

## 11. FINANCIAL INFORMATION (Cont'd)

### MANAGEPAY SYSTEMS BERHAD AND ITS SUBSIDIARIES

#### PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

##### 3.11 SHARE CAPITAL

As at the LPD, the authorised share capital of ManagePay is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each.

The issued and paid-up share capital of ManagePay as of the date of this report is RM13,727,319 comprising 137,273,190 ordinary shares of RM0.10 each.

The movement of the share capital is as follows: -

	Number of Ordinary Shares 000	Amount of Share Capital RM'000
At 31 October 2010	137,273	13,727
Public Issue	45,758	4,576
Proforma I and II	<u>183,031</u>	<u>18,303</u>

##### 3.12 SHARE PREMIUM

The movement of the share premium is as follows: -

	RM'000
At 31 October 2010 and Proforma I	-
Public Issue	2,745
Listing expenses *	(1,500)
Proforma II	<u>1,245</u>

Note: -

\* The estimated listing expenses will be set off against the share premium account under Section 60 of the Companies Act, 1965.



## 11. FINANCIAL INFORMATION (Cont'd)

### MANAGEPAY SYSTEMS BERHAD AND ITS SUBSIDIARIES

#### PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

##### 3.13 TERM LOAN

The movement of the short term borrowings is as follows: -

	RM'000
Current	36
Non-current	131
At 31 October 2010, Proforma I and II	<u>167</u>
<u>Analysed as:</u>	
Repayable within one year	36
Repayable after one year and before five years	131
	<u>167</u>

##### 3.14 DEFERRED TAX LIABILITIES

The movement of the deferred tax liabilities is as follows: -

	RM'000
At 31 October 2010, Proforma I and II	<u>316</u>

This arose mainly from temporary differences arising from capital allowances claimed on property, plant and equipment in excess of its depreciation charges.

##### 3.15 TRADE PAYABLES

The movement of the trade payables is as follows: -

	RM'000
At 31 October 2010, Proforma I and II	<u>128</u>

##### 3.16 OTHER PAYABLES AND ACCRUALS

The movement of the other payables and accruals is as follows: -

	RM'000
Other payables	327
Accruals	159
Deposits	37
At 31 October 2010, Proforma I and II	<u>523</u>



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## 11. FINANCIAL INFORMATION (Cont'd)

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### MANAGEPAY SYSTEMS BERHAD AND ITS SUBSIDIARIES

### PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

#### 3.17 PROVISION FOR TAXATION

RM'000

At 31 October 2010, Proforma 1 and II

3

#### 3.18 AMOUNT OWING TO DIRECTOR

The movement of the amount owing to director is as follows: -

RM'000

At 31 October 2010, Proforma 1 and II

15

The amount owing to a Director is unsecured, repayable on demand and interest free with no specific tenure of repayment.

#### 3.19 BANK OVERDRAFT

The movement of the bank overdraft is as follows: -

RM'000

At 31 October 2010, Proforma 1 and II

47



## 11. FINANCIAL INFORMATION (Cont'd)

### MANAGEPAY SYSTEMS BERHAD AND ITS SUBSIDIARIES

#### PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

#### 4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOW

The proforma consolidated statement of cash flow of ManagePay Group as set out below is provided for illustrative purpose only based on the assumption that ManagePay Group had been in existence throughout the FPE 2010.

	FPE 31 October 2010 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxation	2,753
Adjustments for : -	
Interest received	(2)
Amortisation	270
Depreciation	1,435
Interest paid	23
Property, plant and equipment written off	2
Gain on disposal of property, plant and equipment	(20)
Operating profit before working capital changes	<u>4,461</u>
Receivables	(1,912)
Payables	(131)
Directors	<u>(244)</u>
Cash generated from operations	2,174
Tax paid	<u>(10)</u>
Net cash from operating activities	<u>2,164</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Proceeds from disposal of plant and equipment	64
Purchase of plant and equipment	(1,582)
Research and development	<u>(660)</u>
Net cash used in investing activities	<u>(2,178)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Interest paid	(23)
Repayment of term loan	(28)
Proceeds from issuance of share capital	^
Net cash used in financing activities	<u>(51)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(65)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>140</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b><u>75</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR COMPRISE :</b>	
Cash and bank balances	122
Bank overdraft	<u>(47)</u>
	<u>75</u>

Notes: -

^ Represents RM10

The above have been prepared before taking into account the proceeds from the Initial Public Offer and the proposed utilisation of proceeds.



## 11. FINANCIAL INFORMATION (Cont'd)

### 11.5 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion and analysis of our Group's financial condition, results of operations and prospects should be read in conjunction with our Group's proforma consolidated financial information and the related notes as set out Sections 11.1 and 11.4 of this Prospectus and the Accountants' Report as set out in Section 12 of this Prospectus. The proforma consolidated financial information of our Group have been prepared in accordance with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board, which may differ in certain aspects from generally accepted accounting principles in other countries.

#### Overview

Our Company is principally an investment holding company and the revenue of our Group is derived through our subsidiaries, namely MPSB, Sinatec and Whatdevice. Our subsidiaries are principally involve in the following activities:

- (i) MPSB is principally involved in:
  - (a) software development business, marketing of computer software solution, telecommunication and hardware equipment, providing consultancy services in respect of e-commerce, e-business creation, management of web-site and providing maintenance services; and
  - (b) provision of Merchant Acquisition services, deploy connectivity infrastructure and terminal equipment for electronic payment between Merchants and Financial Institutions, provide EDCPOS Terminals rentals to Merchants.
- (ii) Sinatec is principally involved in:
  - (a) provision of consultancy services in respect of e-commerce, e-business creation, management of web-site, software development, marketing of computer software solution, telecommunication and hardware equipment and providing maintenance services; and
  - (b) provision of Merchant Acquisition services, deploy connectivity infrastructure and terminal equipment for electronic payment between Merchants and Financial Institutions, provide EDCPOS Terminals rentals to Merchants, hosting of customer loyalty programme for third party.
- (iii) Whatdevice is principally involved in the provision of information technology services and consultation and outsource services, amongst others, the contracting of the card personalisation services.

Please refer to Section 6 of this Prospectus for further details of our Group.

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## 11. FINANCIAL INFORMATION (Cont'd)

Our Group commenced operations in 2000 since the incorporation of MPSB where we initially provided a variety of ICT and technology-related business activities such as Java software development, e-business consultancy services, telecommunication equipment sales and smart card technologies for mobile operators and system integration works. The sales of telecommunication equipment sales, smart card technology were mainly low profit margin based activities.

Shortly after the incorporation of MPSB, Sinatec and Whatdevice were incorporated in August 2000 which we expanded our services to provide Microsoft platform ERP and CRM and the sale of mobile phones over the internet. In 2004, we saw an opportunity to develop recurring revenue income for our Group as a strategy to diversify from our system integration based business which were generally one-off in nature since we have over the years developed competencies in the areas of ISO8583 financial messaging format and EMV compliances for both the EDCPOS Terminals and Host Application Servers solutions while undertaking the work with EON Bank and Southern Bank Berhad (*now known as CIMB Bank Berhad*). Arising from the strategy, we have since 2005 able to diversify our revenues to include both project based business and recurring revenue based business. Hence, the cost of sales for our Group has also changed subsequent to the changes to our business model as set out below:

Save for the sales of EDCPOS Terminals to Dataprep Payment Solutions (M) Sdn Bhd for the FYE 2007 to FYE 2009, our cost of sales are primarily consists of the following:

- |                         |   |
|-------------------------|---|
| FYE 2007<br>to FYE 2008 | <ul style="list-style-type: none"> <li>• Hardware and equipment sales, third-party software and project related cost (such as outsourced services and freight charges); and</li> <li>• Consumables, freight charges, EDCPOS Terminal installation charges, upgrade of software, repair and maintenance of the Terminals, hosting fees, purchase of gifts redemption, third party hardware and software and project related cost.</li> </ul> |
| FYE 2009<br>to FPE 2010 | <ul style="list-style-type: none"> <li>• Project related cost (such as outsources services and freight charges); and</li> <li>• Consumables, freight charges, EDCPOS Terminal installation charges, upgrade of software, repair and maintenance of the EDCPOS Terminals, hosting fees, purchase of gifts redemption, third party hardware and software and project related cost.</li> </ul>   |

Revenues derived from our Terminal Services, Payment Services and Loyalty Management Services are recurring in nature whereas the revenues from Business Process Outsourcing and Software, Security and ICT services are mainly project-based and non-recurring in nature. Our emphasis on the growth of our Terminal Services and Payment Services segments, which comprised revenues from our sales channels as well as from projects involving systems and integration services, is expected to increase our revenues moving forward. All our revenues are derived from Malaysia. Further information on our modes of marketing, distribution and sales channels are set out in Section 6.15 of this Prospectus.

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## 11. FINANCIAL INFORMATION (Cont'd)

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### 11.5.1 Commentary on our Group's past operating results

#### Revenue:

For the financial years under review, our revenue is derived from the following products and services:

#### Core services

(a) **Payment Services**

Revenue derived from Payment Services comprises the following:

- (i) recurring monthly software licensing fee; and
- (ii) one-off payment for payment infrastructure and software.

(b) **Terminal Services**

Revenue derived from Terminal Services comprises the following:

- (i) recurring monthly terminal rental fee;
- (ii) recurring monthly terminal software support fee; and
- (iii) one-off payment for sales commission and installation fee.

#### Value added service

(a) **Loyalty Management Services**

Revenue derived from Loyalty Management Services comprises the following:

- (i) recurring monthly application hosting fee; and
- (ii) redemption fees earned.

(b) **Business Process Outsourcing**

Revenue derived from Business Process Outsourcing consists of provision of EMV Card Personalisation services.

(c) **Software, Security and ICT Services**

Revenue derived from Software, Security and ICT Services consists mainly of software development and system integration services.

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## 11. FINANCIAL INFORMATION (Cont'd)

The analysis of our revenue for the financial years/ period under review is as follows:

Revenue by subsidiaries	FYE 2007		FYE 2008		FYE 2009		FPE 2009 #		FPE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ManagePay	-	-	-	-	-	-	-	-	-	-
MPSB	5,463	89.94	5,860	86.55	5,537	70.33	4,643	70.99	5,488	83.03
Sinatec	263	4.33	154	2.27	1,273	16.17	893	13.66	899	13.60
Whatdevice	487	8.02	581	8.58	1,063	13.50	1,004	15.35	223	3.37
Consolidation adjustments	(139)	(2.29)	176	2.60	-	-	-	-	-	-
Proforma consolidated	6,074	100.00	6,771	100.00	7,873	100.00	6,540	100.00	6,610	100.00

Revenue by principal activities	FYE 2007		FYE 2008		FYE 2009		FPE 2009 #		FPE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Payment Services	746	12.28	403	5.95	1,765 *	22.42	1,564	23.91	632	9.56
Terminal Services	1,632	26.87	2,557	37.76	3,125	39.69	2,377	36.35	2,875	43.49
Loyalty Management Services	332	5.47	314	4.64	364	4.62	321	4.91	235	3.56
Business Process Outsourcing	487	8.02	581	8.58	1,063	13.50	1,004	15.35	224	3.39
Software, Security and ICT Services	2,877	47.36	2,916	43.07	1,556	19.77	1,274	19.48	2,644	40.00
Proforma consolidated	6,074	100.00	6,771	100.00	7,873	100.00	6,540	100.00	6,610	100.00

Notes:

- \* Comprised of one-off payment for agency management software system of approximately RM1.40 million and RM0.46 million for the FYE 2009 and FPE 2010 respectively. For the FPE 2009, there was no one-off payment for agency management software system.
- # FPE 2009 represents unaudited management account and is included for comparative purposes only.

	FYE 2007	FYE 2008	FYE 2009	FPE 2009	FPE 2010
No. of Merchants #					
• Chain stores <sup>1</sup>		36	80	49	37
• Individual stores <sup>2</sup>		673	507	313	174
No. of EDCPOS Terminals deployed (units)	1,848	3,153	3,971	3,640	4,572

Notes:

- # The number of Merchants was determined by the trading name(s) used by the Merchants irrespective of the number of outlets or stores per trading name.
- <sup>1</sup> A Merchant who has more than two (2) outlets.
- <sup>2</sup> A Merchant who operates only one (1) outlet.



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**11. FINANCIAL INFORMATION (Cont'd)**

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For the FYE 2007, our Group's total revenue had reduced by approximately RM1.72 million representing 22.08% to approximately RM6.07 million as compared to the FYE 2006. This reduction was due to our business realignment and effort to focus on recurring revenue based activities such as Payment Services, Terminal Services and Business Process Outsourcing in addition to the project based income in Software, Security and ICT Services. Arising from this strategy, save for the existing projects in Software, Security and ICT Services related activities such as the ongoing Universal Service Provisioning (USP) project with Celcom (Malaysia) Berhad, we have turned away other system integration opportunities and as well as software development opportunities which requires substantial customisation efforts for our Software, Security and ICT Services. As a result, our revenue reduced to approximately RM6.07 million.

In the same period and in line with our strategy, our Group has increased the number of EDCPOS Terminals installed base from 873 units for the FYE 2006 to 1,848 units for the FYE 2007 with revenue contribution increase from RM0.52 million representing 6.33% for the FYE 2006 to approximately RM1.63 million representing 26.87% for the FYE 2007. This increase was due to the addition of new chain stores such as True Fitness, Lavender Bistro, ECS Astar, SSF Home Deco Mart, The Store and OSIM. However, the main revenue contributor for the FYE 2007 was the Software, Security and ICT Services which accounted for 47.36% of the total Group's revenue. This was mainly due to the ongoing Universal Service Provisioning (USP) project with Celcom (Malaysia) Berhad, e-business Flagship Anchor Project Providers with MDeC, payment gateway project with MOL Access Portal Berhad, loyalty management services with Courts Mammoth Malaysia, distribution of Sierra Wireless data products, distribution of Nokia fixed wireless terminals, healthcare third party administrators services for Mediscreen Sdn Bhd and the ERP software development project for Kai Shen Marketing Sdn Bhd.

For the FYE 2008, our revenue had increased by approximately RM0.70 million or representing an increase of 11.53% to approximately RM6.77 million as compared to our revenue recorded for the FYE 2007. In the FYE 2008, the number of EDCPOS Terminals deployed has increased from 1,848 units to 3,153 units and consequently revenue increased from approximately RM1.63 million for the FYE 2007 to approximately RM2.56 million for the FYE 2008. The increase was mainly due to our marketing effort and strategy to acquire Merchants with several outlets or chain stores such as Amway, Speedy video, Wah Chan, The Baker's Cottage, Takasima, TCE Tackles, MATTA affiliated Merchants and the Merchants in KL Pavilion, rather than acquiring standalone Merchants. As a result of the aforesaid increase, the Terminal Services contributed 37.76% of our Group's total revenue representing an increase of 10.89% from the revenue contributed by the Terminal Services for the FYE 2007.

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**11. FINANCIAL INFORMATION (Cont'd)**

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For the FYE 2008, the Software, Security and ICT Services was still the main revenue contributor which accounted for 43.07% of our total Group's revenue mainly comprising of the ongoing Universal Service Provisioning (USP) project with Celcom (Malaysia) Berhad, payment gateway project with MOL Access Portal Berhad, loyalty management services with Courts Mammoth Malaysia, healthcare third party administrators services for Mediscreen Sdn Bhd and the ERP software development project for Kai Shen Marketing Sdn Bhd. Save for the ongoing system integration related projects, our Group did not secured new system integration projects for the FYE 2008 as we were focused on building sales for our recurring based business. This was evident in the increase in our Group's revenue of the recurring business from RM2.71 million for the FYE 2007 to RM3.27 million for the FYE 2008 representing an increase of approximately 20.82% as compared to the revenue contributed by Software, Security and ICT Services which registered a marginal increase of RM39,000 for the FYE 2008 as compared to the FYE 2007 or representing an increase of approximately 1.36%.

For the FYE 2009, our Group's revenue increased by approximately RM1.10 million representing an increase of 16.25% to approximately RM7.87 million as compared to the FYE 2008. For the FYE 2009, we had deployed a total of 3,971 units of EDCPOS Terminals as compared to 3,153 EDCPOS Terminals for the FYE 2008. The additional deployment of EDCPOS Terminals has increased the revenue contributed by the Terminal Services to approximately RM3.13 million for the FYE 2009 from approximately RM2.56 million for the FYE 2008. This increase was due to the addition of new chain outlets, amongst others, SenHeng, Tomei, Caring Pharmacy, Home's Harmony, Yun Nam Hair Care, London Weight Management, New York Skin Care Solutions, Fuji Home, The Store, Shins, Body Glove, Samsonite and Pasaraya H&L. The revenue contribution from Software, Security and ICT Services has reduced to approximately RM1.56 million due to completion of the Universal Service Provisioning (USP) project with Celcom (Malaysia) Berhad, loyalty management services with Courts Mammoth, healthcare third party administrators services for Mediscreen Sdn Bhd and the ERP software development project for Kai Shen Marketing Sdn Bhd. This reduction was mitigated by the increase in revenue contributed from the Payment Services and Business Process Outsourcing to approximately RM1.77 million and RM1.06 million respectively.

