at 1.10.2011	36,703,333	12,148,237	978,000	(33,285,065)	16,544,505
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	(1,817,729)	(1,817,729)
Contributions by and distributions to owners of the Company:					
- Realisation pursuant to performance shares consideration	1,630,000	-	(978,000)	(652,000)	-
Balance at 30.9.2012/1.10.2012	38,333,333	12,148,237	-	(35,754,794)	14,726,776
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	(1,648,926)	(1,648,926)
Balance at 30.9.2013	38,333,333	12,148,237	-	(37,403,720)	13,077,850

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	NOTE	2013 RM	2012 RM
CASH FLOWS FOR OPERATING ACTIVITIES			
Loss before taxation		(1,648,926)	(1,817,729)
Adjustments for:-			
Depreciation of equipment		18,524	16,948
Impairment losses on:			
- amount owing by subsidiaries		836,808	822,578
- investments in subsidiaries		117,639	-
Interest expense		1,088	-
Writeback of impairment losses:			
- amount owing by subsidiaries		(329,109)	-
Operating loss before working capital changes		(1,003,976)	(978,203)
(Increase)/Decrease in other receivables		(17,652)	98,393
(Decrease)/Increase in other payables		(8,200)	306,497
CASH FOR OPERATIONS		(1,029,828)	(573,313)
Interest paid		(1,088)	-
Income tax paid		(20,785)	-
NET CASH FOR OPERATING ACTIVITIES		(1,051,701)	(573,313)
CASH FLOWS FOR INVESTING ACTIVITIES			
Advances to subsidiaries		(407,588)	(3,056,264)
Advances to associates		(216,000)	(585,000)
Investments in associates		-	(45)
Purchase of equipment	30	(21,885)	(11,736)
NET CASH FOR INVESTING ACTIVITIES		(645,473)	(3,653,045)
BALANCE CARRIED FORWARD		(1,697,174)	(4,226,358)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

	NOTE	2013 RM	2012 RM
BALANCE BROUGHT FORWARD		(1,697,174)	(4,226,358)
NET CASH FROM FINANCING ACTIVITY			
Advances from subsidiaries		672,146	4,223,495
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,025,028)	(2,863)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		33,734	36,597
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31	(991,294)	33,734

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 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.
Principal place of business	:	Level 2, Pacific Office Building, No. 18, Jalan Pemaju U1/15, Hicom-Glenmarie Industrial Park, Section U1, 40150 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 January 2014.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the development and provision of IT learning programs and educational services. The principal activities of the subsidiaries are disclosed 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 ACCOUNTING

(A) Basis of Preparation

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 ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3. BASIS OF ACCOUNTING (CONT'D)

(A) Basis of Preparation (Cont'd)

(i) 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.

(ii) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) 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 Measurement	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 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015

3. BASIS OF ACCOUNTING (CONT'D)

(A) Basis of Preparation (Cont'd)

(ii)

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
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 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Interpretation 21 Levies	1 January 2014
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. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosure.

3. BASIS OF ACCOUNTING (CONT'D)

(A) Basis of Preparation (Cont'd)

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

(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. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(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.

(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 disclosure.

(v) The amendments to MFRS 7 (Disclosures - Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosure.

3. BASIS OF ACCOUNTING (CONT'D)

(A) Basis of Preparation (Cont'd)

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

(vi) 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.

(B) Reverse Acquisition

On 1 March 2010, the Company acquired a 77.78% equity interest in Eduspec Sdn. Bhd. ("ESB") for a total purchase consideration of RM17,350,000. The purchase consideration was satisfied as follows:

(i) a total cash consideration of RM800,000;

(ii) the issuance of 137,000,000 ordinary shares of RM0.10 each at par by the Company for a consideration of RM13,700,000; and

(iii) the issuance of performance shares up to 47,500,000 ordinary shares of RM0.06 each by the Company for a consideration of RM2,850,000, if subsequent profitability is achieved by ESB in the financial year ended 30 September 2009 and for the financial years ending 30 September 2010 and 2011 as laid out in the Share Sale Agreements.

Upon completion of the acquisition, the Company became the legal holding company of ESB whereas the former shareholders of ESB to whom the 137,000,000 shares were allotted became the majority shareholders of the Company. In accordance with MFRS 3 Business Combinations, the substance of such business combination between the Company and ESB constituted a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be ESB (the legal subsidiary) and the Company (the holding company).

3. BASIS OF ACCOUNTING (CONT'D)

(B) Reverse Acquisition (Cont'd)

Under the reverse acquisition accounting, the consolidated financial statements, although issued under the name of the legal holding company, the Company, represent a continuation of the financial statements of the legal subsidiary, ESB. Accordingly, the consolidated financial statements set out on pages 11 to 18 together with the notes thereto cover ESB (as the accounting acquirer) and the Company (as the accounting acquiree) together with their other subsidiaries.

The reverse acquisition accounting does not apply in the separate financial statements of the Company set out on pages 19 to 23 together with the notes thereto. The reporting period of the Company is the same with that of the Group in the current and previous financial years.

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 Equipment

The estimates for the residual values, useful lives and related depreciation charges for the 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 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.

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.

(iv) Amortisation of Development Costs

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

(v) Allowance for Slow-Moving 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(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 judgment 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) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(viii) 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

All business combinations are accounted for using the purchase method which requires the identification of an acquirer for accounting purposes. As explained in Note 3(B) to the financial statements, the Group adopts the reverse acquisition accounting in preparing the consolidated financial statements which incorporate the financial statements of Eduspec Sdn. Bhd. (as the accounting acquirer) and the Company together with its other subsidiaries (as the accounting acquiree).

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(iv) Loss of Control

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.

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) 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 Group 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) Functional and Foreign Currencies (Cont'd)

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(e) Financial Instruments

Financial instruments are recognised in the statements of 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(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, loans 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(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.

(f) Equipment

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:-

Motor vehicles	20%
Office and lab equipments, furniture and fittings	10% - 33.33%
Computers, software and peripherals	20% - 50%
Educational tools	20% - 33.33%
Renovation	10% - 33.33%
Electrical installation	10% - 20%

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

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 equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Equipment (Cont'd)

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 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 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) Intangible Assets

(i) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible Assets (Cont'd)

(i) Research and Development Expenditure (Cont'd)

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 5 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.