The increase in the revenue contributed by the Payment Services for the FYE 2009 was mainly from the Agency Manager Programme fees paid by Agency Managers that comes with an agency management software system which consist of, amongst others, terminal rental management system, point of sales system, customer relation management system and corporate web content management system, contributed approximately RM1.40 million to our Group's revenue. Our Agency Manager Programme is a sales programme which we launched in the FYE 2009 where the Agency Managers are recruited and are responsible for sales and support services for our products and services at towns throughout Malaysia. As at 31 December 2009, we have in total eleven (11) Agency Managers who have acquired two hundred (200) Merchants. The Agency Managers contribute approximately RM15,000 recurring sales monthly to our Group. The revenue contributed from Business Process Outsourcing, which was mainly EMV Card Personalisation increased by 82.96% for the FYE 2009 as compared to the FYE 2008. The increase was due to the high number of personalised replacement Cards for EON Bank Credit Cards.

## 11. FINANCIAL INFORMATION (Cont'd)

For the FPE 2010, our Group recorded a total revenue of approximately RM6.61 million as compared to our Group's revenue of approximately RM6.54 million recorded in the unaudited FPE 2009, representing an increase of approximately 1.07%. For the FPE 2010, we have deployed 4,464 units of EDCPOS Terminals as compared to the deployment of 3,316 EDCPOS Terminals for the FPE 2009. As a result of the additional EDCPOS Terminals deployed, the revenue contributed by the Terminal Services increased to approximately RM2.88 million for the FPE 2010 as compared to RM2.38 million for the unaudited FPE 2009. For the FPE 2010, Terminal Services contributed approximately 43.49% to our Group's total revenue.

The revenue contributed from our Payment Services for the FPE 2010 was approximately RM0.63 million as compared to approximately RM1.56 million for the unaudited FPE 2009 representing a decrease of 59.62%. The decrease was mainly due to the reallocation of our software application team's resources to complete the MDEX project awarded by MDeC which has a stringent delivery timeline.

Arising from the MDEX project awarded by MDeC, the revenue contributed from our Software, Security and ICT Services has increased by 107.87% or approximately RM2.64 million for the FPE 2010 as compared to a revenue of approximately RM1.27 million for the unaudited FPE 2009.

The revenue contributed from our Business Process Outsourcing which was mainly EMV Card Personalisation decreased by 78.00% to a revenue of approximately RM0.22 million for the FPE 2010 as compared to a revenue of approximately RM1.00 million for the unaudited FPE 2009. The decrease was due to deferment of EON Bank's re-branding exercise and as a result, the printing of Credit Cards with new logo has been shelved.

The revenue contributed from our Loyalty Management Services had decreased to approximately RM0.24 million for the FPE 2010 as compared to approximately RM0.32 million for the unaudited FPE 2009 representing a decrease of 25.00%. The decrease was due to fewer numbers of redemptions taken place during the period.

EON Bank and MPSB has entered into a Master Merchant agreement, however, the said agreement was terminated on 2 April 2010. The contribution of this agreement to our Group's revenue for the FYE 2009 consist of fees received for the provision of Terminal Services were approximately 0.03%. There was no revenue generated from this Master Merchant agreement for the FYE 2007 and FYE 2008. The contribution from the Master Merchant agreement in the past was insignificant as our Group was reluctant to acquire any Merchants under the Master Merchant agreement to minimise the Credit Card charge back risks. The acquisition of the Merchants was predominantly undertaken via the MATTA Co-branded Card-Management of Loyalty Programme agreement with Sinatec. The substantial revenues contribution from EON Bank for the FYE 2007 to FYE 2009 was derived from the Master Rental agreement, MATTA Co-branded card – Management of Loyalty Programme agreement with Sinatec and EMV Card Personalisation Services Agreement.

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## 11. FINANCIAL INFORMATION (Cont'd)

### Cost of sales:

Primarily, our cost of sales for our Payment Services, Terminal Services, Loyalty Management Services, Business Process Outsourcing and Software, Security and ICT Services are as follows:

Product and services	Cost of sales description
(i) Terminal Services	Terminal installation charges, freight charges, consumables (such as thermal papers and cables) and on-site maintenance services.
(ii) Payment Services	Upgrade of Hypercom software, repair and maintenance of Hypercom NAC and hosting fees.
(iii) Loyalty Management Services	Purchase for gifts redemption and hosting fees.
(iv) Business Process Outsourcing	Consumables (such as ribbon and cartridge) and maintenance of machines.
(v) Software, Security and ICT Services	Hardware, third party software and project related cost (such as outsourced services and freight charges).

These items used as a base for our services and projects to enable us to bundle solutions to our end-customers. In addition to the above, our costs of sales also include technical assistance such as, amongst others, consultation services provided by the technological principals such as Hypercom and Oberthur Card Systems SA (Spain) to us, on a case-to-case basis. We are able to maintain a low cost of sales as most of our products and solutions are developed in-house (intellectual property rights) and utilises our internal manpower resources. These cost of sales mix as disclosed above decreases and not grow in tandem with our revenue trend in the past three (3) historical financial years from the FYE 2007 to the FYE 2009 was due to the changes to our business model since 2005 to focus on recurring based revenue activities which comprised mainly provision of services rather than the sales of hardware and equipment.

Our cost of sales was approximately RM2.29 million, RM1.39 million and RM0.78 million for the FYE 2007, FYE 2008 and FYE 2009 respectively. The decrease in our costs of sales was in line with the increase in the revenue component of our services i.e. our Terminal Services and Payment Services which have low cost of sales during the respective financial years under review. For the FPE 2010, our cost of sales was approximately RM0.26 million as compared to approximately RM0.59 million for the unaudited FPE 2009, representing a decrease of approximately 55.93%.

For the FYE 2007, the cost of sales constitutes 37.72% of our Group revenue. The cost of sales mainly consists of hardware and project related costs.

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**11. FINANCIAL INFORMATION (Cont'd)**

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The portion of cost of sales to revenue for the FYE 2008 was reduced to 20.50% as compared to the FYE 2007 of 37.72% due to the larger revenue recorded for the services component in Software, Security and ICT Services, which has lower cost of sales for projects such as Universal Service Provisioning (USP) project with Celcom (Malaysia) Berhad, payment gateway project with MOL Access Portal Berhad, loyalty management services with Courts Mammoth Malaysia, healthcare third party administrators services for Mediscreen Sdn Bhd and the ERP software development project for Kai Shen Marketing Sdn Bhd. In addition, the increase in revenue from the Terminals Services for the FYE 2008, which has low cost of sales, has also contributed to the reduction in the total cost of sales. Generally,

- (i) the Terminal Services has low cost of sales as we capitalised our EDCPOS Terminals as non-current assets;
- (ii) the Payment Services has low cost of sales as our revenue is contributed by the in-house developed solution; and
- (iii) the Business Process Outsourcing has low cost of sales as corresponding direct cost to our revenue are mainly consumables such as ribbon, cartridges and maintenance of our machine.

For the FYE 2009, the revenue contributed from our Software, Security and ICT Services reduced from approximately RM2.92 million for the FYE 2008 to approximately RM1.56 million for the FYE 2009. In tandem with the lower revenue contributed from the Software, Security and ICT Services due to the completion of Universal Service Provisioning (USP) project with Celcom (Malaysia) Berhad, loyalty management services with Courts Mammoth Malaysia, healthcare third party administrator services for Mediscreen Sdn Bhd and the ERP software development project for Kai Shen Marketing Sdn Bhd. The cost of sales to revenue for our Group has reduced to approximately 9.91%. This reduction was also contributed by the increase in revenues recorded for the Payment Services, Terminal Services and Business Process Outsourcing of 337.97%, 22.21% and 82.96% respectively for the FYE 2009 as compared to the FYE 2008.

For the FPE 2010, the portion of our cost of sales to revenue had further reduced to 3.86% as compared to the unaudited FPE 2009 of 8.98%. The reduction in our cost of sales was mainly due to the minimal purchase of hardware, third party software and project related costs associated to us for the delivery of Payment Services, Terminal Services, Business Process Outsourcing and Software, Security and ICT Services.

Cost of sales constituted approximately 37.72%, 20.50%, 9.91%, 8.98% and 3.86% of our revenues in the FYE 2007, FYE 2008, FYE 2009, unaudited FPE 2009 and FPE 2010 respectively. The substantial decrease in percentage during the FYE 2008, FYE 2009, unaudited FPE 2009 and FPE 2010 were mainly due to the corresponding increase in revenue generated from the services segment, which tend to have higher profit margin and low cost of sales which mainly consists of consumables, installation charges and on-site maintenance services.

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## 11. FINANCIAL INFORMATION (Cont'd)

The analysis of our cost of sales for the financial years/ period under review is as follows:

Cost of sales by subsidiaries	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FPE 2009 # RM'000	FPE 2010 RM'000
ManagePay	-	-	-	-	-
MPSB	2,381	1,184	245	250	115
Sinatec	-	8	441	245	136
Whatdevice	49	20	94	92	4
Consolidation adjustments	(139)	176	-	-	-
Proforma consolidated	2,291	1,388	780	587	255

Note:

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

In summary, our focus in the recurring business has resulted in lower cost of sales as the cost of sales components for our Group's recurring business which consist of minimal hardware and equipment cost as compared to the project based business and system integration works of our Group which consist substantial hardware and equipment.

Cost of sales by principal activities	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FPE 2009 # RM'000	FPE 2010 RM'000
Payment Services	624	87	36	36	-
Terminal Services	269	229	145	155	89
Loyalty Management Services	-	88	205	168	132
Business Process Outsourcing	44	20	93	92	4
Software, Security and ICT Services	1,354	964	301	136	30
Proforma consolidated	2,291	1,388	780	587	255

Note:

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

### GP:

The analysis of our gross profit contribution and gross profit margins for the financial years/period under review is as follows:

GP by subsidiaries	FYE 2007		FYE 2008		FYE 2009		FPE 2009 #		FPE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ManagePay	-	-	-	-	-	-	-	-	-	-
MPSB	3,082	81.47	4,676	86.87	5,292	74.61	4,393	73.79	5,373	84.55
Sinatec	263	6.95	146	2.71	832	11.73	648	10.89	763	12.01
Whatdevice	438	11.58	561	10.42	969	13.66	912	15.32	219	3.44
Consolidation adjustments	-	-	-	-	-	-	-	-	-	-
Proforma consolidated	3,783	100.00	5,383	100.00	7,093	100.00	5,953	100.00	6,355	100.00

## 11. FINANCIAL INFORMATION (Cont'd)

GP margin by subsidiaries	FYE 2007	FYE 2008	FYE 2009	FPE 2009 #	FPE 2010
ManagePay	-	-	-	-	-
MPSB	56.42%	79.80%	95.58%	94.62%	97.90%
Sinatec	100.00%	94.81%	65.36%	72.56%	84.87%
Whatdevice	89.94%	96.56%	91.16%	90.84%	98.21%
Overall	62.28%	79.50%	90.09%	91.02%	96.14%

GP by principal activities	FYE 2007		FYE 2008		FYE 2009		FPE 2009 #		FPE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Payment Services	122	3.22	316	5.87	1,729	24.38	1,528	25.67	632	9.94
Terminal Services	1,363	36.03	2,328	43.25	2,980	42.01	2,222	37.33	2,786	43.84
Loyalty Management Services	332	8.78	226	4.20	159	2.24	153	2.56	103	1.63
Business Process Outsourcing	443	11.71	561	10.42	970	13.68	912	15.32	220	3.46
Software, Security and ICT Services	1,523	40.26	1,952	36.26	1,255	17.69	1,138	19.12	2,614	41.13
Proforma consolidated	3,783	100.00	5,383	100.00	7,093	100.00	5,953	100.00	6,355	100.00

GP margin by principal activities	FYE 2007	FYE 2008	FYE 2009	FPE 2009 #	FPE 2010
Payment Services	16.35%	78.41%	97.96%	97.70%	100.00%
Terminal Services	83.52%	91.04%	95.36%	93.48%	96.90%
Loyalty Management Services	100.00%	71.97%	43.68%	47.66%	43.83%
Business Process Outsourcing	90.97%	96.56%	91.25%	90.84%	98.21%
Software, Security and ICT Services	52.94%	66.94%	80.66%	89.32%	98.87%
Overall	62.28%	79.50%	90.09%	91.02%	96.14%

*Note:*

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

As elaborated under the revenue commentary above, composition of revenue for each financial year depends substantially on the availability of services and projects that are undertaken by our respective business activities. Similarly, the GP generated are dependent on the type of services and projects implemented in the financial years, as each service and project differs in terms of scope, length, terms and conditions which will have an effect on our margins. This is especially applicable on the Software, Security and ICT Services segment for the financial years under review.

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## 11. FINANCIAL INFORMATION (Cont'd)

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For the FYE 2007, our GP had increased by RM0.80 million representing approximately 26.85% to RM3.78 million as compared to the FYE 2006 due to our effort to focus and growth the recurring revenue based on activities such as Payment Services, Terminal Services and Business Process Outsourcing in addition to the project based income in Software, Security and ICT Services as described in the earlier section. The major services and projects undertaken by us during the FYE 2007 include:

- (i) increase of our EDCPOS Terminals installed base from 873 units for the FYE 2006 to 1,848 units for the FYE 2007. This increase was due to the acquisitions of new chain stores such as True Fitness, Lavender Bistro, The Store, Merchants in City Square Johor and OSIM; and
- (ii) the Universal Service Provisioning (USP) project with Celcom (Malaysia) Berhad, e-business Flagship Anchor Project Providers with MDeC, payment gateway project with MOL Access Portal Berhad, loyalty management services with Courts Mammoth Malaysia, distribution of Sierra Wireless data products, distribution of Nokia fixed wireless terminals, healthcare third party administrators services for Mediscreen Sdn Bhd and the ERP software development project for Kai Shen Marketing Sdn Bhd.

Our overall GP margin for the FYE 2007 was 62.28% as compared to 38.28% in the FYE 2006 mainly due to the reduction of hardware sales from approximately RM3.52 million to RM0.59 million in the FYE 2007.

For the FYE 2007, the Loyalty Management Services earned 100% GP margin as this relates to revenue earned from the sales of CLMS software to Pharmvision Ventures Sdn Bhd, Courts Mammoth Malaysia and My Pixel Sdn Bhd that were developed in-house from our R&D effort and has zero cost of sales.

For the FYE 2008, our GP had increased by approximately RM1.60 million or 42.33% to RM5.38 million as compared to the FYE 2007 mainly due to the increase in revenue generated from our Terminal Services arising from the increase in the deployment of our EDCPOS Terminals from 1,848 units in the FYE 2007 to 3,153 units for the FYE 2008. For the FYE 2008, Terminal Services recorded an increase in GP margin, which was attributable to better personnel performance and cost savings. The chain stores recruited by us during the FYE 2008, amongst others, were Speedy video, Baker's Cottage, MATTA affiliated Merchants and the Merchants in KL Pavilion.

Our overall GP margin for the FYE 2008 was 79.50% as compared to 62.28% for the FYE 2007. The higher GP margin was attributed by the higher revenue contributed from the Terminal Services, the software development project for E Combi Pte Ltd's warehouse management system and due to the larger revenue recorded for the services components for the Universal Service Provisioning (USP) project with Celcom (Malaysia) Berhad which has lower cost of sales. The GP margin for the Loyalty Management Services has decreased to 71.97% for the FYE 2008 as compared to 100.00% for the FYE 2007 as revenue contributed from Loyalty Management Services consists of recurring monthly application hosting fees and gifts redemption that has lower margins.

For the FYE 2009, our GP had increased by RM1.71 million, representing an increase of approximately 31.78% as compared to the FYE 2008. This is in line with the rising trend in the GP due the higher amount of revenue earned from Terminal Services, Payment Services and Business Process Outsourcing which has a lower cost of sales. The marginal decrease in GP of the Terminal Services is due to higher maintenance costs of certain older version of our EDCPOS Terminals. The increase in the GP for the Payments Services and Business Process Outsourcing were mainly due to the sales of agency management software system and the increase in number of EMV Cards personaliscd respectively.



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## 11. FINANCIAL INFORMATION (Cont'd)

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Our overall GP margin was 90.09% for the FYE 2009 as compared to 79.50% for the FYE 2008. The increase was attributable to the revenue composition achieved during the financial year, whereby higher portion of our revenues were derived from the Terminal Services, Payment Services and Business Process Outsourcing. The GP margin for the Loyalty Management Services has decreased to 43.68% for the FYE 2009 as revenue from Loyalty Management Services mainly consists of the redemption of gifts that has lower margins.

For the FPE 2010, we recorded GP of approximately RM6.36 million as compared to approximately RM5.95 million for the unaudited FPE 2009 representing an increase of 6.89%. This increase was mainly due to the higher amount of revenue earned from Terminal Services and Software, Security and ICT Services whilst lower cost of sales was recorded for Terminal Services, Payment Services, Business Process Outsourcing and Software, Security and ICT Services. Our overall GP margin for the FPE 2010 increased from 91.02% for the unaudited FPE 2009 to 96.14% arising from the reasons as stated above.

### **Other income:**

We recorded other operating income of approximately RM31,000, RM32,000 and RM47,000 for the FYE 2007, FYE 2008 and FYE 2009 respectively. For the unaudited FPE 2009 and FPE 2010, we recorded other operating income of approximately RM23,000 and RM84,000 respectively. For the financial years/ period under review, our other income mainly consists of sundry income such as insurance claims, forfeited deposits, Merchant processing fees and interest income from the fixed deposit which was placed as a collateral for bank facilities granted to the Group.

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## 11. FINANCIAL INFORMATION (Cont'd)

### Operating expenses:

The analysis of our operating expenses for the financial years/ period under review is as follows:

	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FPE 2009 # RM'000	FPE 2010 RM'000
Staff cost	1,084	1,375	715	613	948
Depreciation and amortisation	1,083	1,394	1,680	1,471	1,705
Other operating expenses (such as rental, repair and maintenance, utilities, printing and stationeries, and travelling expenses)	869	1,401	976	685	942
	<u>3,036</u>	<u>4,170</u>	<u>3,371</u>	<u>2,769</u>	<u>3,595</u>

*Note:*

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

For the FYE 2007 to FYE 2009, our operating expenses increased and recorded the highest for the FYE 2008 as our Group expanded the Terminal Services operations with more units deployed, thereby increasing our staff cost and operating expenses to facilitate our growth. The subsequent reduction of operating expenses from RM4.17 million for the FYE 2008 to RM3.37 million for the FYE 2009 was due to the capitalisation of the R&D costs of approximately RM875,000 for the development of the agency management software system and card mailer system.

For the FPE 2010, our operating expenses increased to approximately RM3.60 million as compared to approximately RM2.77 million for the unaudited FPE 2009 representing an increase of 29.96% mainly contributed by higher staff cost resulting from recruitment of software programmers, increment in salaries and allowances for existing staff and as well as depreciation and amortisation incurred as a result of the acquisition of SCICAD and advanced e-commerce portal system towards the end of the FYE 2009.

As illustrated in the table above, our operating expenses are separated into three categories, namely staff costs which comprised of all staff related expenses such as salaries, Employees Provident Fund (EPF) and Social Security Organisation (SOCSO) expenses, depreciation and amortisation and operating expenses comprised mainly administration expenses, amongst others, rental, travelling, printing, stationery, telephone expenses and sales commissions.

As our business models focuses on the recurring business activities, a significant portion of our costs comprised of depreciation and amortisation of those equipment and software used for the corresponding business activities as set out below:

- (i) equipment mainly for the Terminal Services and Business Process Outsourcing; and
- (ii) intellectual properties developed in-house to support our business activities;

which constituted approximately 35.67%, 33.42%, 49.84%, 53.12% and 47.43% of the total operating expenses for the FYE 2007, FYE 2008, FYE 2009, unaudited FPE 2009 and FPE 2010 respectively.

Our staff costs have increased by 26.85% from the FYE 2007 to the FYE 2008 and reduced by 48.00% from the FYE 2008 to FYE 2009. The increase was due to our need to sustain and grow our Group. Hence, we have increased our investment in our human capital. For the FYE 2009, the reduction in staff costs was due to the classification of certain staff costs amounting to RM0.77 million to R&D expenditures.

## 11. FINANCIAL INFORMATION (Cont'd)

Our staff costs have increased from approximately RM0.61 million for the unaudited FPE 2009 to approximately RM0.95 million for the FPE 2010, representing an increase of 55.74% mainly due to higher salary paid out.

### PBT:

The analysis of our PBT and PBT margins for the financial years/ period under review are as follows:

PBT by subsidiaries	FYE 2007		FYE 2008		FYE 2009		FPE 2009 #		FPE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ManagePay	-	-	-	-	(23)	(0.62)	-	-	(385)	(13.98)
MPSB	478	83.71	918	89.82	2,993	80.33	2,268	71.41	2,679	97.31
Sinatec	(21)	(3.68)	4	0.40	642	17.23	474	14.92	444	16.12
Whatdevice	114	19.97	100	9.78	114	3.06	434	13.67	(247)	(8.97)
Consolidation adjustments	-	-	-	-	-	-	-	-	262	9.52
Proforma consolidated	571	100.00	1,022	100.00	3,726	100.00	3,176	100.00	2,753	100.00

PBT margin by subsidiaries	FYE 2007	FYE 2008	FYE 2009	FPE 2009 #	FPE 2010
ManagePay	-	-	-	-	-
MPSB	8.75%	15.67%	54.05%	48.85%	48.82%
Sinatec	(7.98)%	2.60%	50.43%	53.08%	49.39%
Whatdevice	23.41%	17.21%	10.72%	43.23%	(110.76)%
Overall	9.40%	15.09%	47.33%	48.56%	41.65%

PBT by principal activities	FYE 2007		FYE 2008		FYE 2009		FPE 2009 #		FPE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Payment Services	5	0.88	74	7.24	1,245	33.41	1,030	32.43	368	13.37
Terminal Services	131	22.94	313	30.63	1,416	38.00	893	28.12	1,166	42.35
Loyalty Management Services	48	8.41	31	3.03	112	3.01	101	3.18	60	2.18
Business Process Outsourcing	118	20.67	100	9.78	115	3.09	433	13.63	(247)	(8.97)
Software, Security and ICT Services	269	47.10	504	49.32	838	22.49	719	22.64	1,406	51.07
Proforma consolidated	571	100.00	1,022	100.00	3,726	100.00	3,176	100.00	2,753	100.00

## 11. FINANCIAL INFORMATION (Cont'd)

PBT margin by principal activities	FYE 2007	FYE 2008	FYE 2009	FPE 2009 #	FPE 2010
Payment Services	0.67%	18.36%	70.54%	65.86%	58.23%
Terminal Services	8.03%	12.24%	45.31%	37.57%	40.56%
Loyalty Management Services	14.46%	9.87%	30.77%	31.46%	25.53%
Business Process Outsourcing	24.23%	17.21%	10.82%	43.13%	(110.27)%
Software, Security and ICT Services	9.35%	17.28%	53.86%	56.44%	53.18%
Overall	9.40%	15.09%	47.33%	48.56%	41.65%

*Note:*

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

We recorded PBT of approximately RM0.57 million, RM1.02 million, RM3.73 million, RM3.18 million and RM2.75 million for the FYE 2007, FYE 2008, FYE 2009 respectively, unaudited FPE 2009 and FPE 2010 respectively.

For the FYE 2007, our PBT had increased by RM1.38 million representing an increase of approximately 170.37% from the FYE 2006. This was a result of the decrease in the staff costs of approximately RM0.56 million and the increase of GP of approximately RM0.80 million.

For the FYE 2008, our PBT had increased by RM0.45 million, from the FYE 2007. The increase in revenue, GP and PBT of our Group signified the growing trend of our Group's product and solutions. The substantial increase was a result of the aggressive sales and marketing effort by our management to create a branding and market recognition for our Group's product and solutions, which resulted in more Merchants acquired and increased in the deployment of our EDCPOS Terminals during the financial year. In addition, our Software, Security and ICT Services income amounting to approximately RM0.50 million also contributed to our PBT. However, this increase was lowered by RM0.66 million written off as bad debt.

For the FYE 2009, our PBT had increased by RM2.70 million, representing an increase of approximately 264.71% from the FYE 2008. The increase was mainly due to:

- (i) the increase in GP of approximately RM1.71 million for the FYE 2009 as compared to the FYE 2008; and
- (ii) the reduction of the overall operating cost of approximately RM0.80 million for the FYE 2009 as compared to FYE 2008.

For the FPE 2010, our PBT was lower by 13.32% as compared to the unaudited FPE 2009 mainly due to:

- (i) the increase in staff cost approximately RM0.34 million for the FPE 2010 as compared to the unaudited FPE 2009; and
- (ii) the increase in depreciation and amortisation of approximately RM0.23 million for the FPE 2010 as compared to the unaudited FPE 2009.

## 11. FINANCIAL INFORMATION (Cont'd)

For the FYE 2007, our Group recorded a PBT margin of approximately 9.40%. Our Group's PBT margin improved to 15.09% for the FYE 2008 pursuant to the focus by our management to grow the Managed Electronic Payment Solutions. The PBT margin for the FYE 2009 increased further to 47.33% when the major sources of our Group's revenue such as the Terminal Services, Payment Services and Business Process Outsourcing were typically high margin based activities. The PBT margin decreased from approximately 48.56% for the unaudited FPE 2009 to approximately 41.65% for the FPE 2010. The decrease was primarily due to higher operating costs mainly contributed by staff costs, and depreciation and amortisation incurred for the period under review.

### Taxation:

	FYE 2007	FYE 2008	FYE 2009	FPE 2009 #	FPE 2010
Effective tax rate	28.37%	(11.15)%	8.32%	6.20%	12.68%
Malaysian statutory tax rate	27.00%	26.00%	25.00%	25.00%	25.00%

### Note:

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

For the FYE 2007, the effective tax rate of approximately 28.37% was higher than the statutory tax rate due to reversal of deferred tax assets arising from the unutilised capital allowance brought forward from the FYE 2006 which was fully utilised in the FYE 2007.

For the FYEs 2008 and 2009, the effective tax rate is significantly lower than the statutory tax rate due to the tax exemption granted to MPSB and sufficient tax losses carried forward for Sinatec and Whatdevice to offset against taxable profit. MPSB was granted MSC status on 30 April 2001, which entitled a 100% income tax exemption on profits generated from MSC-qualifying activities for five (5) years period commencing from 30 April 2001. This additional five (5) years period was subsequently renewed upon our formal application to the MDeC before the expiry date. These factors have led to the lowering of our effective tax rate during the financial year. For the FYE 2008, our Group's effective tax rate is negative due to the recognition of deferred tax assets in MPSB arising from unabsorbed tax losses arising from the non-pioneer business activities and depreciation charges in excess of capital allowances. For the FYE 2009, in addition to MPSB which was granted MSC status, incomes generated by Sinatec and Whatdevice were exempted from tax due to the sufficient tax losses carried forward to offset against taxable profit. This has further led to the lower effective tax rate for our entire Group. On 5 April 2010, Sinatec has received a letter from MDeC stated that they have submitted the relevant applications to MITI for its determination of the commencement date for pioneer status. On 23 June 2010, MITI has vide its letter on even date granted Sinatec with the effective date for the commencement of its pioneer status on 7 November 2006.

For the FPE 2010, the effective tax rates was lower than the statutory tax rate due to Sinatec's tax exempt status and sufficient tax losses carried forward by MPSB to offset against taxable profit. Whatdevice was not taxable as it incurred losses during the period under review.

## 11. FINANCIAL INFORMATION (Cont'd)

## PAT:

The analysis of our PAT and PAT margins for the financial years/ periods under review are as follows:

PAT by subsidiaries	FYE 2007		FYE 2008		FYE 2009		FPE 2009 #		FPE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ManagePay	-	-	-	-	(23)	(0.67)	-	-	(385)	(16.01)
MPSB	316	77.26	1,042	91.73	2,827	82.76	2,268	76.13	2,289	95.22
Sinatec	(21)	(5.13)	4	0.35	581	17.00	424	14.23	435	18.08
Whatdevice	114	27.87	90	7.92	31	0.91	287	9.64	(197)	(8.19)
Consolidation adjustments	-	-	-	-	-	-	-	-	262	10.90
Proforma consolidated	409	100.00	1,136	100.00	3,416	100.00	2,979	100.00	2,404	100.00

PAT margin by subsidiaries	FYE 2007	FYE 2008	FYE 2009	FPE 2009 #	FPE 2010
ManagePay	-	-	-	-	-
MPSB	5.78%	17.78%	51.06%	48.85%	41.71%
Sinatec	(7.98)%	2.60%	45.64%	47.48%	48.39%
Whatdevice	23.41%	15.49%	2.92%	28.59%	(88.34)%
Overall	6.73%	16.78%	43.39%	45.55%	36.37%

PAT by principal activities	FYE 2007		FYE 2008		FYE 2009		FPE 2009 #		FPE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Payment Services	2	0.49	85	7.48	1,155	33.81	984	33.03	348	14.48
Terminal Services	86	21.03	355	31.25	1,334	39.05	887	29.78	1,005	41.81
Loyalty Management Services	30	7.33	34	2.99	105	3.07	98	3.29	58	2.41
Business Process Outsourcing	118	28.85	90	7.92	31	0.91	286	9.60	(198)	(8.24)
Software, Security and ICT Services	173	42.30	572	50.36	791	23.16	724	24.30	1,191	49.54
Proforma consolidated	409	100.00	1,136	100.00	3,416	100.00	2,979	100.00	2,404	100.00

PAT margin by principal activities	FYE 2007	FYE 2008	FYE 2009	FPE 2009 #	FPE 2010
Payment Services	0.27%	21.09%	65.44%	62.92%	55.06%
Terminal Services	5.27%	13.88%	42.69%	37.32%	34.96%
Loyalty Management Services	9.04%	10.83%	28.85%	30.53%	24.68%
Business Process Outsourcing	24.23%	15.49%	2.92%	28.49%	(88.39)%
Software, Security and ICT Services	6.01%	19.62%	50.84%	56.83%	45.05%
Overall	6.73%	16.78%	43.39%	45.55%	36.37%

## Note:

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

## 11. FINANCIAL INFORMATION (Cont'd)

In line with the PBT margin increase, our Group's PAT margin has increased from 6.73% for the FYE 2007 to 16.78% for the FYE 2008 and recorded a PAT margin of 43.39% for the FYE 2009. For the FPE 2010, our Group recorded a PAT margin of approximately 36.37% as compared to a PAT margin of approximately 45.55% for the unaudited FPE 2009 in line with the decrease in PBT margin in the FPE 2010 as compared to the unaudited FPE 2009.

### 11.5.1.1 Impact of government/economic/fiscal/monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our Group's operations, are as set out in Section 4 of this Prospectus.

There is no material impact of government, economic, fiscal or monetary policies or factors on our historical profit for the past three (3) FYEs 2007 to 2009 and the FPE 2010.

### 11.5.1.2 Impact of inflation

As at the LPD, there is no material impact of inflation to our historical financial performance for the past three (3) FYEs 2007 to 2009 and the FPE 2010.

### 11.5.1.3 Impact of foreign exchange/interest rates on operating profits

Save for the purchase of EDCPOS Terminals from Hypercom, for the past three (3) FYEs 2007 to 2009, our business operations and customers are all primarily contained within Malaysia and all our sales and purchases are mainly traded in RM. As such, the foreign exchange exposure of our Group is not material. Accordingly, we do not require any hedging policies nor have we entered into any forward contracts with respect to our foreign exchange exposure.

There is no material impact of foreign exchange and interest rates on our historical profit for the past (3) FYEs 2007 to 2009 and the FPE 2010.

### 11.5.1.4 Material changes in revenue

Discussion on the material changes in our revenue for the past three (3) FYEs 2007 to 2009 and the FPE 2010 are set out in Section 11.5.1 of this Prospectus.

## 11.5.2 Liquidity and capital resources

### 11.5.2.1 Working capital

Our primary sources of funds are mainly derived from the net cash generated internally from our operations as well as through bank or external borrowings. We may raise additional capital/funds through debt or equity offerings in the future to part finance our expansion plans or to meet our financing requirements should the need arise.

Our principal sources of liquidity as at 31 October 2010 are set out below:

	<b>RM'000</b>
Cash and bank balances	122
Deposits with licensed banks	104
Bank borrowings	214

Our Board is of the opinion that, after taking into account our present cash flows position and the gross proceeds to be raised from the IPO, we would have adequate working capital for our business operations for a period of 12 months from the date of this Prospectus.

## 11. FINANCIAL INFORMATION (Cont'd)

### 11.5.2.2 Cash flows

The following table sets out our Group proforma consolidated cash flows with respect to operating activities, investing activities and financial activities for the FPE 2010:

		FPE 2010 RM'000
Net cash from operating activities		2,164
Net cash used in investing activities		(2,178)
Net cash used in financing activities		(51)
Net decrease in cash and cash equivalents		(65)
Cash and cash equivalents at beginning of financial period		140
Cash and cash equivalents at end of financial period		75
All interest bearing debts	(RM'000)	214
Shareholders' equity	(RM'000)	16,132
Gearing ratio	(times)	0.01
Current ratio	(times)	7.74

#### Net cash from the operating activities

Our net cash flow from operating activities of RM2.16 million was attributable mainly to PAT and adjustments for the following:

- (i) non-cash items such as depreciation of plant and machinery and amortisation of software development expenditure;
- (ii) finance costs; and
- (iii) working capital movements.

#### Net cash used in investing activities

Our net cash used in investing activities amounting to RM2.18 million comprise mainly the purchase of plant and machinery such as office equipment, electrical fittings, air-conditional, renovation, computers and accessories, motor vehicle and EDCPOS Terminals, and R&D expenditure.

#### Net cash used in financing activities

Our net cash used in financing activities amounting to RM0.05 million comprise mainly of proceeds from issuance of share capital, proceeds from bank borrowings and after repayment of hire purchase.