(ii) Licence Fee

The licence fee is stated at cost less accumulated amortisation and impairment losses, if any.

The licence fee is amortised on a straight-line basis and the principal amortisation rate used for this purpose is 20%.

In the event that the expected future economic benefits are no longer probable of being recovered, the licence fee is written down to its recoverable amount.

(h) 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 their 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)

(i) Investments in Associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Group and 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.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 30 September 2013. The Group's share of the post-acquisition profits of the associate is included in the consolidated statement of profit or loss and other comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

When the Group's share of loss exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

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

(j) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

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

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(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.

(k) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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.

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.

(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 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) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income Taxes (Cont'd)

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.

(o) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of 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.

(p) 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)

(q) Employee 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, where appropriate, 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, where appropriate, 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.

(r) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Related Parties (Cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies (Cont'd):-

(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.
(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.

(s) Operating Segments

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

(t) Revenue and Other Income

(i) Sale of Goods

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

(ii) School Fees and Services

School fees and services are recognised upon rendering of services and when the outcome of the transactions 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue and Other Income (Cont'd)

(iii) Deferred Income

Revenue invoiced in advance is deferred and recognised as revenue upon provision of the service.

(iv) Rental Income

Rental income is recognised on an accrual basis.

(v) Interest Income

Interest income is recognised on an accrual basis.

(vi) Management Fee

Management fee is recognised on an accrual basis.

(vii) Royalty Income

Royalty income is recognised on an accrual basis.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2013 RM	2012 RM
Unquoted shares, at cost		
At 1 October	35,979,483	35,979,483
Accumulated impairment losses	(13,629,480)	(13,511,841)
At 30 September	22,350,003	22,467,642

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	THE COMPANY 2013 RM	THE COMPANY 2012 RM
Accumulated impairment losses:-		
At 1 October	(13,511,841)	(13,511,841)
Impairment loss during the financial year	(117,639)	-
At 30 September	(13,629,480)	(13,511,841)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
Direct Subsidiaries:-				
Litespeed Education Pte. Ltd.*	Singapore	100	100	Provision of educational services.
Eduspec Pte. Ltd.*	Singapore	100	100	Provision of IT consultancy activities, IT development and other IT and computer related services.
Litespeed Education Programmes Sdn. Bhd.	Malaysia	100	100	Provision of educational services.
Eduspec Sdn. Bhd.	Malaysia	100	100	Investment holding.
Held by Eduspec Sdn. Bhd.:-				
Dynabook Computer Centre (Perak) Sdn. Bhd.	Malaysia	92.67	92.67	Providing computer training and trading in computer and computer peripherals.
Dynabook Computer Centre (Melaka) Sdn. Bhd.	Malaysia	82.67	82.67	Providing child enrichment programs.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2013 %	2012 %	Principal Activities
Held by Eduspec Sdn. Bhd.:-				
Dynabook Computer Centre (Sarawak) Sdn. Bhd.	Malaysia	100	100	Providing computer training and trading in computer and computer peripherals.
Eduspec International Education Cultural Network Sdn. Bhd. (formerly known as Dynabook Computer Centre (Kedah) Sdn. Bhd.)	Malaysia	100	100	Providing child enrichment programs.
Dynabook Computer Centre (Penang) Sdn. Bhd.	Malaysia	100	100	Providing computer training and trading in computer peripherals.
Dynabook Computer Centre (Pantai Timur) Sdn. Bhd.	Malaysia	90.53	90.53	Providing child enrichment programs.
Dynabook Computer Centre (M) Sdn. Bhd.	Malaysia	100	100	Providing computer course, trading and renting of computers, educational software and books.
DGB Education Sdn. Bhd.	Malaysia	100	100	Trading and development of educational software, technical books and computer courses.
Creative Educare (M) Sdn. Bhd.	Malaysia	100	100	Marketing and operating of robotics for school programs and other related enrichment programs.
Open Academic Systems Sdn. Bhd.	Malaysia	100	100	Providing research and develop educational software and technical books.
Digital IT Solutions Sdn. Bhd.	Malaysia	100	100	Trading in computer and peripherals, and technical maintenance support activities.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2013 %	2012 %	Principal Activities
Held by Eduspec Sdn. Bhd.:-				
Time Communication Partners Sdn. Bhd.	Malaysia	97	97	Investment holding.
Dynakids Sdn. Bhd.	Malaysia	100	100	Provision and operation of IT learning for the pre-school market and related activities.
DES Sdn. Bhd.	Malaysia	100	100	Research and development of courseware on robotics for school programs and other related enrichment programs.
Dynabook Computer Centre (N.S.) Sdn. Bhd.	Malaysia	100	100	Providing computer training and trading in computer peripherals.
Time IT In E (N.S.) Sdn. Bhd.	Malaysia	100	100	Providing computer training and trading in computer peripherals.
Dynabook Computer Centre (Sabah) Sdn. Bhd.	Malaysia	100	100	Providing computer training and trading in computer peripherals.
Time IT In E (Sabah) Sdn. Bhd.	Malaysia	100	100	Distribution of information technology related products.

* Not audited by Messrs. Crowe Horwath.

6. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Unquoted shares in Malaysia, at cost	187,760	187,760	45	45
Share of post-acquisition profits	163,683	36,806	-	-
	351,443	224,566	45	45

(a) The details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
EDM Educational Technology (M) Sdn. Bhd.	Malaysia	45	45	Providing research and development of educational software and technical books.
First Eduspec Inc. *	Philippines	40	40	Providing information outsourcing and consulting services to schools and educational institutions in the Philippines.

* Not audited by Messrs. Crowe Horwath.

(b) The share of results in associates is based on the unaudited financial statements of the associates.