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## 11. FINANCIAL INFORMATION (Cont'd)

### 11.5.2.3 Borrowings

As at the LPD, our total borrowings comprise the following:

<b>Payable within 12 months</b>	<b>RM'000</b>
Term loans	36
Bank overdraft	47
<b>Payable after 12 months</b>	
Term loans	131
<b>Total</b>	<u>214</u>
<b>Gearing ratio (times)</b>	<b>0.01</b>

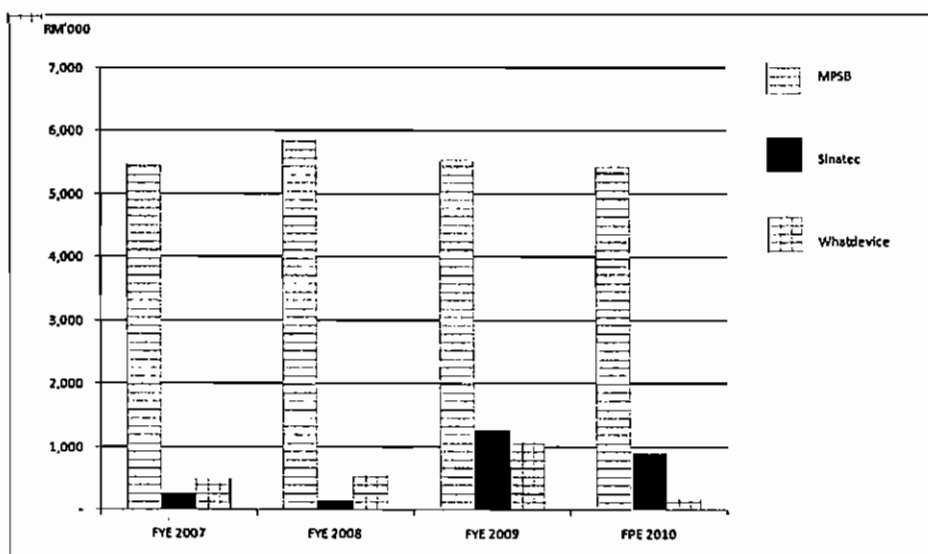
We have not defaulted on payments of either principal sums and/or interest in respect of any borrowing throughout the FPE 2010 thereof up to the LPD.

### 11.5.3 Trend information

#### 11.5.3.1 Revenue

The following graphs depict our Group's revenue trend by subsidiaries and principal activities for the past three (3) FYEs 2007 to 2009 and the FPE 2010 based on the proforma consolidated financial information of our Company as set out in Sections 11.1 and 11.4 of this Prospectus.

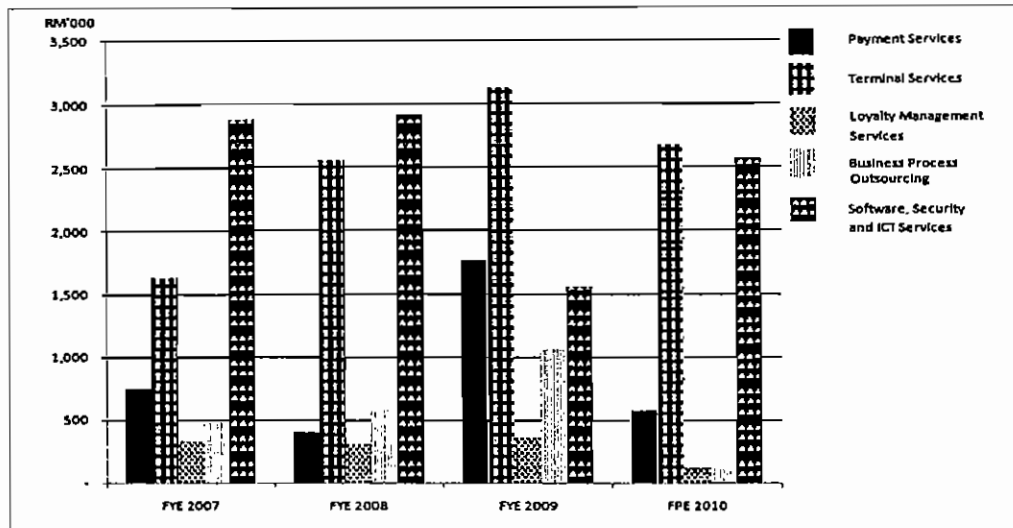
#### Revenue trend by subsidiaries



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## 11. FINANCIAL INFORMATION (Cont'd)

### Revenue trend by principal activities



Based on our segmental analysis of revenue and profitability by our business activities, the state of our order book and our overview of operations for the past three (3) FYEs 2007 to 2009 and the FPE 2010, we anticipate the following trends:

- (i) we expect our Group's financial position and performance to remain sustainable, taking into consideration the recurring revenues and our current projects in the pipeline;
- (ii) the recent announcement of the service tax of RM50 imposed on each principal Cardholders has been mitigated with various strategy undertaken by the Financial Institutions will minimise the effect. However, we do not expect any adverse development as we have secured additional Merchants and increasing the deploying of our EDCPOS Terminals;
- (iii) our Group competes directly with other local electronic payment providers. Due to the competitive nature of our industry, our pricing and profitability may be affected. However, our revenues are mainly both recurring and project-based where our pricing is secured over the duration of the contracts and based on a tender basis. In addition, our dependency is mitigated as apart from pricing, there are other factors that determine the success of project roll-out and project tender, namely technical expertise, domain knowledge and track record. We believe we are able to acquire more Merchants, deploy more EDCPOS Terminals and secure more Software, Security and ICT projects at competitive prices as we possess the capabilities in the factors mentioned;
- (iv) we do not expect any material fluctuations in the prices of our EDCPOS Terminals. This is due to the consistent availability of supply of similar terminal and electronic components for our solution in the market. Although we are dependent on our human capital resources for the implementation of our projects in Terminal Services, Payment Services, Business Process Outsourcing and Software, Security and ICT Services, we do not expect the costs of labour to materially affect our profitability as we are able to contain our operation costs; and
- (v) our profitability is expected to improve taking into account the tax incentives we presently enjoy pursuant to the MSC status granted by MDeC to MPSB whereas Sinatec will also benefit from its pioneer status upon receiving the approval from the MITI.

## 11. FINANCIAL INFORMATION (Cont'd)

In addition, our Board is not aware of any circumstances which would result in a significant decline in our revenue and gross profit margins.

Information on our Group's business and financial prospects, significant trends in sales, production and costs are set out in this section and Sections 4, 5 and 6 of this Prospectus. Discussion on the overview of the Industry, its prospects and outlook are further elaborated in Section 7 of this Prospectus.

Given the outlook of the Electronic Payment Solutions Industry as set out in Section 7 of this Prospectus, our Group's competitive strengths and advantages as set out in Section 6.11 of this Prospectus and our future plans and strategies as set out in Section 6.23 of this Prospectus, our Board is optimistic about the future prospects of our Group.

### 11.5.3.2 Order book

As at the LPD, the secured projects as set out in Section 6.23(b)(vi) of this Prospectus have been implemented and rolled-out. Saved the above disclosure and for the Software, Security and ICT Services which generally awarded through competitive biddings, we do not have any long-term agreements with our customers and/or suppliers. We also do not have an order book as our revenue streams have been streamlined to comprise recurrent income such as rental of Terminals.

### 11.5.3.3 Selling prices

We continuously strive to secure optimum selling prices for our products in our efforts to improve our profitability. However, we do not offer sales incentives to new or repeat customers. Instead, we entice new and retain existing customers by offering 99% services uptime of our EDCPOS Terminals and quick turnaround time for maintenance and repair requests (usually within the same day or within 24 hours) supported by our Agency Managers and in-house technical support team to broaden our customers base and penetrate into new markets. Save for our Software, Security and ICT Services, where the selling prices are determined based on competitive bidding process, the average selling prices of our products were relatively constant throughout the FYEs 2007 to 2009 and the FPE 2010.

Save as disclosed above, including our management's discussion and analysis of financial condition, results of operations and prospects, Sections 11.1, 11.4 and 12 of this Prospectus, our Board believes that barring any unforeseen circumstances, there are no other significant known recent trends for revenue and costs, or other known trends, uncertainties, demands, commitments or event that are reasonably or likely to have a material favourable or unfavourable impact on our financial performance, position and operations of our Group, or that would cause financial information disclosed in this Prospectus to be not indicative of our future operating results or financial conditions.

### 11.5.4 Other key financial ratios

The table below sets out the selected key financial ratios for the past three (3) FYEs 2007 to 2009 and the FPE 2010 which are derived from our proforma consolidated financial information and on the assumption that our Group has been in existence throughout the financial year under review.

		FYE 2007	FYE 2008	FYE 2009	FPE 2009 #	FPE 2010
GP margin	(%)	62.28	79.50	90.09	91.02	96.14
PAT margin	(%)	6.73	16.78	43.39	45.55	36.37
Interest cover	(times)	3.76	5.58	87.65	103.45	31.25
Trade receivable turnover	(days)	191	74	148	159	220
Trade payable turnover	(days)	71	90	157	215	153
Inventory turnover	(days)	137	176	277	265	108

Note:

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

## 11. FINANCIAL INFORMATION (Cont'd)

### 11.5.4.1 Trade receivables

The normal credit period given to our trade debtors ranges from 30 to 90 days. Other credit terms above 90 days are assessed and approved on a case-by-case basis. Our Directors are of the view that customers who have been given extended credit period based on several factors, amongst others, the collectability of the trade receivables, the scope of the projects undertaken, length of relationship and creditworthiness.

No allowance for doubtful debts has been made in our consolidated financial statements for our trade receivables.

During the FYE 2008, in accordance with the Financial Reporting Standards we wrote-off bad debts approximately RM658,815 which was carried forward from the FYE 2007 and deemed non-collectable by our management due to, amongst others, cessation of debtor's business operations.

Our audited trade receivable balance (excluding inter-company trade receivables) as at 31 October 2010 and the ageing analysis thereon based on the records of our Group are as follows:

	0-30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-120 days RM'000	121 – 180 days RM'000	> 180 days RM'000	Total RM'000
Trade receivables	2,729	134	40	571	43	1,263	4,779
% of total trade receivables	57%	3%	1%	12%	1%	26%	100%

It is our policy to make full provision for all trade receivables that are in dispute, under legal action or recoveries are considered to be doubtful. Our Group's policy on trade debts and debt collection is as follows:

- (i) close monitoring of debts via management reporting procedures which include monthly review of receivables ageing list to identify overdue debts;
- (ii) follow up action on non-paying customers for example calling up customers, sending certified true copies of invoices, statements of accounts, sending reminder letters, taking legal action, termination of support services or termination of contracts; and
- (iii) assessment of creditworthiness of potential and existing customers. For private companies, any request for credit sales will require a formal application to our Group inclusive of providing directors guarantee.

As at 31 October 2010, approximately RM1.88 million or 39.33% of the trade receivables have exceeded the normal credit period. As at the LPD:

- (i) the receivables exceeding 180 days have been fully collected; and
- (ii) RM0.05 million was collected for the receivables between 91 to 180 days.

## 11. FINANCIAL INFORMATION (Cont'd)

### 11.5.4.2 Trade payables

Our audited trade payable balance (excluding inter-company trade payables) as at 31 October 2010 and the ageing analysis thereon based on the records of our Group are as follows:

	0-30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-120 days RM'000	121-180 days RM'000	> 180 days RM'000	Total RM'000
Trade payables	11	6	-	-	2	109 *	128
% of total trade payables	8%	5%	-	-	2%	85%	100%

Note:

\* This includes invoices received for the non-delivery of two (2) out of nine (9) card applications software by Giesecke & Devrient Asia Pte Ltd and the retention sum of 10% held back by the Group arising from the non-completion and unsatisfactory performance of RX Telecommunication Sdn Bhd.

The normal credit term granted by our trade suppliers ranges from 0 to 60 days.

As at the LPD, we are not aware of any actions, legal or otherwise, that have been taken against us by trade suppliers for the recovery of debts due to them or due to any defaults in payment.

As at the LPD, no payments were made for the balances exceeding 180 days due to, amongst others, non delivery of products, unsatisfactory performance and unclaimed monies.

### 11.5.4.3 Inventories

Our inventories consist of data products, EMV Cards, computer gadgets, telecommunication equipment and terminal peripherals.

	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FPE 2009 # RM'000	FPE 2010 RM'000
Inventories	759	577	606	446	76
Cost of sales	2,291	1,388	780	587	255
Inventories turnover period (months)	5	6	9@	9*	13^

Notes:

# FPE 2009 represents unaudited management account and is included for comparative purposes only.

@ FYE 2009 recorded high inventories turnover period was mainly due to the purchase of EDCPOS Terminals amounting to RM0.53 million as inventories for trading purposes which otherwise would normally be purchased as equipment. These inventories are kept to address any sudden surge of demand from banks, tender of projects, for resales and maintenance replacement purposes.

\* The unaudited FPE 2009 recorded high inventories turnover period as it included approximately RM0.23 million worth of slow moving inventories which were subsequently sold at the end of the FYE 2009.

^ The FPE 2010 recorded high inventories turnover period as our Group utilised the opening inventories to install EDCPOS Terminals at Merchants' outlets for our Terminal Services. The lower cost of sales was contributed by the absence of purchases of EDCPOS Terminals for inventories.

$$\text{Inventories turnover period (months)} = \frac{(\text{Opening inventories} + \text{Closing inventories})/2 \times 12 \text{ months}}{\text{Cost of sales}}$$

As at the LPD, we are of the view that there are no material slow-moving or obsolete inventories.

## 11. FINANCIAL INFORMATION (Cont'd)

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### 11.5.5 Financial instruments for hedging

As at the LPD, our Group does not practice any financial instruments for hedging.

### 11.5.6 Material capital commitments

Saved for the proposed utilisation of public proceeds to be raised from our Public Issue as stated in Section 3.8 of this Prospectus, as at the LPD, our Board is not aware of any material capital commitment contracted or known to be contracted by us and/or our subsidiaries which, upon becoming enforceable, may have a material impact on our Group's financial position.

#### (a) Contingent liabilities

Our Board is not aware of any contingent liability which, upon becoming enforceable, may have a material impact on our Group's financial position as at 31 October 2010.

#### (b) Material litigation

Save as disclosed in Section 15.5 of this Prospectus, as at the LPD, our Board is not aware of any material litigation, claim or arbitration either as plaintiff or defendant any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

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## 11. FINANCIAL INFORMATION (Cont'd)

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### 11.5.7 Factors affecting financial condition and results of operations

As at the LPD, to the best of our Board's knowledge and belief, our Group condition and operations have not been and are not expected to be affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 11.5 and Sections 3, 4, 5 and 6 of this Prospectus;
- (b) material commitment for capital expenditure as disclosed in Section 11.5.6 in this Prospectus;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and in Section 4 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue save for those that had been disclosed in this section; and
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of our future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus.

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## 12. ACCOUNTANTS' REPORT

*(Prepared for inclusion in this Prospectus)*

### LEOU & ASSOCIATES

Chartered Accountants (AF 0659)

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A Member Firm Of The  
Malaysian Institute of Accountants  
(Established under the Accountants Act 1967)  
Institut Akaunfan Malaysia  
(Diperbadankan di bawah Akta Akaunfan 1967)

Date: 28 January 2011

The Board of Directors  
ManagePay Systems Berhad  
Wisma MPSB  
Lot 113, Jalan USJ 21/10  
47630 UEP Subang Jaya  
Selangor Darul Ehsan

Dear Sirs/Madam,

#### MANAGEPAY SYSTEMS BERHAD ("ManagePay" or the "Company") ACCOUNTANTS' REPORT

##### 1.0 INTRODUCTION

This report has been prepared by Leou & Associates, an approved company auditor, for inclusion in the Prospectus of ManagePay to be dated 22 February 2011 in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of ManagePay on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

##### 2.0 DETAILS OF THE LISTING SCHEME

In conjunction with and as an integral part of the listing of ManagePay on the ACE Market of Bursa Securities ("Listing"), the Company undertook a Listing Scheme which involves the following: -

##### 2.1 Acquisitions

Pursuant to the Share Sale Agreements dated 10 March 2010 entered into by the Company and the vendors of Multimedia Prospect Sdn. Bhd. ("MPSB"), Sina Technologies Sdn. Bhd. ("Sinatex") and Whatdevice (Malaysia) Sdn. Bhd. ("Whatdevice"), the details of which are set out below: -





## 12. ACCOUNTANTS' REPORT (Cont'd)

### (i) Acquisition of MPSB

The Company entered into a share sale agreement to acquire the entire equity interest in MPSB comprising of 3,017,738 MPSB Shares from the vendors of MPSB, namely Chew Chee Seng, Dato' Theng Book, Chan Wah Kiang, Chin Shea Fong, Dato' Yap Kuak Fong and Chee Sau Ying @ Chee Shioh Lian for a total purchase consideration of RM11,586,047 fully satisfied via the issuance of 115,860,470 ordinary shares of RM0.10 each in ManagePay ("ManagePay Shares") at par, as follows: -

Vendors	Equity interest in MPSB		Purchase consideration	
	No. of MPSB shares	%	RM	No. of ManagePay Shares allotted
Chew Chee Seng	1,194,421	39.58	4,585,756.80	45,857,568
Dato' Theng Book	482,838	16.00	1,853,766.30	18,537,663
Chan Wah Kiang	603,547	20.00	2,317,210.20	23,172,102
Chin Shea Fong	495,512	16.42	1,902,429.70	19,024,297
Dato' Yap Kuak Fong	120,710	4.00	463,442.00	4,634,420
Chee Sau Ying @ Chee Shioh Lian	120,710	4.00	463,442.00	4,634,420
<b>Total</b>	<b>3,017,738</b>	<b>100.00</b>	<b>11,586,047.00</b>	<b>115,860,470</b>

The purchase consideration for the acquisition of MPSB was arrived at on a willing buyer willing seller basis after taking into account the audited net assets ("NA") of MPSB as at 31 December 2009.

### (ii) Acquisition of Sinatec

The Company entered into a share sale agreement to acquire the entire equity interest in Sinatec comprising of 1,013,475 Sinatec Shares from the vendors of Sinatec, namely Chew Chee Seng, Dato' Theng Book, Chan Wah Kiang, Chin Shea Fong, Dato' Yap Kuak Fong and Chee Sau Ying @ Chee Shioh Lian for a total purchase consideration of RM1,209,783 fully satisfied via the issuance of 12,097,830 ManagePay Shares at par, as follows: -

Vendors	Equity interest in Sinatec		Purchase consideration	
	No. of Sinatec shares	%	RM	No. of ManagePay Shares allotted
Chew Chee Seng	401,133	39.58	478,831.80	4,788,318
Dato' Theng Book	162,156	16.00	193,564.20	1,935,642
Chan Wah Kiang	202,695	20.00	241,957.30	2,419,573
Chin Shea Fong	166,413	16.42	198,646.90	1,986,469
Dato' Yap Kuak Fong	40,539	4.00	48,391.40	483,914
Chee Sau Ying @ Chee Shioh Lian	40,539	4.00	48,391.40	483,914
<b>Total</b>	<b>1,013,475</b>	<b>100.00</b>	<b>1,209,783.00</b>	<b>12,097,830</b>

The purchase consideration for the acquisition of Sinatec was arrived at on a willing buyer willing seller basis after taking into account the audited NA of Sinatec as at 31 December 2009.

## 12. ACCOUNTANTS' REPORT (Cont'd)

The Company entered into a share sale agreement to acquire the entire equity interest in Whatdevice comprising of 968,786 Whatdevice Shares from the vendors of Whatdevice, namely Chew Chee Seng, Dato' Theng Book, Chan Wah Kiang, Chin Shea Fong, Dato' Yap Kuak Fong and Chee Sau Ying @ Chee Shiow Lian for a total purchase consideration of RM931,479 fully satisfied via the issuance of 9,314,790 ManagePay Shares at par, as follows: -

Vendors	Equity interest in Whatdevice		Purchase consideration	
	No. of Whatdevice Shares	%	RM	No. of ManagePay Shares allotted
Chew Chee Seng	383,445	39.58	368,679.20	3,686,792
Dato' Theng Book	155,006	16.00	149,035.50	1,490,355
Chan Wah Kiang	193,758	20.00	186,296.40	1,862,963
Chin Shea Fong	159,075	16.42	152,949.30	1,529,492
Dato' Yap Kuak Fong	38,751	4.00	37,259.30	372,594
Chee Sau Ying @ Chee Shiow Lian	38,751	4.00	37,259.30	372,594
<b>Total</b>	<b>968,786</b>	<b>100.00</b>	<b>931,479.00</b>	<b>9,314,790</b>

The purchase consideration for the acquisition of Whatdevice was arrived at on a willing-buyer willing-seller basis after taking into account the audited NA of Whatdevice as at 31 December 2009.

The abovementioned acquisitions of MPSB, Sinatec and Whatdevice is collectively known as "Acquisitions".

The 137,273,090 Shares issued pursuant to the Acquisitions rank *pari passu* in all respects with all then existing Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

Upon completion of the Acquisitions, the issued and paid-up share capital has increased from RM10.00 comprising 100 Shares to RM13,727,319 comprising 137,273,190 Shares.

### 2.2 Public Issue

Upon completion of the Acquisitions, ManagePay will undertake a public issue of 45,758,000 new ManagePay Shares ("Issue Shares"), representing approximately 25.00% of the enlarged issued and paid-up share capital of ManagePay, at an issue price of RM0.16 per Issue Share to be allocated in the following manner: -

- 32,946,000 ManagePay Shares, representing 18% of the enlarged issued and paid-up share capital of ManagePay made available for application by way of private placement to identified investors;
- 3,660,000 ManagePay Shares, representing 2% of the enlarged issued and paid-up share capital of ManagePay made available for application by eligible employees; and
- 9,152,000 ManagePay Shares, representing 5% of the enlarged issued and paid-up share capital of ManagePay made available for application by the Malaysian Public.

The Issue Shares will rank *pari passu* in all aspects with the existing ManagePay Shares, except that the new ManagePay Shares will not be entitled to any dividends, rights, allotment or other distribution, the entitlements of which is prior to the date of allotment of the said ManagePay Shares.

Upon completion of the Public Issue, the issued and paid-up share capital of ManagePay will increase from RM13,727,319 comprising 137,273,190 ManagePay Shares to RM18,303,119 comprising 183,031,190 ManagePay Shares.

## 12. ACCOUNTANTS' REPORT (Cont'd)

### 2.3 Listing and Quotation

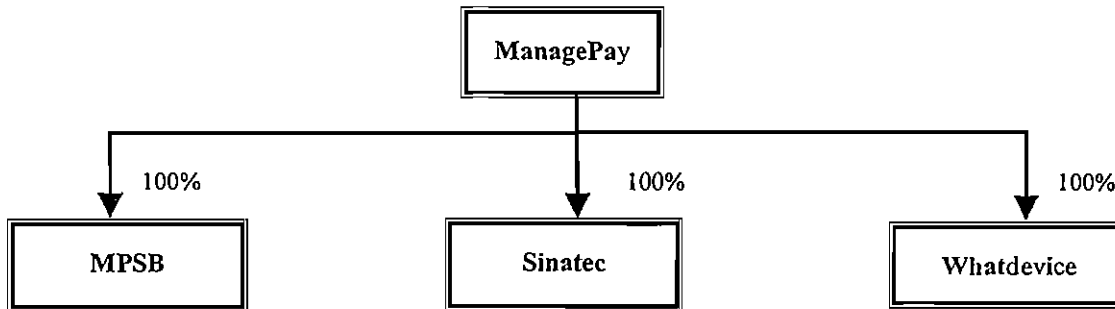
Upon completion of the Acquisitions and Public Issue, ManagePay will seek the permission of Bursa Securities for the listing of and quotation for the entire enlarged issued and paid up share capital of RM18,303,119 comprising 183,031,190 Shares on the ACE Market of Bursa Securities.

### 3.0 GENERAL INFORMATION

ManagePay was incorporated in Malaysia on 26 January 2010 under the Companies Act, 1965 as a private limited company under the name of ManagePay Systems Sdn. Bhd. On 31 March 2010, the Company was converted into a public limited company and assumed its present name. ManagePay is principally an investment holding company.

### 3.1 Group structure

As at the date of this report, the corporate structure of ManagePay is as follows: -



## 12. ACCOUNTANTS' REPORT (Cont'd)

### 3.2 Principal Activities

ManagePay is principally an investment holding company.

Details of its subsidiaries, all of which are incorporated as private limited companies, are as follows: -

Name of company	Date and country of incorporation	Authorised share capital	Issued and fully paid up share capital	Effective equity interest	Principal activities
		RM	RM	%	
<i><u>Direct</u></i>					
Multimedia Prospect Sdn. Bhd.	12 June 2000 Malaysia	5,000,000	3,017,738	100	(i) Software development business, marketing of computer software solution, telecommunication and hardware equipment, providing consultancy services in respect of e-commerce, e-business creation, management of website and providing maintenance services.  (ii) Provision of merchant acquisition services, deploy connectivity infrastructure and terminal equipment for electronic payment between Merchants and Financial Institutions, provide EDCPOS Terminals rentals to Merchants.

## 12. ACCOUNTANTS' REPORT (Cont'd)

## 3.3 Principal Activities (cont'd)

Name of company	Date and Country of Incorporation	Authorised Share Capital	Issued And Fully Paid Up Share Capital	Effective Equity Interest	Principal Activities
		RM	RM	%	
<i>Direct</i>					
Sina Technologies Sdn. Bhd.	14 August 2000 Malaysia	5,000,000	1,013,475	100	(i) Provision of consultancy services in respect of e-commerce, e-business creation, management of web-site, software development, marketing of computer software solution, telecommunication and hardware equipment and providing maintenance services.  (ii) Provision of merchant acquisition services, deploy connectivity infrastructure and terminal equipment for electronic payment between Merchants and Financial Institutions, provide EDCPOS Terminals rentals to Merchants hosting of customer loyalty programme for third party.
Whatdevice (Malaysia) Sdn. Bhd.	15 August 2000	5,000,000	968,786	100	Provision of information technology services and consultation and outsource services, amongst others, the contracting of the card personalisation services.



## 12. ACCOUNTANTS' REPORT (Cont'd)

### 3.4 Dividends

Details of dividends declared and paid by the Group for the financial years/period under review are as follows : -

#### MPSB

		← FYE →				← FPE →	
		2007	2008(i)	2008(ii)	2009	*2009	2010
Issued and paid-up share capital	RM'000	2,500	2,500	2,500	3,018	3,018	3,018
Gross dividend rate	%	-	40	40	-	-	-
Tax rate	%	-	Tax exempt	Tax exempt	-	-	-
Net dividend declared and paid	RM'000	-	1,000	1,000	-	-	-

Notes: -

FYE : Financial year ended 31 December

FPE : Ten (10)-month financial period ended 31 October

\* : Unaudited FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

(i) This is the first interim dividend paid during the FYE 31 December 2008, paid on 28 August 2008.

(ii) This is the second interim dividend paid during the FYE 31 December 2008, paid on 4 December 2008.

Save as disclosed above, no dividend has been paid or declared by the other subsidiaries during the relevant financial years/period under review.

The Group does not have any fixed dividend payment policy for all the financial years/period under review.

### 4.0 AUDITORS AND AUDITED FINANCIAL STATEMENTS

The auditors of the respective companies for the financial years/period under review and the audited financial statements of the respective companies in respect of which the financial information set out in this report are based upon are as follows: -

Name of company	Relevant financial years/period	Auditors	Auditor's Report
ManagePay	Financial period from 26 January 2010 to 31 October 2010	Gomez & Co	Appendix I
MPSB	FYEs 31 December 2007 to 2009 FPE 31 October 2010	Gomez & Co.	Appendices II, III, IV, V
Sinatec	FYEs 31 December 2007 to 2009 FPE 31 October 2010	Gomez & Co.	Appendices VI, VII, VIII, IX
Whatdevice	FYEs 31 December 2007 to 2009 FPE 31 October 2010	Gomez & Co.	Appendices X, XI, XII, XIII

### 4.1 Auditors' Report

The audited financial statements of ManagePay, MPSB, Sinatec and Whatdevice for all the financial years/period under review were reported without any qualification or emphasis of matter save for the audited financial statements of Sinatec for the FYE 31 December 2007 where we note an emphasis of matter in Sinatec's audited financial statements which were prepared on a going concern basis and its continued operations as a going concern depends largely upon the its ability to obtain and/or generate additional funds sufficient to sustain operations.

## 12. ACCOUNTANTS' REPORT (Cont'd)

### 4.2 Accounting Policies and Standards

This report is prepared on a basis consistent with the accounting policies adopted by the Group as disclosed in Section 5 of this report, and the information presented in this report has been prepared in accordance with applicable approved accounting standards in Malaysia.

### 4.3 Material Changes in the Accounting Policies Adopted

The material changes in the accounting policies adopted by the Group during the financial years/period under review are summarised in Note 5.1.

### 4.4 Restatements to the Audited Financial Statements

Except for the prior year adjustments below, there are no other restatements to the audited financial statements in ManagePay, MPSB, Sinatec and Whatdevice during the years/period under review.

#### 4.4.1 Prior year adjustments

Prior year adjustments relates to depreciation over-charged due to reclassification of plant and equipment from computers to plant and machinery which has a different depreciation rate.

The effects of the above on the Whatdevice's financial statement are as follows: -

As at 31 December 2007	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Plant and equipment	1,374	48	1,422
Accumulated losses	116	(48)	(68)
Administration and general expenses	(289)	48	(241)

#### 4.4.2 Restatement

The following figures for the FYE 31 December 2008 of Whatdevice have been reclassified to conform with the presentation for the FYE 31 December 2009: -

As at 31 December 2008	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Trade payables	282	(24)	258
Amount due to director	1,038	24	1,062

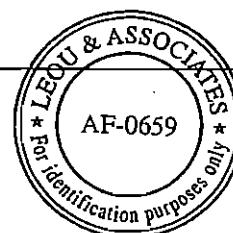
## 12. ACCOUNTANTS' REPORT (Cont'd)

### 5.0 ACCOUNTING STANDARDS AND POLICIES

#### 5.1 BASIS OF PREPARATION

- a) This report is prepared based on the audited financial statements of ManagePay, MPSB, Sinatec and Whatdevice. The financial statements of ManagePay, MPSB, Sinatec and Whatdevice have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and the Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.
- b) ManagePay, MPSB, Sinatec and Whatdevice has adopted the requirement of the following mandatory FRSs: -

FRS 1	First time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Presentation of Discontinued Operations
FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating segments
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107	Cash Flow Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 112	Income Tax
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 123	Borrowing Costs
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments Recognition and Measurement
FRS 140	Investment Properties





## 12. ACCOUNTANTS' REPORT (Cont'd)

### 5.0 ACCOUNTING STANDARDS AND POLICIES (CONT'D)

#### 5.1 BASIS OF PREPARATION (CONT'D)

FRSs and Revisions to FRSs and Interpretations	Effective for financial Periods beginning on Or after
Revised FRS 107: Cash Flow Statements	1 July 2007
Revised FRS 111: Construction Contracts	1 July 2007
Revised FRS 112: Income Taxes	1 July 2007
Revised FRS 120: Accounting for Government Grants and Disclosure of Government assistance	1 July 2007
Revised FRS 134: Interim Financial Reporting	1 July 2007
Revised FRS 137: Provisions, Contingent Liabilities And Contingent Assets	1 July 2007
Revised FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Revised FRS 5 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 7 Financial Instruments: Disclosures [Compilation]	1 January 2010
Revised FRS 8 [Improvements to FRSs (2009)]	1 January 2010
Revised FRS 101	1 January 2010
Revised FRS 107 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 110 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 116 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 117 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 118 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 119 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 120 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 123 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 127 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 128 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 131 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 132 Financial Instruments: Presentation [Compilation]	1 January 2010
Revised to FRS 134 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 138 [Improvements to FRSs (2009)]	1 January 2010
Revised to FRS 140 [Improvements to FRSs (2009)]	1 January 2010
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Right to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting In Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The Group is exempted from disclosing the possible impact if any, to the financial statements upon the initial application of FRS 139.



## 12. ACCOUNTANTS' REPORT (Cont'd)

### 5.1 BASIS OF PREPARATION (CONT'D)

#### c) Basis of consolidation

The consolidated financial statements include the financial statements of ManagePay and all its subsidiary companies made up to the end of the financial period. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated from the date that control ceases. Subsidiary companies are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date of their acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated and unrealised losses are also eliminated unless cost cannot be recovered.

#### d) Subsidiaries

A subsidiary company is an entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Group has the power to govern the financial and operating policies of another entity.

The investments in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to the statements of comprehensive income.

On disposal, the difference between the net disposal proceeds and the carrying amounts of the subsidiary company disposed off is taken to the statements of comprehensive income.

#### e) Plant and Equipment and Depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation of plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rate: -

Furniture and fittings	10%
Air conditioner and office equipment	10% - 20%
Demo equipment	20%
Signboard	10%
Computer hardware and software	10% - 20%
Electrical fittings and renovation	20%
Motor vehicle	20%
Machineries	10%
Terminals	20%

The carrying values of plant and equipment are reviewed 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. An impairment loss is charged to the statements of comprehensive income immediately.

#### f) Cash and Cash Equivalents

Cash and cash equivalents represent cash and bank balances, 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.

## 12. ACCOUNTANTS' REPORT (Cont'd)

### 5.0 ACCOUNTING STANDARDS AND POLICIES (CONT'D)

#### 5.1 BASIS OF PREPARATION (CONT'D)

g) Inventories

Inventories are stated at the lower of cost and net realisable value.

h) Share Capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the income statement.

Dividends on the ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. When the dividend becomes payable, it will be accounted as a liability.

i) Software Development Expenditure

Software development is stated at cost less amortisation and impairment loss, if any.