6. INVESTMENTS IN ASSOCIATES (CONT'D)

(c) The summarised unaudited financial statements of the associates are as follows:-

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Assets and liabilities				
Total assets	1,023,301	568,622	670,923	534,610
Total liabilities	868,750	597,471	846,329	570,215
Results				
Revenue	643,687	246,006	231,201	52,424
Profit/(Loss) after taxation	(29,730)	42,793	(139,980)	(35,425)

(d) The Group has not recognised losses relating to EDM Educational Technology (M) Sdn. Bhd., where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM175,406 (2012 - RM35,605), of which RM45 (2012 - RM45) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

7. EQUIPMENT

THE GROUP	AT 1.10.2012 RM	ADDITIONS RM	DISPOSAL RM	WRITTEN OFF	CURRENCY TRANSLATION DIFFERENCES RM	RECLASSIFIED FROM INTANGIBLE ASSETS	DEPRECIATION CHARGE RM	AT 30.9.2013 RM
NET BOOK VALUE								
Motor vehicles	130,934	800	-	-	-	-	(47,517)	84,217
Office and lab equipments, furniture and fittings	1,377,705	241,455	-	(67)	-	-	(311,644)	1,307,449
Computers, software and peripherals	1,337,489	765,386	-	(46)	20,362	346,021	(859,441)	1,609,771
Educational tools	687,504	362,456	(1,987)	-	-	-	(272,968)	775,005
Renovation	318,412	41,878	-	-	-	-	(77,005)	283,285
Electrical installation	144,890	42,337	-	(3)	-	-	(30,752)	156,472
	3,996,934	1,454,312	(1,987)	(116)	20,362	346,021	(1,599,327)	4,216,199

7. EQUIPMENT (CONT'D)

	AT 1.10.2011 RM	ADDITIONS RM	DISPOSALS RM	CURRENCY TRANSLATION DIFFERENCES RM	DEPRECIATION CHARGE RM	AT 30.9.2012 RM
THE GROUP						
NET BOOK VALUE						
Motor vehicles	138,540	53,230	(1)	-	(60,835)	130,934
Office and lab equipments, furniture and fittings	1,502,674	188,134	-	6	(313,109)	1,377,705
Computers, software and peripherals	1,405,212	877,365	(722)	6,105	(950,471)	1,337,489
Educational tools	667,561	245,339	-	-	(225,396)	687,504
Renovation	375,771	56,246	-	-	(113,605)	318,412
Electrical installation	128,407	53,289	-	-	(36,806)	144,890
	4,218,165	1,473,603	(723)	6,111	(1,700,222)	3,996,934

7. EQUIPMENT (CONT'D)

THE GROUP	AT COST RM	ACCUMULATED IMPAIRMENT LOSS RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 30.9.2013				
Motor vehicles	571,183	-	(486,966)	84,217
Office and lab equipments, furniture and fittings	5,198,966	-	(3,891,517)	1,307,449
Computers, software and peripherals	13,583,112	-	(11,973,341)	1,609,771
Educational tools	1,938,217	-	(1,163,212)	775,005
Renovation	1,417,978	(100,340)	(1,034,353)	283,285
Electrical installation	460,791	-	(304,319)	156,472
	23,170,247	(100,340)	(18,853,708)	4,216,199
AT 30.9.2012				
Motor vehicles	570,383	-	(439,449)	130,934
Office and lab equipments, furniture and fittings	4,984,467	-	(3,606,762)	1,377,705
Computers, software and peripherals	12,261,895	-	(10,924,406)	1,337,489
Educational tools	1,578,692	-	(891,188)	687,504
Renovation	1,376,100	(100,340)	(957,348)	318,412
Electrical installation	415,533	-	(270,643)	144,890
	21,187,070	(100,340)	(17,089,796)	3,996,934

7. EQUIPMENT (CONT'D)

THE COMPANY	AT 1.10.2012 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 30.9.2013 RM
NET BOOK VALUE				
Computers, software and peripherals	20,642	13,620	(14,441)	19,821
Office and lab equipments, furniture and fittings	3,068	8,265	(4,083)	7,250
Renovation	1	-	-	1
	23,711	21,885	(18,524)	27,072

	AT 1.10.2011 RM	ADDITION RM	DEPRECIATION CHARGE RM	AT 30.9.2012 RM
NET BOOK VALUE				
Computers, software and peripherals	19,346	11,736	(10,440)	20,642
Office and lab equipments, furniture and fittings	9,057	-	(5,989)	3,068
Renovation	520	-	(519)	1
	28,923	11,736	(16,948)	23,711

7. EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Impairment Loss RM	Accumulated Depreciation RM	Net Book Value RM
THE COMPANY				
AT 30.9.2013				
Computers, software and peripherals	80,345	-	(60,524)	19,821
Office and lab equipments, furniture and fittings	138,878	-	(131,628)	7,250
Renovation	134,578	(100,340)	(34,237)	1
	353,801	(100,340)	(226,389)	27,072
AT 30.9.2012				
Computers, software and peripherals	66,725	-	(46,083)	20,642
Office and lab equipments, furniture and fittings	130,613	-	(127,545)	3,068
Renovation	134,578	(100,340)	(34,237)	1
	331,916	(100,340)	(207,865)	23,711

Included in the net book value of the equipment of the Group at the end of the reporting period are motor vehicles acquired under hire purchase terms amounting to RM70,446 (2012 - RM84,666).

8. INTANGIBLE ASSETS

	INTELLECTUAL PROPERTIES TOTAL RM
THE GROUP	
COST	
AT 1.10.2011	9,362,381
Addition during the financial year	1,443,885
Currency translation differences	2,065
AT 30.9.2012/1.10.2012	10,808,331
Addition during the financial year	2,768,193
Reclassified to Equipment	(346,021)
AT 30.9.2013	13,230,503
ACCUMULATED AMORTISATION	
AT 1.10.2011	(5,255,739)
Amortisation for the financial year	(634,103)
AT 30.9.2012/1.10.2012	(5,889,842)
Amortisation for the financial year	(1,199,840)
AT 30.9.2013	(7,089,682)

8. INTANGIBLE ASSETS (CONT'D)

	INTELLECTUAL PROPERTIES TOTAL RM
THE GROUP	
NET CARRYING AMOUNT	
AT 30.9.2013	6,140,821
AT 30.9.2012	4,918,489

Intellectual properties are in respect of the development of content for an educational software.

	INTELLECTUAL PROPERTIES	
	2013 RM	2012 RM
THE COMPANY		
At cost	200,700	200,700
Accumulated amortisation	(200,700)	(200,700)
Net carrying amount	-	-

9. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2013 RM	2012 RM
At 1 October/30 September	292,853	292,853

10. INVENTORIES

	THE GROUP	
	2013	2012
	RM	RM
At cost:-		
Finished goods	1,007,335	1,123,167

None of the inventories is carried at net realisable value.