Software development expenditure relates to development work carried out in developing software packages. Costs that are clearly associated with an identifiable and unique product which will be controlled by ManagePay, MPSB, Sinatee and Whatdevice and has a probable benefit exceeding the cost beyond one year, are recognised as software development expenditure. Costs include costs such as salaries, reference materials, training and incidental costs specifically attributable to each project. Cost incurred in software development which are not or have ceased to be commercially viable, are written off in the financial year.

Cost incurred in software development which are not or have ceased to be commercially viable, are written off in the financial year

Software development expenditure recognised is amortised using a straight line basis over a period of 10 to 15 years.

j) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, while the shortfall is immediately credited to the consolidated statements of comprehensive income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

k) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, to the extent that it prevents the other party from fully pursuing its own separate interest, in making financial and operating decisions.

l) Trade Receivables

Trade receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for any considered to be doubtful of collection.

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## 12. ACCOUNTANTS' REPORT (Cont'd)

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### 5.0 ACCOUNTING STANDARDS AND POLICIES (CONT'D)

#### 5.1 BASIS OF PREPARATION (CONT'D)

##### m) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services

##### n) Revenue and Cost Recognition

(i) Revenue from software development of long-term contracts are recognised on the percentage of completion method when the outcome of the contract can be estimated reliably. Contract cost include all direct material and labour costs and those indirect cost related to contract performance, such as indirect labour, supplies and other costs. Any foreseeable losses on contract are provided in full.

(ii) Revenue from services rendered in respect of software application and maintenance and EMV card personalisation services is recognised in statements of comprehensive income as and when services are rendered.

(iii) Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in the statements of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer.

(iv) Rental income is recognised on a straight line basis over the specific tenure of the respective leases.

##### o) Income Tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statements of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that, at the time of the transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

##### p) Foreign Currencies

###### (i) *Functional and presentation currency*

The financial statements of ManagePay, MPSB, Sinatec and Whatdevice are measured using the currency of the primary economic environment in which ManagePay, MPSB, Sinatec and Whatdevice operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia, which is also the functional currency of ManagePay, MPSB, Sinatec and Whatdevice.

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## 12. ACCOUNTANTS' REPORT (Cont'd)

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### 5.0 ACCOUNTING STANDARDS AND POLICIES (CONT'D)

#### 5.1 BASIS OF PREPARATION (CONT'D)

p) Foreign Currencies (cont'd)

(ii) *Currency translations*

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at exchange rates approximating those ruling at balance sheet date. All exchange differences are taken to the statements of comprehensive income.

q) Operating leases

*The Group as lessee*

Lease payments under operating lease are recognised as an expense on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessors, if any, are recognised as a reduction of rental expense over the lease term on a straight line basis.

r) Hire-Purchase Commitment

Assets under hire-purchase contracts which in substance transfer the risks and benefits of ownership of assets to MPSB, Sinatex and Whatdevice have been capitalised under plant and equipment. The assets are depreciated in accordance with the policy stated under 5.1(e) above. The finance charges are allocated to the statements of comprehensive income over the hire purchase period.

s) Impairment of Non-financial Assets

Property, plant and equipment and software development are assessed at each balance sheet date to determine whether there is any indication of impairment.

If such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whether the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the statements of comprehensive income.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

## 12. ACCOUNTANTS' REPORT (Cont'd)

### 5.0 ACCOUNTING STANDARDS AND POLICIES (CONT'D)

#### 5.1 BASIS OF PREPARATION (CONT'D)

##### t) Impairment of Financial Assets

All financial assets except for financial assets categorised as fair value through profit or loss, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instruments, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

##### (i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statements of comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against carrying amount of the financial asset.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statements of comprehensive income.

##### (ii) Assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

##### u) Employee Benefits

##### (i) Short term benefits

Wages, salaries, bonuses and social security contribution are recognised as an expense in the year in which the associated services are rendered by employees of MPSB, Sintec and Whatdevice. Short term accumulating compensated absences such as paid annual leave are recognised when employees render services that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined contribution plans

Contributions to the statutory provision scheme are recognised as an expense in the statements of comprehensive income in the period to which they relate.

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## 12. ACCOUNTANTS' REPORT (Cont'd)

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### 5.0 ACCOUNTING STANDARDS AND POLICIES (CONT'D)

#### 5.1 BASIS OF PREPARATION (CONT'D)

##### v) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Arising from the adoption of FRS 139 Financial Instruments: Recognition and Measurement with effect from 1<sup>st</sup> January, 2010, financial instruments are categorised and measured using accounting policies as mentioned below. There is no financial impact on the financial statements as a result of adopting FRS 139.

##### (i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the ManagePay, MPSB, Sinatec and Whatdevice become a party to the contractual provisions of the instrument.

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.

##### (ii) Financial instrument categories and subsequent measurement.

###### Financial assets

Financial assets are classified as either financial assets at fair value through profit and loss, loans and receivables or available-for-sale financial assets as set out below upon initial recognition.

###### *Regular way purchase or sale of financial assets*

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using settlement date accounting. Settlement date accounting refers to: -

- (a) the recognition of an asset on the day it is received by the entity; and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the entity.

###### *Financial assets at fair value through profit or loss*

Financial assets held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition are classified as financial assets at fair value through profit or loss. On initial recognition, these financial assets are recognised at fair value.

Subsequent measurements are at fair values with the gain or loss recognised in the comprehensive statements of comprehensive income.

## 12. ACCOUNTANTS' REPORT (Cont'd)

### 5.0 ACCOUNTING STANDARDS AND POLICIES (CONT'D)

#### 5.1 BASIS OF PREPARATION (CONT'D)

##### v) Financial instruments (cont'd)

###### *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Subsequent measurements are at amortised cost using the effective interest method, less allowance for impairment loss. Any gains or losses arising from derecognition or impairment, and through the amortisation process of loans and receivables are recognised in the statements of comprehensive income.

Known bad debts are written off and impairment is made for any receivables considered to be doubtful of collection.

###### *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading or designated as at fair value through profit or loss.

Subsequent measurements are at fair value. Unless the fair value cannot be measured reliably, in which case it shall be measured at cost less impairment loss.

Any gains or losses arising from changes in fair value are recognised directly in equity, except for impairment losses until the investment is derecognised, at which time the cumulative gain or loss previously reported in equity is recognised in the statements of comprehensive income. Interest calculated for a debt instrument using the effective interest method is recognised in the statements of comprehensive income.

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

###### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in the statements of comprehensive income.

##### (iii) Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the profit or loss.



## 12. ACCOUNTANTS' REPORT (Cont'd)

### 5.2 FINANCIAL RISK MANAGEMENT POLICIES

The financial risk management policy of ManagePay, MPSB, Sinatex and Whatdevice seeks to ensure that adequate financial resources are available for the development of the companies' businesses whilst managing its currency, interest rate, market, credit, liquidity and cash flow risks. ManagePay, MPSB, Sinatex and Whatdevice operates within clearly defined guidelines that are approved by the Board and the companies' policy is not to engage in speculative transactions. The companies' policy in respect of the major areas of treasury activity is set out as follows: -

a) *Foreign currency risk*

ManagePay, MPSB, Sinatex and Whatdevice are exposed to foreign currency risk as a result of its normal trading activities, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The companies' policy is to minimise the exposure of transaction risk by matching local currency income against foreign currency costs.

b) *Credit risk*

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting our associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via company management reporting procedures.

ManagePay, MPSB, Sinatex and Whatdevice do not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

c) *Interest rate risk*

ManagePay, MPSB, Sinatex and WhatDevice are exposed to interest rate risk through the impact of rate changes on interest bearing deposits placement in banks. The companies manage their interest rate risk by monitoring the movement on interest rate on an ongoing basis.

d) *Market risk*

ManagePay, MPSB, Sinatex and WhatDevice do not have any quoted investments and hence are not exposed to market risk.

e) *Liquidity and cash flow risk*

ManagePay, MPSB, Sinatex and Whatdevice seek to achieve a balance between certainty of funding even in difficult times for the markets or the companies and a flexible, cost-effective borrowings structure. The policy, therefore, seeks to ensure that, at a minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturities is to ensure that the amount of debt maturing in any one year is not beyond the companies' means to repay and refinance.

*Fair Values*

The carrying amounts of financial assets and liabilities of ManagePay, MPSB, Sinatex and Whatdevice are recorded at the balance sheet date approximate fair values.

## 12. ACCOUNTANTS' REPORT (Cont'd)

### 5.4 CRITICAL ACCOUNTING JUDGEMENTS

- (a) In the process of applying the companies' accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

- (b) Key sources of estimation uncertainty

The assumption made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed as follows: -

*i) Depreciation of plant and equipment*

MPSB, Sinatcc and Whatdevice depreciate their plant and equipment over their estimated useful life and after taking into accounts their estimated residual values, using straight line method. The estimated useful life reflects the directors' estimate of the period that the companies' intend to derive future economic benefits from the use of the companies' plant and equipment. The residual values reflects directors' estimated amount that the companies would obtain from disposal of the asset, after deducting the estimated cost of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Changes in expected level of usage and economic development could impact the economic useful life and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

*ii) Software development*

Software development expenditure is amortised on a straight line basis over a period of 10 to 15 years. Changes in the expected level of usage and economic development could impact the economic useful life and the residual value of these assets, and hence future amortisation charges on such assets could be revised.

*iii) Income taxes*

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. ManagePay, MPSB, Sinatcc and Whatdevice recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*iv) Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits.

## 12. ACCOUNTANTS' REPORT (Cont'd)

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v) *Allowance for doubtful debts*

ManagePay, MPSB, Sinatec and Whatdevice make allowances for doubtful debts based on the assessment of the recoverability of the receivables. Provisions are applied to receivables where event and changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information related to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying values of the receivables.

### 6.0 AUDITED FINANCIAL STATEMENTS

The current structure of ManagePay Group only existed subsequent to the FYE 31 December 2009.

We have presented the financial statements of ManagePay Group, ManagePay, MPSB, Sinatec and Whatdevice in Sections 6.1, 6.2, 6.3, 6.4 and 6.5 respectively based on the audited financial statements for the purpose of this report.

**12. ACCOUNTANTS' REPORT (Cont'd)***ManagePay Group***6.1 MANAGEPAY GROUP****6.1.1 Statement of Comprehensive Income**

The following table sets out the summary of financial results prepared based on the audited financial statements of ManagePay Group <sup>Note (d)</sup> for the period from 26 January 2010 (date of incorporation) to 31 October 2010: -

		26 January 2010 to 31 October 2010 RM'000
	Note	
Revenue	6.1.5	4,746
Cost of sales		<u>(192)</u>
Gross profit		4,554
Other income		828
Profit before interest, taxation, depreciation and amortisation		3,916
Finance costs		(37)
Depreciation and amortisation		<u>(1,207)</u>
Profit before taxation	6.1.6	2,672
Taxation	6.1.7	<u>(268)</u>
Profit after taxation		<u>2,404</u>
Gross profit margin	(%)	95.95
Profit before tax margin	(%)	56.30
Profit after tax margin	(%)	50.65
Effective tax rate	(%)	10.03
Interest coverage	(times)	73.22
Weighted average no. of ordinary shares in issue	'000	110,212
Gross earnings per share	(Sen)	2.42
Net earnings per share	(Sen)	<u>2.18</u>

*Notes :-*

- (a) The gross and net earnings per share were calculated based on the audited profit before taxation and profit after taxation attributable to shareholders of ManagePay for the financial period respectively divided by the weighted average number of ordinary shares in issue for the financial period under review.
- (b) The effective tax rates were computed including deferred tax effects and any under or over provision of tax pertaining to the previous years.
- (c) There were no exceptional and extraordinary items in respect of the relevant period under review.
- (d) The consolidated statement of comprehensive income incorporates the results of the subsidiaries from 23 March 2010 being the effective date of acquisition of the subsidiaries by our Company.



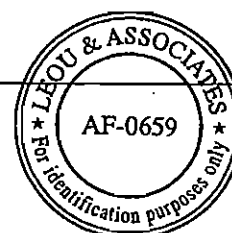
## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay Group

## 6.1.2 Statement of Financial Position

The following table sets out the summary of the statement of financial position prepared based on the audited financial statements of ManagePay Group for the period from 26 January 2010 (date of incorporation) to 31 October 2010: -

	Note	Audited 31 October 2010 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6.1.8	9,296
Software development	6.1.9	2,215
<b>Total non-current assets</b>		<b>11,511</b>
<b>Current assets</b>		
Inventories	6.1.10	76
Trade receivables	6.1.11	4,779
Other receivables and deposits		711
Fixed deposits	6.1.12	104
Tax recoverable		27
Cash and bank balances		122
<b>Total current assets</b>		<b>5,819</b>
<b>Total assets</b>		<b>17,330</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	6.1.13	13,727
Unappropriated profit		2,404
<b>Shareholders' equity</b>		<b>16,131</b>
<b>Non-current liabilities</b>		
Term loan	6.1.14	131
Deferred tax liabilities	6.1.15	316
<b>Total non-current liabilities</b>		<b>447</b>
<b>Current liabilities</b>		
Trade payables	6.1.16	128
Other payables and accruals		523
Provision for taxation		3
Amount due to Director	6.1.17	15
Term loan	6.1.14	36
Bank overdraft	6.1.18	47
<b>Total current liabilities</b>		<b>752</b>
<b>Total liabilities</b>		<b>1,199</b>
<b>Total equity and liabilities</b>		<b>17,330</b>



## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay Group

### 6.1.2 Statements of Financial Position (Cont'd)

	Audited 2010
Number of ordinary shares of RM0.10 in issue ('000)	137,273
Net assets (RM'000)	16,131
Net assets per share (RM)	0.12
Net tangible assets (RM'000)	13,916
Net tangible assets per share (RM)	0.10
Gearing ratio (times)	0.01
Current ratio (times)	7.74
Trade receivables' turnover period (days) <sup>(1)</sup>	281
Trade payables' turnover period (days) <sup>(2)</sup>	186
Inventories' turnover period (days) <sup>(3)</sup>	55

Notes: -

(1) Computed in the following manner: -

$$\frac{\text{Closing trade receivables} \times 365 \text{ days}}{\text{Revenue}}$$

The trade receivables turnover period exceeded the normal credit period of 90 days primarily due to an amount of approximately RM2.18 million owing from Multimedia Development Corporation Sdn. Bhd. which was invoiced towards the end of the financial period and balances of approximately RM1.52 million owing from Agency Managers who have been given extended credit periods. As at the LPD, approximately RM1.60 million and RM1.07 million has been collected from Multimedia Development Corporation Sdn. Bhd. and the Agency Managers respectively.

(2) Computed in the following manner: -

$$\frac{\text{Closing trade payables} \times 365 \text{ days}}{\text{Cost of sales}}$$

The trade payables turnover period was mainly due to the following trade payables: -

- a) an amount of RM98,442 owing to Giesecke & Devrient Asia Pte Ltd which was withheld due non delivery of two (2) out of nine (9) card applications software ordered.
- b) a 10% retention sum of RM22,570 payable to RX Telecommunication Sdn Bhd was withheld by MPSB due to non-completion and unsatisfactory performance.

As at the LPD, these balances were still outstanding.

(3) Computed in the following manner: -

$$\frac{(\text{Opening inventories} + \text{closing inventories})/2 \times 365 \text{ days}}{\text{Cost of sales}}$$



## 12. ACCOUNTANTS' REPORT (Cont'd)

*ManagePay Group*

### 6.1.3 Statements of Changes in Equity

The following table sets out the summary of the statement of changes in equity prepared based on the audited financial statements of ManagePay Group for the period from 26 January 2010 (date of incorporation) to 31 October 2010: -

	Note	Share Capital RM'000	Unappropriated Profit RM'000	Total RM'000
At date of incorporation		^	-	^
Allotment during the period		13,727	-	13,727
Profit for the period		-	2,404	2,404
Balance at 31 October 2010		<u>13,727</u>	<u>2,404</u>	<u>16,131</u>

Note: -

^ Less than RM1,000



## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay Group

## 6.1.4 Statements of Cash Flow

The following table sets out the summary of cash flows prepared based on the audited financial statements of ManagePay Group for the period from 26 January 2010 (date of incorporation) to 31 October 2010: -

	26 January 2010 to 31 October 2010 RM '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxation	2,672
Adjustments for : -	
Amortisation of software development	189
Depreciation	1,017
Gain on disposal of property, plant and equipment	(20)
Property, plant and equipment written off	2
Interest expense	16
Interest income	(1)
Impairment loss on goodwill on consolidation	68
Negative goodwill on acquisition	(762)
Operating profit before working capital changes	<u>3,181</u>
Inventories	181
Receivables	(1,409)
Payables	(290)
Directors' account	(46)
Net cash generated from operations	<u>1,617</u>
Tax paid	(10)
Net cash generated from operating activities	<u>1,607</u>
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>	
Cash inflow from acquisition of subsidiary companies	452
Cost incurred in software development	(453)
Purchase of property, plant and equipment	(1,515)
Proceeds from issuance of shares	^
Proceeds from disposal of property, plant and equipment	20
Net cash used in investing activities	<u>(1,496)</u>
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>	
Repayment of term loan	(20)
Interest paid	(16)
Net cash used in financing activities	<u>(36)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>75</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>75</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE : -</b>	
Cash and bank balances	122
Bank overdraft	(47)
	<u><u>75</u></u>

Note: -

^ Represents RM10





## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay Group

### Notes to the financial statements (Items 6.1.5 to 6.1.22)

#### 6.1.5 Revenue

The details of revenue recorded are as follows: -

	Audited 31 October 2010 RM '000
Payment services	106
Terminal services	2,014
Loyalty management	125
Software, security and ICT services	2,341
Business process outsourcing	160
	<u>4,746</u>

(a) Revenue derived from Payment services comprise of: -

	Audited 31 October 2010 RM '000
i) one-off payment for payment software for the Agency Management Programme; and	5
ii) one-off payment for payment infrastructure and software	101
	<u>106</u>

(b) Revenue derived from Terminal services comprised of: -

	Audited 31 October 2010 RM '000
i) recurring monthly terminal rental;	1,953
ii) recurring monthly terminal software support fee; and	25
iii) one-off payment for sales commission and installation fee	36
	<u>2,014</u>

(c) Revenue derived from Loyalty Management services comprise of: -

	Audited 31 October 2010 RM '000
i) recurring monthly application hosting fee;	21
ii) redemption fees earned;	104
iii) Sales and marketing program service fee	^
	<u>125</u>

(d) Revenue from Software, security and ICT services mainly comprised of software development and system integration services. These services were sold individually or as a system through combinations of hardware, software and implementation or systems integration.



## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay Group

### 6.1.5 Revenue (cont'd)

(e) Revenue derived from Business process outsourcing mainly comprised of provision of EMV Card Personalisation services.

### 6.1.6 Profit before taxation

This has been determined after charging the following items: -

	26 January 2010 to 31 October 2010 RM '000
Amortisation of software development	189
Audit fees	19
Depreciation	1,017
Directors remuneration	110
Preliminary expenses	4
Property, plant and equipment written off	2
Rental of premises	102
Other rentals	2
Impairment loss on goodwill written off	68
And crediting:	
Gain on realised foreign exchange	19
Gain on disposal of property, plant and equipment	20
Interest income	1
Negative goodwill on acquisition	762
<b>6.1.7 Taxation</b>	<b>Audited</b>
	<b>31 October</b>
	<b>2010</b>
	<b>RM '000</b>
Underprovision in prior year	10
Origination of deferred tax	258
	268
	268

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of ManagePay is as follows: -

	Audited 31 October 2010 RM '000
Profit before taxation	2,672
Taxation at the Malaysian statutory tax rate of 25%	668
Non-deductible expenses	351
Non-taxable income	(261)
Tax exempt income under MSC status	(500)
Underprovision in prior year	10
Tax expense for the year	268
	268
	268



## 12. ACCOUNTANTS' REPORT (Cont'd)

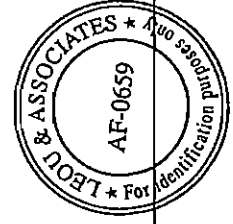
ManagePay Group

## 6.1.8 Property, plant and equipment

	Demo Equipment RM'000	Furniture & fittings RM'000	Alf-conditioner and office equipment RM'000	Signboard RM'000	Computer hardware and software RM'000	Electrical fitting and renovations RM'000	Motor Vehicle RM'000	Terminals RM'000	Machinery RM'000	Total RM'000
Net book value at date of incorporation	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary companies	6	138	208	4	4,335	212	230	4,512	3,250	12,895
Addition	-	-	29	-	173	35	319	1,489	-	2,045
Disposals/written off	-	-	(2)	-	-	-	(180)	-	-	(182)
Depreciation charge	(6)	(126)	(144)	(3)	(841)	(152)	(66)	(2,853)	(1,271)	(5,462)
Net book value at 31 October 2010	-	12	91	1	3,667	95	303	3,148	1,979	9,296

	Demo Equipment RM'000	Furniture & fittings RM'000	Alf-conditioner and office equipment RM'000	Signboard RM'000	Computer hardware and software RM'000	Electrical fitting and renovations RM'000	Motor Vehicle RM'000	Terminals RM'000	Machinery RM'000	Total RM'000
At 31 October 2010	6	138	235	4	4,508	247	369	6,001	3,250	14,758
At Cost	(6)	(126)	(144)	(3)	(841)	(152)	(66)	(2,853)	(1,271)	(5,462)
Accumulated depreciation	-	12	91	1	3,667	95	303	3,148	1,979	9,296
Net book value	-	12	91	1	3,667	95	303	3,148	1,979	9,296

Note: -  
^ Less than RM1,000



## 12. ACCOUNTANTS' REPORT (Cont'd)

*ManagePay Group*

### 6.1.9 Software development

	Audited 31 October 2010 RM '000
<i>Cost</i>	
Balance as at 26 January 2010	
Acquisition of subsidiary companies	4,327
Addition during the period	453
Balance as at 31 October 2010	4,780
<i>Accumulated amortisation</i>	
Balance as at 26 January 2010	
Acquisition of subsidiary companies	2,376
Addition during the period	189
Balance as at 31 October 2010	2,565
Net carrying value as at 31 October 2010	2,215

### 6.1.10 Inventories

	Audited 31 October 2010 RM '000
<u>At cost:</u>	
Terminals and terminal peripherals	76

### 6.1.11 Trade receivables

ManagePay Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

	0 to 30 Days RM '000	31 to 60 Days RM '000	61 to 90 Days RM '000	91 to 120 Days RM '000	121 to 180 Days RM '000	> 180 Days RM '000	Total RM '000
Balance as at 31 October 2010	2,729	134	40	570	43	1,263	4,779

ManagePay Group's normal credit term is 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness. All trade receivables are receivable in Ringgit Malaysia.

As at 31 October 2010, approximately RM1.88 million or 39.33% of the trade receivables have exceeded the normal credit period. As at the LPD: -

- i) The receivables exceeding 180 days have been fully collected; and
- ii) Approximately RM 0.05 million or 8.20% has been collected for receivables between 91 to 180 days.



## 12. ACCOUNTANTS' REPORT (Cont'd)

*ManagePay Group*

### 6.1.11 Trade receivables (cont'd)

The management is of the opinion that no provision for doubtful debt needs to be made and trade receivables exceeding the normal credit period are recoverable in full after taking into consideration ManagePay Group's ongoing relationship with the customers.

### 6.1.12 Fixed deposits

The fixed deposits earn interest at a rate of 2.6% per annum and is pledged to the bank for bank overdraft facilities granted to Whatdevice.

### 6.1.13 Share capital

	Audited 31 October 2010 RM '000
Authorised: -	
Ordinary shares at RM0.10 each	
As at date of incorporation	100
Increased during the period	24,900
As at 31 October 2010	25,000
Issued and fully paid: -	
Ordinary shares at RM0.10 each	
As at date of incorporation	^
Allotment during the period	13,727
As at 31 October	13,727

Notes: -

^ Represents RM10

During the financial period, the Company increased its authorised share capital from RM1,000,000 to RM25,000,000 with the creation of 249,000,000 ordinary shares of RM0.10 each ranking pari passu with the existing shares.

During the financial period, the issued and paid up capital were increased to RM13,727,309 with the allotment of 137,273,309 ordinary shares of RM0.10 each.

## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay Group

## 6.1.14 Term loan

	Audited 31 October 2010 RM '000
<b>Short term borrowings</b>	
Bank overdraft - secured	-
Banker acceptance - secured	-
Term loan - secured	36
	<u>36</u>
<b>Long term borrowings</b>	
Term loan - secured	131
	<u>167</u>
<b>Total borrowings</b>	
Bank overdraft - secured	-
Banker acceptance - secured	-
Term loan - secured	167
	<u>167</u>
<b>Present value of term loan:</b>	
Due within one year	36
Due within two to five years	131
	<u>167</u>

The term loans are repayable by 60 monthly instalments and bear interest at rates of 0.75% and 2.50% above Bankers' Base Lending Rate.

The term loans are secured by the following: -

- a) Guarantee by the government of Malaysia under the Working Capital Guarantee Scheme
- b) Joint and several guarantee of the Directors.

## 6.1.15 Deferred tax liabilities

	Audited 31 October 2010 RM '000
Acquisition of subsidiary companies	58
Origination during the financial period	258
	<u>316</u>

Presented after appropriate offsetting as follows: -

	Audited 31 October 2010 RM '000
Deferred tax assets	964
Deferred tax liabilities	(648)
	<u>316</u>



**12. ACCOUNTANTS' REPORT (Cont'd)***ManagePay Group***6.1.15 Deferred tax liabilities (cont'd)**

The components and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: -

	Unabsorbed Business Losses RM '000	Unutilised Capital Allowances RM '000	Accelerated Capital Allowances RM '000	Total RM '000
As at date of incorporation	-	-	-	-
Acquisition of subsidiary companies	(544)	(104)	964	316
As at 31 October 2010	<u>(544)</u>	<u>(104)</u>	<u>964</u>	<u>316</u>

**6.1.16 Trade payables**

The normal trade credit terms granted to ManagePay Group is 60 days.

The trade payables ageing analysis as at 31 October 2010 is set out below: -

	0 to 30 Days RM '000	31 to 60 Days RM '000	61 to 90 Days RM '000	91 to 120 Days RM '000	121 to 180 Days RM '000	> 180 Days RM '000	Total RM '000
Balance as at 31 October 2010	<u>11</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>110</u>	<u>128</u>

ManagePay Group has not defaulted in any payments to the trade payables and there are no legal actions taken by any trade payables to recover any amounts owed.

No payments were made for the balances exceeding 180 days due to, amongst others, non delivery of products, unsatisfactory performance and unclaimed monies.

**6.1.17 Amount due to Director**

There are no fixed term of repayment and interest is charged in respect of this balance

**6.1.18 Bank Overdraft**

The bank overdraft facility is secured against fixed deposit under lieu.



## 12. ACCOUNTANTS' REPORT (Cont'd)

*ManagePay Group*

### 6.1.19 Financial Instruments

Comparative figures have not been presented as at 31 October 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

#### (a) Classification of financial instruments

	Loan and receivables RM '000	Total RM '000
<b>Financial assets</b>		
Trade and other receivables	5,491	5,491
Fixed deposits	104	104
Cash and bank balances	122	122
	5,717	5,717
	Amortised Cost RM '000	Total RM '000
<b>Financial liabilities</b>		
Trade and other payables	650	650
Amount due to director	15	15
Term loan	167	167
Bank overdraft	47	47
	879	879

#### (b) Fair value of financial instrument

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

The carrying amounts of the financial instruments at the balance sheet date approximate their fair value.

### 6.1.20 Operating Lease Agreements

#### *The Group as lessee*

The Group leases office premises under cancellable and non-cancellable operating leases for its operations. These leases have an average tenure of 3 years, with an option to renew the lease after the expiry of the lease. For cancellable operating leases, the Group is required to give 3 months notice for the termination of these leases. Increases in lease payments, if any, after the expiry dates, are negotiated between the Group and the lessors which will normally reflect market rentals. The above leases do not include any contingent rentals.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*ManagePay Group*

**6.1.20 Operating Lease Agreements (cont'd)**

The future minimum lease payments under non-controllable operating leases are as follows: -

	Audited 31 October 2010 RM '000
Not later than one year	9
Later than one year and not later than five years	-
	<u>9</u>

**6.1.21 Rental commitments**

	Audited 31 October 2010 RM '000
Within 1 year	177
2 to 3 years	385
	<u>562</u>

**6.1.22 Comparative figures**

There are no comparative figures as this is the first set of financial statements of the Group.



## 12. ACCOUNTANTS' REPORT (Cont'd)

*ManagePay*

### 6.2 MANAGEPAY

#### 6.2.1 Statement of Comprehensive Income

The following table sets out the summary of financial results prepared based on the audited financial statements of ManagePay for the period from 26 January 2010 (date of incorporation) to 31 October 2010: -

	Note	26 January 2010 to 31 October 2010 RM'000
Revenue		-
Cost of sales		-
Gross profit		-
Other income		-
Loss before interest, taxation, depreciation and amortisation		(385)
Finance costs		-
Depreciation and amortisation		-
Loss before taxation	6.2.5	(385)
Taxation	6.2.6	-
Loss after taxation		(385)
Gross profit margin	(%)	N/A
Profit before tax margin	(%)	N/A
Profit after tax margin	(%)	N/A
Effective tax rate	(%)	N/A
Interest coverage	(times)	N/A
Weighted average no. of ordinary shares in issue	'000	110,212
Gross loss per share	(Sen)	(0.35)
Net loss per share	(Sen)	(0.35)

Notes : -

N/A Not applicable

- (a) There were no exceptional and extraordinary items in respect of the relevant period under review.



## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay

## 6.2.2 Statement of Financial Position

The following table sets out the summary of the statement of financial position prepared based on the audited financial statements of ManagePay for the period from 26 January 2010 (date of incorporation) to 31 October 2010: -

	Note	As at 31 October 2010 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in subsidiaries	6.2.7	13,465
<b>Total non-current assets</b>		<b>13,465</b>
<b>Current assets</b>		
Other receivables and deposits	6.2.8	448
Cash and bank balances		<sup>^</sup>
<b>Total current assets</b>		<b>448</b>
<b>Total assets</b>		<b>13,913</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	6.2.9	13,727
Accumulated loss		(385)
<b>Shareholders' equity</b>		<b>13,342</b>
<b>Current liabilities</b>		
Other payables and accruals	6.2.10	567
Amount due to director	6.2.11	4
<b>Total current liabilities</b>		<b>571</b>
<b>Total liabilities</b>		<b>571</b>
<b>Total equity and liabilities</b>		<b>13,913</b>
Number of ordinary shares of RM0.10 in issue ('000)		137,273
Net assets (RM'000)		13,342
Net assets per share (RM)		0.10
Net tangible assets (RM'000)		13,342
Net tangible assets per share (RM)		0.10
Gearing ratio (times)		N/A
Current ratio (times)		0.78
Trade receivables' turnover period (days)		N/A
Trade payables' turnover period (days)		N/A
Inventories' turnover period (days)		N/A

Note :-

<sup>^</sup> less than RM1,000

## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay

### 6.2.3 Statement of Changes in Equity

The following table sets out the summary of the statement of changes in equity prepared based on the audited financial statements of ManagePay for the period from 26 January 2010 (date of incorporation) to 31 October 2010: -

	Share Capital RM'000	Unappropriated Profit RM'000	Total RM'000
At date of incorporation	^	-	^
Allotment during the period	13,727	-	13,727
Loss for the period	-	(385)	(385)
Balance at 31 October 2010	<u>13,727</u>	<u>(385)</u>	<u>13,342</u>

Note : -

^ Represents RM10

### 6.2.4 Statement of Cash Flow

The following table sets out the summary of cash flows prepared based on the audited financial statements of ManagePay for the period from 26 January 2010 (date of incorporation) to 31 October 2010: -

	26 January 2010 to 31 October 2010 RM '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Loss before taxation	(385)
Impairment loss on investment in subsidiaries	262
Operating loss before working capital changes	(123)
Director	4
Receivables	(448)
Payables	140
Subsidiary companies	427
Net cash generated from operating activities	<u>-</u>
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>	
Proceeds from issuance of shares	^
Net cash used in investing activities	<u>^</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	^
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>^</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE :-</b>	
Cash and bank balances	<u>^</u>
	<u>^</u>

Note : -

^ Represents RM10



## 12. ACCOUNTANTS' REPORT (Cont'd)

*ManagePay*

### Notes to the financial statements (Items 6.2.5 to 6.2.10)

#### 6.2.5 Loss before taxation

This has been determined after charging the following items: -

	26 January 2010 to 31 October 2010 RM '000
Audit fee	6
Preliminary expenses	4
Impairment loss on investment in subsidiary	262
Rental of premises	40

#### 6.2.6 Taxation

No provision for tax was made as ManagePay was in a tax loss position.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of ManagePay is as follows: -

	26 January 2010 to 31 October 2010 RM '000
Loss before taxation	(385)
Taxation at the Malaysian statutory tax rate of 25%	(96)
Non-deductible expenses	96
Tax expense for the year	-

#### 6.2.7 Investment in subsidiary companies

	As at 31 October 2010 RM '000
Unquoted shares- at cost	13,465

Details of the subsidiary companies are shown in note 3.3 of this report.