11. TRADE RECEIVABLES

	THE GROUP	
	2013	2012
	RM	RM
Trade receivables	9,388,297	4,593,004
Allowance for impairment losses	(351,606)	(360,101)
	9,036,691	4,232,903
Allowance for impairment losses:-		
At 1 October	(360,101)	(323,718)
Addition during the financial year	-	(76,383)
Writeback during the financial year	8,495	40,000
At 30 September	(351,606)	(360,101)

The Group's normal credit terms range from 30 to 60 (2012 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	3,029,694	3,032,694	5,000	-
Allowance for impairment losses	(26,743)	(50,669)	-	-
	3,002,951	2,982,025	5,000	-
Deposits	228,356	285,502	25,295	27,797
Prepayments	900,883	444,992	23,234	8,080
Recoverable expenses	84,118	29,925	-	-
	4,216,308	3,742,444	53,529	35,877
Allowance for impairment losses:-				
At 1 October	(50,669)	-	-	-
Addition during the financial year	(26,743)	(50,669)	-	-
Writeback during the financial year	50,669	-	-	-
At 30 September	(26,743)	(50,669)	-	-

Included in other receivables is an amount of RM2,422,205 (2012 - RM2,810,759) which represents advances for the purpose of capital injection for future joint arrangements.

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY 2013 RM	THE COMPANY 2012 RM
Amount owing by:-		
Non-trade balances	10,631,572	10,223,984
Allowance for impairment losses	(8,497,554)	(7,989,855)
	2,134,018	2,234,129
Amount owing to:-		
Non-trade balances	(10,686,083)	(10,013,937)
Allowance for impairment losses:-		
At 1 October	(7,989,855)	(7,167,277)
Addition during the financial year	(836,808)	(822,578)
Writeback during the financial year	329,109	-
At 30 September	(8,497,554)	(7,989,855)

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

14. AMOUNTS OWING BY/(TO) ASSOCIATES

	THE GROUP 2013 RM	THE GROUP 2012 RM	THE COMPANY 2013 RM	THE COMPANY 2012 RM
Amount owing by:				
Non-trade balances	809,975	591,432	801,000	585,000
Amount owing to:				
Trade balances	(37,749)	-	-	-

The trade balances are subjected to the normal trade credit terms ranging from 30 to 60 (2012 - 30 to 60) days. The amount owing is to be settled in cash.

The non-trade amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

15. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.95% to 3.00% (2012 - 2.95% to 3.00%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 months (2012 - 1 to 12 months).

(b) Included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM1,787,367 (2012 - RM1,654,449) which had been pledged to a licensed bank as security for banking facilities granted to the Group.

16. SHARE CAPITAL

	THE COMPANY			
ORDINARY SHARES OF RM0.10 EACH:-	2013	2012	2013	2012
	Number Of Shares		RM	RM
AUTHORISED	500,000,000	500,000,000	50,000,000	50,000,000
ISSUED AND FULLY PAID-UP				
At 1 October	383,333,333	367,033,333	38,333,333	36,703,333
Increase during the financial year	-	16,300,000	-	1,630,000
At 30 September	383,333,333	383,333,333	38,333,333	38,333,333

The Company increased its issued and paid-up share capital from RM36,703,333 to RM38,333,333 by the issuance of year 3 performance shares of 16,300,000 ordinary shares of RM0.10 each at par in the previous financial year.

The new shares issued were ranked pari passu in all respects with the existing shares of the Company.

17. RESERVES

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Share premium	(a)	2,882,056	2,882,056	12,148,237	12,148,237
Reverse acquisition reserve	(b)	(18,570,000)	(18,570,000)	-	-
Capital redemption reserve	(c)	546,778	546,778	-	-
Contingent consideration reserve	(d)	-	-	-	-
Foreign exchange translation reserve	(e)	(437,995)	(252,826)	-	-
Accumulated losses		(7,015,620)	(8,014,023)	(37,403,720)	(35,754,794)
		(22,594,781)	(23,408,015)	(25,255,483)	(23,606,557)

(a) Share Premium

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

(b) Reverse Acquisition Reserve

The reverse acquisition reserve represents the difference between the nominal value of Eduspec Sdn. Bhd. and the Company and the par value of the enlarged issued and paid up share capital of the Company of 275,000,000 shares after the acquisition to comply with the Malaysian Companies Act 1965.

(c) Capital Redemption Reserve

The capital redemption reserve represents the redemption of the redeemable preference shares.

17. RESERVES (CONT'D)

(d) Contingent Consideration Reserve

The performance contingent consideration reserve represents the fair value of the consideration of shares based on the assumption that the profitability levels for the financial years ended 30 September 2009, 2010 and 2011 respectively are achieved in full and that the fair value of the consideration shares to be issued is at RM0.06 per share.

(e) Foreign Exchange Translation Reserve

The foreign exchange translation reserve represents exchange differences arising from the translation of the foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

18. LONG-TERM BORROWINGS

	THE GROUP	
	2013	2012
	RM	RM
Hire purchase payables (Note 20)	40,913	58,066
Term loans (Note 21)	336,843	-
	377,756	58,066

19. DEFERRED TAXATION

	THE GROUP	
	2013	2012
	RM	RM
At 1 October	610,340	661,264
Recognised in profit or loss (Note 28)	(90,676)	(50,924)
At 30 September	519,664	610,340

19. DEFERRED TAXATION (CONT'D)

The components of deferred tax assets and deferred tax liability are as follows:-

	THE GROUP	
	2013	2012
	RM	RM
Deferred tax liability:-		
Accelerated capital allowances	525,493	613,568
Deferred tax assets:-		
Unabsorbed capital allowances	(622)	(2,044)
Unutilised tax losses	(5,207)	(1,184)
	519,664	610,340

20. HIRE PURCHASE PAYABLES

	THE GROUP	
	2013	2012
	RM	RM
Minimum hire purchase payments:		
- not later than one year	20,139	21,444
- later than one year and not later than five years	44,117	64,256
	64,256	85,700
Less: Future finance charges	(5,409)	(9,838)
Present value of hire purchase payables	58,847	75,862

The net hire purchase payables are repayable as follows:-

	2013	2012
Current (Note 24):		
- not later than one year	17,934	17,796
Non-current (Note 18):		
- later than one year and not later than five years	40,913	58,066
	58,847	75,862

The hire purchase payables of the Group bore effective interest rates ranging from 5.28% to 6.54% (2012 - 5.60% to 6.52%) per annum at the end of the reporting period.

21. TERM LOANS

	THE GROUP 2013 RM	THE GROUP 2012 RM
Current portion (Note 24):		
- not later than one year	1,039,766	-
Non-current portion (Note 18):		
- later than one year and not later than two years	85,016	-
- later than two years and not later than five years	196,480	-
- later than five years	55,347	-
	336,843	-
	1,376,609	-

Details of the repayment terms are as follows:

TERM LOANS	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENT RM	DATE OF COMMENCEMENT OF REPAYMENT	INTEREST RATE PER ANNUM	THE GROUP 2013 RM	THE GROUP 2012 RM
1	60	9,473	1 April 2013	9.60%	418,081	-

TERM LOANS	NUMBER OF QUARTERLY INSTALMENTS	QUARTERLY INSTALMENT (BY TRANCHES) RM	DATE OF COMMENCEMENT OF REPAYMENT	INTEREST RATE PER ANNUM	THE GROUP 2013 RM	THE GROUP 2012 RM
2	12	Tranche 1*	9 October 2012	9.00%	302,766	-
		Tranche 2*	6 November 2012	9.00%	302,809	-
		Tranche 3*	10 December 2012	9.00%	294,027	-
		Tranche 4^	31 January 2013	9.00%	58,926	-
					958,528	-
					1,376,609	-

Notes:-
* approximately from RM77,000 to RM83,000.
^ approximately RM13,000.

21. TERM LOANS (CONT'D)

The term loans bore effective interest rates ranging from 9.00% to 9.60% (2012 - nil) per annum at the end of the reporting period and are secured by:

(i) an assignment of proceeds from the contracts signed between a subsidiary and its customers;

(ii) a legal assignment and charge over the collection account and sinking funds account respectively;

(iii) a debenture over the subsidiary's present and future fixed and floating assets;

(iv) pledges of fixed deposits of the Group as disclosed in Note 15 to the financial statements;

(v) a corporate guarantee of the Company; and

(vi) a joint and several guarantee of certain directors of the Group.

22. TRADE PAYABLES

The normal credit terms granted to the Group range from 30 to 60 (2012 - 30 to 60) days.

23. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	2,604,062	2,258,655	421,636	400,368
Accruals	2,315,257	1,945,654	343,964	373,432
Deposits received	-	21,233	-	-
Deferred revenue	253,377	279,480	-	-
	5,172,696	4,505,022	765,600	773,800

24. SHORT-TERM BORROWINGS

	THE GROUP	
	2013 RM	2012 RM
Hire purchase payables (Note 20)	17,934	17,796
Term loans (Note 21)	1,039,766	-
	1,057,700	17,796

25. BANK OVERDRAFTS

The bank overdrafts of the Group and of the Company bore effective interest rates ranging from 7.60% to 8.60% (2012 - 8.10% to 8.60%) per annum at the end of the reporting period and are secured by:-

(i) a pledge of the fixed deposits of certain subsidiaries as disclosed in Note 15 to the financial statements;

(ii) a joint and several guarantee of certain directors of the Group; and

(iii) a corporate guarantee of a subsidiary.

26. REVENUE

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Activity income	3,461,937	3,191,658	-	-
Computer maintenance	703,747	408,759	-	-
Royalty income	-	219,937	-	-
Sale of goods	11,317,024	6,708,321	-	-
School fees	18,810,111	18,657,358	-	-
	34,292,819	29,186,033	-	-

27. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Amortisation of intangible assets	1,199,840	634,103	-	-
Audit fee:				
- for the financial year	219,229	239,832	81,500	81,500
- overprovision in the previous financial year	-	(1,250)	-	-
Depreciation of equipment	1,599,327	1,700,222	18,524	16,948
Directors' fees	210,000	210,000	72,000	72,000
Directors' non-fee emoluments:				
- salaries, bonus and allowances	510,486	479,613	287,177	264,110
- defined contribution plan	34,560	31,570	34,560	31,570
- other benefits	1,240	1,240	1,240	1,240
Equipment written off	116	-	-	-
Impairment losses on:				
- trade receivables	-	76,383	-	-
- other receivables	26,743	50,669	-	-
- amount owing by subsidiaries	-	-	836,808	822,578
- investments in subsidiaries	-	-	117,639	-
Interest expense:				
- bank overdrafts	138,445	122,036	1,088	-
- hire purchase	4,429	3,274	-	-
- term loans	101,860	-	-	-
Inventories written off	1,368	1,974	-	-
(Gain)/Loss on foreign exchange:				
- realised	1,964	(1,422)	(2,091)	-
- unrealised	(345,115)	(171,472)	-	-
Rental expense	2,594,523	3,006,197	106,589	104,231
Staff costs:				
- salaries, wages, bonus and allowances	9,381,724	8,659,528	1,252,506	1,086,045
- defined contribution plan	1,134,989	1,029,432	156,455	132,551
- other benefits	889,053	901,590	46,013	61,389
Gain on disposal of equipment	(1,443)	(9,877)	-	-
Interest income	(53,171)	(55,639)	-	-
Rental income	(16,372)	(21,121)	-	-
Share of results in associates	(109,278)	(54,404)	-	-

27. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Writeback of impairment losses on:				
- trade receivables	(8,495)	(40,000)	-	-
- other receivables	(50,669)	-	-	-
- amount owing by subsidiaries	-	-	(329,109)	-

28. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Current tax expense:				
- for the financial year	163,845	191,039	-	-
- (over)/underprovision in the previous financial year	(7,230)	12,512	-	-
	156,615	203,551	-	-
Deferred tax expense (Note 19):				
- for the financial year	(49,100)	(58,333)	-	-
- (over)/underprovision in the previous financial year	(41,576)	7,409	-	-
	(90,676)	(50,924)	-	-
Tax for the financial year	65,939	152,627	-	-

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

A subsidiary of the Company has been granted the MSC Malaysia Status, which qualifies the subsidiary for the Pioneer Status incentive under the Promotion of Investments Act 1986. The subsidiary will enjoy full exemption from income tax on its statutory income from pioneer activities for five years from 1 October 2010 to 30 September 2015.

28. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(Loss) before taxation	1,057,847	653,429	(1,648,926)	(1,817,729)
Tax at the statutory tax rate of 25%	264,462	163,357	(412,232)	(454,432)
Tax effects of:-				
Share of results in associates	(27,320)	(13,601)	-	-
Non-deductible expenses	595,760	245,484	259,068	241,508
Non-taxable income	(80,139)	(2,150)	(82,800)	-
Utilisation of unabsorbed tax losses and capital allowances brought forward	(204,488)	(21,082)	-	-
Income tax exempted from tax due to pioneer status	(665,872)	(672,713)	-	-
Deferred tax assets not recognised during the financial year	478,761	433,411	235,964	212,924
(Over)/underprovision in the previous financial year				
- current tax	(7,230)	12,512	-	-
- deferred tax	(41,576)	7,409	-	-
Differential in tax rates	(246,419)	-	-	-
Tax for the financial year	65,939	152,627	-	-

28. INCOME TAX EXPENSE (CONT'D)

Subject to agreement of the tax authorities, at the end of the reporting period, the Group and the Company have unutilised tax losses and unabsorbed capital allowances available to be carried forward for offset against future taxable business income as follows:-

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Accelerated capital allowances	(215,393)	(241,283)	(18,337)	(18,136)
Unutilised tax losses	32,448,844	30,856,202	11,092,005	10,166,672
Unabsorbed capital allowances	133,487	662,019	99,508	80,783
Other	49,839	42,745	-	-
Total	32,416,777	31,319,683	11,173,176	10,229,319

No deferred tax assets are recognised on these items.

29. EARNINGS PER SHARE

	THE GROUP 2013	2012
Basic earnings per share		
Profit attributable to owners of the Company (RM)	998,403	504,187
Weighted average number of ordinary shares:-		
At 1 October	383,333,333	367,033,333
Effects of contingent shares issued	-	3,651,913
At 30 September	383,333,333	370,685,246
Basic earnings per share (sen)	0.26	0.14
Diluted earnings per share		
Profit attributable to owners of the Company (RM)	998,403	504,187
Weighted average number of ordinary shares for basic earnings per share	383,333,333	370,685,246
Effect of dilution:		
- contingent issued shares	-	16,300,000
Weighted average number of ordinary shares for diluted earnings per share computation	383,333,333	386,985,246
Diluted earnings per share (sen)	0.26	0.13

30. PURCHASE OF EQUIPMENT

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Cost of equipment purchased	1,454,312	1,473,603	21,885	11,736
Amount financed through:				
- hire purchase	-	(33,000)	-	-
- term loans	(1,127,842)	-	-	-
Cash disbursed for purchase of equipment	326,470	1,440,603	21,885	11,736

31. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits with licensed banks (Note 15)	1,886,707	1,753,789	-	-
Cash and bank balances	939,603	1,753,088	6,002	33,734
Bank overdrafts (Note 25)	(2,822,192)	(1,666,379)	(997,296)	-
	4,118	1,840,498	(991,294)	33,734

32. OPERATING LEASE COMMITMENTS

The future minimum payments under the non-cancellable operating leases are as follows:-

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Not more than one year	1,650,005	1,685,303	14,490	88,512
Later than one year and not later than five years	1,367,726	876,891	-	7,245
Later than five years	-	-	-	-
	3,017,731	2,562,194	14,490	95,757

33. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive directors:				
- non-fee emoluments	546,286	512,423	322,977	296,920
- fees	138,000	138,000	-	-
Non-executive directors:				
- fees	72,000	72,000	72,000	72,000
	756,286	722,423	394,977	368,920

(b) The number of directors of the Group and of the Company whose total remuneration received or receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	No.	No.	No.	No.
Executive directors:-				
Below RM50,000	-	-	-	-
RM50,001 to RM100,000	-	-	-	-
RM100,001 to RM150,000	-	-	1	1
RM150,001 to RM200,000	1	1	1	1
RM200,001 to RM250,000	-	-	-	-
RM250,001 to RM300,000	-	-	-	-
RM300,001 to RM350,000	-	-	-	-
RM350,001 to RM400,000	-	-	-	-
RM400,001 to RM450,000	-	-	-	-
RM450,001 to RM500,000	-	-	-	-
RM500,001 to RM550,000	1	1	-	-
Non-executive directors:-				
Below RM50,000	3	3	3	3

34. OPERATING SEGMENTS

The following is an analysis of the Group's geographical segments:-

2013	MALAYSIA RM	SINGAPORE RM	GROUP RM
Revenue			
External revenue	29,699,564	4,765,979	34,465,543
Inter-segment revenue	7,608,892	-	7,608,892
	37,308,456	4,765,979	42,074,435
Adjustments and eliminations			(7,781,616)
Consolidated revenue			34,292,819
Results			
Segment results			506,411
Interest income			53,171
Depreciation of equipment			(1,599,327)
			(1,039,745)
Adjustments and eliminations			2,233,048
			1,193,303
Finance costs			(244,734)
Share of results in associates			109,278
Profit before taxation			1,057,847
Income tax expense			(65,939)
Profit after taxation			991,908

34. OPERATING SEGMENTS (CONT'D)

2013	MALAYSIA RM	SINGAPORE RM	GROUP RM
Assets			
Segment assets	53,960,283	8,705,941	62,666,224
Adjustments and eliminations			(33,180,227)
			29,485,997
Liabilities			
Segment liabilities	(21,172,571)	(3,071,295)	(24,243,866)
Deferred taxation			(519,664)
Provision for taxation			(36,005)
			(24,799,535)
Adjustments and eliminations			11,225,592
			(13,573,943)

34. OPERATING SEGMENTS (CONT'D)

2012	MALAYSIA RM	SINGAPORE RM	GROUP RM
Revenue			
External revenue	28,879,365	306,668	29,186,033
Inter-segment revenue	7,645,982	-	7,645,982
	36,525,347	306,668	36,832,015
Adjustments and eliminations			(7,645,982)
Consolidated revenue			29,186,033
Results			
Segment results			603,025
Interest income			55,639
Depreciation of equipment			(1,700,222)
			(1,041,558)
Adjustments and eliminations			1,765,893
			724,335
Finance costs			(125,310)
Share of results in associates			54,404
Profit before taxation			653,429
Income tax expense			(152,627)
Profit after taxation			500,802

34. OPERATING SEGMENTS (CONT'D)

2012	MALAYSIA RM	SINGAPORE RM	GROUP RM
Assets			
Segment assets	50,921,931	3,912,895	54,834,826
Adjustments and eliminations			(31,729,286)
			23,105,540
Liabilities			
Segment liabilities	(16,356,676)	(1,288,138)	(17,644,814)
Deferred taxation			(610,340)
Provision for taxation			(1,389)
			(18,256,543)
Adjustments and eliminations			10,256,318
			(8,000,225)

35. RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with:

(i) its subsidiaries as disclosed in Note 5 to the financial statements;

(ii) an entity controlled certain key management personnel, directors and/or substantial shareholders; and

(iii) the directors who are the key management personnel.

(b) Other than those disclosed elsewhere in the financial statements, the Company carried out the following significant transactions with the related parties during the financial year:-

	2013 RM	2012 RM
Management fees receivable from subsidiaries	1,440,000	1,590,000

(c) Key Management Personnel

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits	756,286	722,423	394,977	368,920

Key management personnel comprise executive and non-executive directors of the Group who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

(d) Contingent Liability

	THE COMPANY	
	2013 RM	2012 RM
Undertaking of advances of a subsidiary	2,390,310	2,753,311

36. 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's 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

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Singapore Dollar and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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

THE GROUP	SINGAPORE DOLLAR RM	UNITED STATES DOLLAR RM	RINGGIT MALAYSIA RM	TOTAL RM
2013				
Financial Assets				
Trade receivables	-	4,622,092	4,414,599	9,036,691
Other receivables and deposits	359,282	2,395,462	560,681	3,315,425
Amount owing by associates	-	-	809,975	809,975
Fixed deposits with licensed banks	-	-	1,886,707	1,886,707
Cash and bank balances	42,742	-	896,861	939,603
	402,024	7,017,554	8,568,823	15,988,401

36. 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 (Cont'd):-

THE GROUP	SINGAPORE DOLLAR RM	UNITED STATES DOLLAR RM	RINGGIT MALAYSIA RM	TOTAL RM
2013				
Financial Liabilities				
Trade payables	2,597,170	-	953,011	3,550,181
Other payables and accruals	384,935	-	4,787,761	5,172,696
Amount owing to associates	-	-	37,749	37,749
Hire purchase payables	-	-	58,847	58,847
Term loans	-	958,528	418,081	1,376,609
Bank overdrafts	-	-	2,822,192	2,822,192
	2,982,105	958,528	9,077,641	13,018,274
Net financial assets/(liabilities)	(2,580,081)	6,059,026	(508,818)	2,970,127
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	2,580,081	-	508,818	3,088,899
Net currency exposure	-	6,059,026	-	6,059,026

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	SINGAPORE DOLLAR RM	UNITED STATES DOLLAR RM	RINGGIT MALAYSIA RM	TOTAL RM
2012				
Financial Assets				
Trade receivables	-	-	4,232,903	4,232,903
Other receivables and deposits	176,859	2,760,090	360,503	3,297,452
Amount owing by associates	-	-	591,432	591,432
Fixed deposits with licensed banks	-	-	1,753,789	1,753,789
Cash and bank balances	15,656	-	1,737,432	1,753,088
	192,515	2,760,090	8,676,059	11,628,664
Financial Liabilities				
Trade payables	-	-	1,141,233	1,141,233
Other payables and accruals	335,647	-	4,169,375	4,505,022
Hire purchase payables	-	-	75,862	75,862
Bank overdrafts	-	-	1,666,379	1,666,379
	335,647	-	7,052,849	7,388,496
Net financial assets/(liabilities)	(143,132)	2,760,090	1,623,210	4,240,168
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	143,132	-	(1,623,210)	(1,480,078)
Net currency exposure	-	2,760,090	-	2,760,090

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY	SINGAPORE DOLLAR RM	RINGGIT MALAYSIA RM	TOTAL RM
2013			
Financial Assets			
Other receivables and deposits	-	30,295	30,295
Amount owing by subsidiaries	2,068,985	65,033	2,134,018
Amount owing by associates	-	801,000	801,000
Cash and bank balances	-	6,002	6,002
	2,068,985	902,330	2,971,315
Financial Liabilities			
Other payables and accruals	-	765,600	765,600
Amount owing to subsidiaries	-	10,686,083	10,686,083
Bank overdrafts	-	997,296	997,296
	-	12,448,979	12,448,979
Net financial (liabilities)/assets	2,068,985	(11,546,649)	(9,477,664)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	-	11,546,649	11,546,649
Net currency exposure	2,068,985	-	2,068,985

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY	SINGAPORE DOLLAR RM	RINGGIT MALAYSIA RM	TOTAL RM
2012			
Financial Assets			
Other receivables and deposits	-	27,797	27,797
Amount owing by subsidiaries	915,865	1,318,264	2,234,129
Amount owing by associates	-	585,000	585,000
Cash and bank balances	-	33,734	33,734
	915,865	1,964,795	2,880,660
Financial Liabilities			
Other payables and accruals	-	773,800	773,800
Amount owing to subsidiaries	-	10,013,937	10,013,937
	-	10,787,737	10,787,737
Net financial (liabilities)/assets	915,865	(8,822,942)	(7,907,077)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	-	8,822,942	8,822,942
Net currency exposure	915,865	-	915,865

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk 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		THE COMPANY	
	2013 Increase/ (Decrease) RM	2012 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM	2012 Increase/ (Decrease) RM
Effects on profit after taxation and equity				
Singapore Dollar:				
- strengthened by 10%	-	-	155,174	68,690
- weakened by 10%	-	-	(155,174)	(68,690)
United States Dollar:				
- strengthened by 10%	454,427	207,007	-	-
- weakened by 10%	(454,427)	(207,007)	-	-

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(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.

<u>Interest rate risk sensitivity analysis</u>

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

	THE GROUP		THE COMPANY	
	2013 Increase/ (Decrease) RM	2012 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM	2012 Increase/ (Decrease) RM
Effects on profit after taxation and equity				
Increase of 100 basis points (bp)	(9,861)	656	(7,480)	-
Decrease of 100bp	9,861	(656)	7,480	-

(iii) Equity Price Risk

The Group and the Company does not have any quoted investments and hence is not exposed to equity price risk.

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(a) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(b) 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	
	2013 RM	2012 RM
Malaysia	4,414,599	4,232,903
Indonesia	4,581,185	-
Singapore	40,907	-
	9,036,691	4,232,903

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

(c) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

2013	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
Not past due	6,954,534	-	6,954,534
Past due			
- Past due within 30 days	872,937	-	872,937
- Past due 31 - 60 days	318,417	-	318,417
- Past due 61 - 90 days	525,469	-	525,469
- Past due more than 90 days	716,940	(351,606)	365,334
	2,433,763	(351,606)	2,082,157
	9,388,297	(351,606)	9,036,691

2012	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
Not past due	1,986,932	-	1,986,932
Past due			
- Past due within 30 days	267,705	-	267,705
- Past due 31 - 60 days	342,265	-	342,265
- Past due 61 - 90 days	531,740	-	531,740
- Past due more than 90 days	1,464,362	(360,101)	1,104,261
	2,606,072	(360,101)	2,245,971
	4,593,004	(360,101)	4,232,903

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

(c) Ageing analysis (Cont'd)

Trade receivables that are past due and impaired

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables 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. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(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.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period 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):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM
2013					
Trade payables	-	3,550,181	3,550,181	3,550,181	-
Other payables and accruals	-	5,172,696	5,172,696	5,172,696	-
Amount owing to associates	-	37,749	37,749	37,749	-
Hire purchase payables	5.81	58,847	64,256	20,139	44,117
Term loans	7.79	1,376,609	1,594,069	1,196,203	397,866
Bank overdrafts	7.98	2,822,192	2,822,192	2,822,192	-
		13,018,274	13,241,143	12,799,160	441,983

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
The Group					
2012					
Trade payables	-	1,141,233	1,141,233	1,141,233	-
Other payables and accruals	-	4,505,022	4,505,022	4,505,022	-
Hire purchase payables	5.61	75,862	85,700	21,444	64,256
Bank overdrafts	8.35	1,666,379	1,666,379	1,666,379	-
		7,388,496	7,398,334	7,334,078	64,256
The Company					
2013					
Other payables and accruals	-	765,600	765,600	765,600	-
Amount owing to subsidiaries	-	10,686,083	10,686,083	10,686,083	-
Bank overdrafts	7.60	997,296	997,296	997,296	-
		12,448,979	12,448,979	12,448,979	-
2012					
Other payables and accruals	-	773,800	773,800	773,800	-
Amount owing to subsidiaries	-	10,013,937	10,013,937	10,013,937	-
		10,787,737	10,787,737	10,787,737	-

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	THE GROUP	
	2013 RM	2012 RM
Trade payables	3,550,181	1,141,233
Other payables and accruals	5,172,696	4,505,022
Amount owing to associates	37,749	-
Hire purchase payables	58,847	75,862
Term loans	1,376,609	-
Bank overdrafts	2,822,192	1,666,379
	13,018,274	7,388,496
Less: Fixed deposits with licensed banks	(1,886,707)	(1,753,789)
Less: Cash and bank balances	(939,603)	(1,753,088)
Total net debt	10,191,964	3,881,619
Total equity	15,738,552	14,925,318
Debt-to-equity ratio	0.65	0.26

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Financial Assets				
Loans and receivables financial assets				
Trade receivables	9,036,691	4,232,903	-	-
Other receivables and deposits	3,315,425	3,297,452	30,295	27,797
Amount owing by subsidiaries	-	-	2,134,018	2,234,129
Amount owing by associates	809,975	591,432	801,000	585,000
Fixed deposits with licensed banks	1,886,707	1,753,789	-	-
Cash and bank balances	939,603	1,753,088	6,002	33,734
	15,988,401	11,628,664	2,971,315	2,880,660
Financial Liabilities				
Other financial liabilities				
Trade payables	3,550,181	1,141,233	-	-
Other payables and accruals	5,172,696	4,505,022	765,600	773,800
Amount owing to subsidiaries	-	-	10,686,083	10,013,937
Amount owing to associates	37,749	-	-	-
Hire purchase payables	58,847	75,862	-	-
Term loans	1,376,609	-	-	-
Bank overdrafts	2,822,192	1,666,379	997,296	-
	13,018,274	7,388,496	12,448,979	10,787,737

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of these financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair values and the carrying values of these liabilities at the end of the reporting period.

(iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 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 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2013, there were no financial instruments carried at fair values.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Multiple proposals

On 20 December 2012, the Company ("Eduspec") had entered into the following multiple proposals:

(i) Private placement of up to 100,000 new ordinary shares of RM0.10 each in Eduspec ("Eduspec Shares") representing up to 26.09% of the issued and paid-up share capital of Eduspec ("Private Placement").

The Private Placement was completed on 22 October 2013;

(ii) Acquisition by Eduspec of 100,000 ordinary shares of RM1 each in Multiple Technology MSC Sdn. Bhd. ("MTM") representing 100% of the issued and paid-up share capital of MTM ("MTM Shares(s)") for a total purchase consideration of RM3,600,000 to be satisfied by cash and issuance of new Eduspec shares of RM0.10 each in Eduspec ("Acquisition").

The Acquisition was completed on 12 November 2013; and

(iii) Renounceable rights issue of 255,166,667 new ordinary shares of RM0.10 each in Eduspec ("Rights Share(s)") together with 382,750,000 new free detachable warrants ("Warrant(s)") on the basis of one (1) Rights Share and one point five (1.5) free Warrants for every two (2) existing Eduspec Shares ("Rights Issue with Warrants").

The Rights Issue with Warrants was completed on 30 December 2013.

(b) Acceptance of the Offer from Hanban Confucius Headquarters, China

On 10 July 2013, Eduspec International Education Cultural Network Sdn. Bhd. (formerly known as Dynabook Computer Centre (Kedah) Sdn. Bhd.), a wholly-owned subsidiary of the Company had accepted the offer from Hanban Confucius Institute Headquarters, China ("Hanban") as its Malaysia organiser for Chinese Language Test, include inter alia Chinese Proficiency Test ("HSK"), HSK Oral Test ("HSKK"), Business Chinese Test ("BCT") and Youth Chinese Test ("YCT") in Malaysia ("the Offer").

38. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	THE GROUP		THE COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Total accumulated losses:				
- realised	(6,403,076)	(7,322,329)	(37,403,720)	(35,754,794)
- unrealised	(612,544)	(691,694)	-	-
At 30 September	(7,015,620)	(8,014,023)	(37,403,720)	(35,754,794)

EDUSPEC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 646756 - X

FINANCIAL REPORT

for the financial year ended 30 September 2013

CONTENTS