## 12. ACCOUNTANTS' REPORT (Cont'd)

ManagePay

### 6.2.7 Investment in subsidiary companies (cont'd)

The assets, liabilities and net cash outflow arising from the acquisition of the subsidiary companies were as follows: -

	Carrying/ Fair value 2010 RM '000
Non-current assets	10,385
Current assets	7,263
Non-current liabilities	(374)
Current liabilities	(2,853)
Negative goodwill on acquisition	(762)
Goodwill on acquisition	<u>68</u>
Net asset acquired/Total purchase consideration	13,727
Less: Cash and cash acquisition	(451)
Acquisition via issue of shares	<u>(13,727)</u>
Net cash inflow on acquisition	<u>(451)</u>

The revenue and the results for the period which the acquisition took place and their post acquisition contribution included in the consolidated statement of comprehensive income were as follows: -

	2010 RM '000
Revenue	4,746
Direct cost	(192)
Other income	66
Administrative and general expenses	(2,482)
Finance charges	(37)
Taxation	(317)
Profit for the financial period	<u>1,784</u>



## 12. ACCOUNTANTS' REPORT (Cont'd)

*ManagePay*

### 6.2.8 Other receivables and deposits

As at  
31 October  
2010  
RM '000

Other receivables and deposits

448

### 6.2.9 Share capital

As at  
31 October  
2010  
RM '000

Authorised: -

As at date of incorporation

100

Increased during the period

24,900

As at 31 October 2010

25,000

Issued and fully paid: -

Ordinary shares at RM0.10 each

As at date of incorporation

^

Allotment during the period

13,727

As at 31 October 2010

13,727

*Note: -*

^ Represents RM10

During the financial period, the Company increased its authorised share capital from RM1,000,000 to RM25,000,000 with the creation of 249,000,000 ordinary shares of RM0.10 each ranking pari passu with the existing shares.

During the financial period, the issued and paid up capital were increased to RM13,727,309 with the allotment of 137,273,309 ordinary shares of RM0.10 each.

### 6.2.10 Other payables and accruals

As at  
31 October  
2010  
RM '000

Other payables and accruals

140

MPSB<sup>(1)</sup>

347

Sinatec<sup>(2)</sup>

80

567

*Notes: -*

(1) This arose mainly from advances to ManagePay from MPSB and payments made by MPSB on behalf of ManagePay.

(2) This arose mainly from advances to ManagePay from Sinatec and payments made by Sinatec on behalf of ManagePay.

The amounts due to MPSB and Sinatec is unsecured, interest free and have no fixed term of repayment.



## 12. ACCOUNTANTS' REPORT (Cont'd)

*ManagePay*

### 6.2.11 Amount due to director

Amount due to director is unsecured, interest free and has no fixed term of repayment.

### 6.2.12 Related party transaction

RM '000

Rental charged by Chew Chee Seng

40

### 6.2.13 Financial Instruments

Comparative figures have not been presented as at 31<sup>st</sup> October, 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

#### (a) Classification of financial instruments

	Loan receivables RM '000	Total RM '000
<b>Financial assets</b>		
Trade and other receivables	448	448
Cash and bank balance	^	^
	<u>448</u>	<u>448</u>
	<b>Amortised Cost RM '000</b>	<b>Total RM '000</b>
<b>Financial liabilities</b>		
Other payables	140	140
Amount due to Directors	4	4
Amount due to subsidiary companies	427	427
	<u>571</u>	<u>571</u>

#### (b) Fair value of financial instrument

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

The carrying amounts of the financial instruments at the balance sheet date approximate their fair value.





## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

### 6.3 MPSB

#### 6.3.1 Statements of Comprehensive Income

The following table sets out the summary of financial results prepared based on the audited financial statements of MPSB for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	Note	←—FYE 31 December—→			←—FPE 31 October—→	
		2007 RM'000	2008 RM'000	2009 RM'000	2009* RM'000	2010 RM'000
Revenue	6.3.5	5,463	5,860	5,537	4,643	5,488
Cost of sales		(2,381)	(1,184)	(245)	(250)	(115)
Gross profit		3,082	4,676	5,292	4,393	5,373
Other income		31	31	112	15	78
Profit before interest, taxation, depreciation and amortisation		1,637	2,261	4,337	3,444	4,140
Finance costs		(206)	(222)	(18)	(13)	(78)
Depreciation and amortisation		(953)	(1,121)	(1,326)	(1,163)	(1,382)
Profit before taxation	6.3.6	478	918	2,993	2,268	2,680
Taxation	6.3.7	(162)	124	(166)	-	(390)
Profit after taxation		316	1,042	2,827	2,268	2,290
Gross profit margin	(%)	56.42	79.80	95.58	94.62	97.90
Profit before tax margin	(%)	8.75	15.67	54.05	48.85	48.83
Profit after tax margin	(%)	5.78	17.78	51.06	48.85	41.73
Effective tax rate	(%)	33.89	(13.51)	5.55	N/A	14.55
Interest coverage	(times)	3.32	5.14	167.28	175.46	35.36
Weighted average no. of ordinary shares in issue	'000	2,500	2,500	2,541	2,500	3,018
Gross earnings per share	(Sen)	19.12	36.72	117.79	90.72	88.80
Net earnings per share	(Sen)	12.64	41.68	111.26	90.72	75.88

Notes : -

N/A Not applicable

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

- The gross and net earnings per share were calculated based on the audited profit before taxation and profit after taxation attributable to shareholders of MPSB for the financial years/period respectively divided by the weighted average number of ordinary shares in issue for each financial year/period under review.
- The effective tax rates were computed including deferred tax effects and any under or over provision of tax pertaining to the previous years/period.
- There were no exceptional and extraordinary items in respect of the relevant years/period under review.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.2 Statements of Financial Position

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of MPSB for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	Note	←As at 31 December→			←As at 31 October→	
		2007 RM'000	2008 RM'000	2009 RM'000	2009* RM'000	2010 RM'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	6.3.8	2,441	3,489	6,243	3,185	7,125
Software development	6.3.9	1,599	1,274	1,290	1,300	1,312
Deferred tax assets	6.3.10	219	343	177	343	-
<b>Total non-current assets</b>		<b>4,259</b>	<b>5,106</b>	<b>7,710</b>	<b>4,828</b>	<b>8,437</b>
<b>Current assets</b>						
Inventories	6.3.11	164	176	606	176	76
Trade receivables	6.3.12	2,783	1,211	2,202	2,558	3,639
Other receivables and deposits	6.3.13	4,953	4,972	1,797	4,932	2,415
Fixed deposits	6.3.14	452	-	-	-	-
Cash and bank balances		45	18	127	47	53
<b>Total current assets</b>		<b>8,397</b>	<b>6,377</b>	<b>4,732</b>	<b>7,713</b>	<b>6,183</b>
<b>Total assets</b>		<b>12,656</b>	<b>11,483</b>	<b>12,442</b>	<b>12,541</b>	<b>14,620</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Share capital	6.3.15	2,500	2,500	3,018	2,500	3,018
Unappropriated profit		6,699	5,741	8,568	8,010	10,858
<b>Shareholders' equity</b>		<b>9,199</b>	<b>8,241</b>	<b>11,586</b>	<b>10,510</b>	<b>13,876</b>
<b>Non-current liabilities</b>						
Hire purchase payables	6.3.16	96	-	-	-	-
Bank borrowings	6.3.17	-	-	160	164	131
Deferred tax liabilities	6.3.10	-	-	-	-	203
<b>Total non-current liabilities</b>		<b>96</b>	<b>-</b>	<b>160</b>	<b>164</b>	<b>334</b>
<b>Current liabilities</b>						
Trade payables	6.3.18	439	337 #	290	127	128
Other payables and accruals	6.3.19	689	1,192 #	339	735	244
Amount due to Director	6.3.20	-	1,615	30	967	-
Hire purchase payables	6.3.16	677	96	-	-	-
Bank borrowings	6.3.17	1,554	-	35	36	36
Provision for taxation		2	2	2	2	2
<b>Total current liabilities</b>		<b>3,361</b>	<b>3,242</b>	<b>696</b>	<b>1,867</b>	<b>410</b>
<b>Total liabilities</b>		<b>3,457</b>	<b>3,242</b>	<b>856</b>	<b>2,031</b>	<b>744</b>
<b>Total equity and liabilities</b>		<b>12,656</b>	<b>11,483</b>	<b>12,442</b>	<b>12,541</b>	<b>14,620</b>

Notes: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

# In this report, an amount of RM792,310 has been reclassified from trade payables to other payables for the FYE 2008 as it related to purchase of plant and equipment.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.2 Statements of Financial Position (Cont'd)

	<----As at 31 December----->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
Number of ordinary shares of RM1 in issue ('000)	2,500	2,500	3,018	2,500	3,018
Net assets (RM'000)	9,199	8,241	11,586	10,510	13,876
Net assets per share (RM)	3.68	3.30	3.84	4.20	4.60
Net tangible assets (RM'000)	7,381	6,624	10,119	8,867	12,564
Net tangible assets per share (RM)	2.95	2.65	3.35	3.55	4.16
Gearing ratio (times)	0.25	0.01	0.02	0.02	0.01
Current ratio (times)	2.50	1.97	6.80	4.13	15.08
Trade receivables' turnover period (days) <sup>(1)</sup>	186	75	145	167	202
Trade payables' turnover period (days) <sup>(2)</sup>	67	104	432	154	338
Inventories' turnover period (days) <sup>(3)</sup>	48	53	583	214	901

Notes: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

(1) Computed in the following manner: -

$$\frac{\text{Closing trade receivables} \times 365 \text{ days}}{\text{Revenue}}$$

The trade receivables turnover period for the FYE 2007 is caused mainly by long outstanding trade receivables of RM658,815 as at 31 December 2007. This amount was written off as bad debts in the FYE 2008.

For the FYEs 2008 and 2009, the trade receivables turnover period exceeded the normal credit period of 60 days due to the amount owed by UDS Direct (M) Sdn Bhd, Mediscreen Sdn Bhd and EON Bank Berhad. As at 31 October 2010, the balances exceeding 180 days have been fully settled.

For the FPE 2009, the trade receivables' turnover period exceeded the normal credit period of 60 days due to the amount owed by UDS Direct (M) Sdn Bhd, Mediscreen Sdn Bhd and EON Bank Berhad. As at 31 October 2010, the balances exceeding 180 days have been fully settled.

For the FPE 2010, the trade receivables turnover period exceeded the normal credit period of 60 days primarily due to an amount of approximately RM2.18 million owing from Multimedia Development Corporation Sdn. Bhd. which was invoiced towards the end of the financial period and balances of approximately RM0.53 million owing from Agency Managers who have been given extended credit periods. As at the LPD, approximately RM1.60 million has been collected from Multimedia Development Corporation Sdn. Bhd. and the amounts due from Agency Managers have been fully collected.

(2) Computed in the following manner: -

$$\frac{\text{Closing trade payables} \times 365 \text{ days}}{\text{Cost of sales}}$$

For the FYE 2009, the trade payables turnover period was mainly due to the following trade payables: -

- an amount of RM98,442 owing to Giesecke & Devrient Asia Pte Ltd which was withheld due non delivery of two (2) out of nine (9) card applications software ordered.
- a 10% retention sum of RM22,570 payable to RX Telecommunication Sdn Bhd was withheld by MPSB due to non-completion and unsatisfactory performance.

As at the LPD, the above balances are outstanding.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.2 Statements of Financial Position (Cont'd)

(3) Computed in the following manner: -

$$\frac{(\text{Opening inventories} + \text{closing inventories})/2 \times 365 \text{ days}}{\text{Cost of sales}}$$

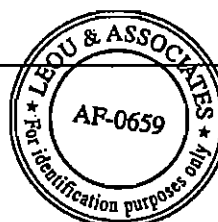
The FYE 2009 recorded high inventories turnover period mainly due to the purchase of EDCPOS Terminals amounting to RM0.53 million as inventories for trading purposes which otherwise would normally be purchased as equipment. These inventories are kept to address any sudden surge of demand from banks, tender of projects, for resales and maintenance replacement purposes.

The FPE 2010 recorded high inventories turnover period as our Group utilised the opening inventories to install EDCPOS Terminals at Merchants' outlets for our Terminals Services. The lower cost of sales was contributed by the absence of purchases of EDCPOS Terminals for inventories.

## 6.3.3 Statements of Changes in Equity

The following table sets out the summary of the statement of changes in equity prepared based on the audited financial statements of MPSB for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	Note	Share Capital RM'000	Unappropriated Profit RM'000	Total RM'000
Balance at 1 January 2007		2,500	6,383	8,883
Profit for the year		-	316	316
Balance at 31 December 2007		2,500	6,699	9,199
Profit for the year		-	1,042	1,042
Dividend	6.3.21	-	(2,000)	(2,000)
Balance at 31 December 2008		2,500	5,741	8,241
Issuance of shares		518	-	518
Profit for the year		-	2,827	2,827
Balance at 31 December 2009		3,018	8,568	11,586
Profit for the year		-	2,290	2,290
Balance at 31 October 2010		3,018	10,858	13,876



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.4 Statement of Cash Flow

The following table sets out the summary of cash flows prepared based on the audited financial statements of MPSB for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	← FYE 31 December →			← FPE 31 October →	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit before taxation	478	918	2,993	2,268	2,680
Adjustments for :-					
(Gain)/Loss on disposal of plant and equipment	-	-	70	-	(20)
Interest received	(15)	(12)	-	-	-
Amortisation of software development	325	325	325	283	271
Depreciation of plant and equipment	628	796	1,001	880	1,111
Interest paid	143	59	5	1	13
Operating profit before working capital changes	1,559	2,086	4,394	3,432	4,055
Inventories	301	(12)	(430)	-	-
Receivables	1,572	1,553	2,185	(1,258)	(1,283)
Payables	(2,074)	401	(900)	(821)	(1,031)
Directors' account <sup>(1)</sup>	(610)	1,615	(1,585)	(544)	(30)
Fixed deposits	(15)	452	-	-	-
Net cash generated from operations	733	6,095	3,664	809	1,711
Tax paid	-	-	-	-	(10)
Net cash from operating activities	733	6,095	3,664	809	1,701
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	(477)	(1,844)	(3,929)	(576)	(1,507)
Purchase of software development	-	-	(341)	(308)	(292)
Proceeds from disposal of plant and equipment	-	-	102	-	64
Interest received	15	12	-	-	-
Net cash used in investing activities	(462)	(1,832)	(4,168)	(884)	(1,735)
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>					
Issuance of shares	-	-	518	-	-
Repayment of hire purchase payables	(732)	(677)	(96)	(96)	-
Repayment of bank borrowings	-	(863)	(8)	(3)	(28)
Proceeds from bank borrowings	384	-	204	204	-
Dividends paid to shareholders of the Company	-	(2,000)	-	-	-
Interest paid	(143)	(59)	(5)	(1)	(12)
Net cash (used in)/from financing activities	(491)	(3,599)	613	104	(40)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>					
	(220)	664	109	29	(74)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>					
	(426)	(646)	18	18	127
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>					
	(646)	18	127	47	53
<b>CASH AND CASH EQUIVALENTS COMPRISE :-</b>					
Bank overdraft	(691)	-	-	-	-
Cash and bank balances	45	18	127	47	53
	(646)	18	127	47	53

Notes: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only

(1) The movement in Directors' account is mainly due to advances from the Director and repayments to the Director

## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

### Notes to the financial statements (Items 6.3.5 to 6.2.23)

#### 6.3.5 Revenue

The details of the revenue recorded are as follows: -

	←FYE 31 December→			←FPE 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Payment services	676	373	1,073	972	182
Terminal services	1,632	2,557	3,026	2,290	2,755
Loyalty management	265	195	118	112	18
Software, security and ICT services	2,890	2,735	1,320	1,269	2,533
	<u>5,463</u>	<u>5,860</u>	<u>5,537</u>	<u>4,643</u>	<u>5,488</u>

Notes: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only

(a) Revenue derived from Payment services comprised of: -

	←FYE 31 December→			←FPE 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
i) recurring monthly licensing rental	202	120	40	40	-
ii) one-off payment for payment software for the Agency Management Programme;	-	-	725	725	5
iii) one-off payment for payment infrastructure and software	474	253	308	207	177
	<u>676</u>	<u>373</u>	<u>1,073</u>	<u>972</u>	<u>182</u>

(b) Revenue derived from Terminal services comprised of: -

	←FYE 31 December→			←FPE 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
i) recurring monthly terminal rental;	1,614	2,496	2,936	2,214	2,661
ii) recurring monthly terminal software support fee; and	3	47	38	35	52
iii) one-off payment for sales commission and installation fee	15	14	52	41	42
	<u>1,632</u>	<u>2,557</u>	<u>3,026</u>	<u>2,290</u>	<u>2,755</u>

(c) Revenue derived from Loyalty Management Services comprised of: -

	←FYE 31 December→			←FPE 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
i) recurring monthly application hosting fee;	260	168	113	107	15
ii) redemption fees earned;	5	27	5	5	1
iii) Profit sharing on MDR	-	-	-	-	2
	<u>265</u>	<u>195</u>	<u>118</u>	<u>112</u>	<u>18</u>



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.5 Revenue (cont'd)

(d) Revenue from Software, security and ICT services mainly comprised of software development and system integration services. These services were sold individually or as a system through combinations of hardware, software and implementation or systems integration.

## 6.3.6 Profit before taxation

This has been determined after charging the following items: -

	<---FYE 31 December--->			<---FYE 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Amortisation of software development	325	325	325	282	270
Audit fees - current year	7	7	9	-	9
- overprovision in previous year	(2)	-	-	-	-
Provision for doubtful debts	-	-	2	-	-
Obsolete inventories written off	-	-	53	-	-
Loss on foreign exchange - realised	-	2	32	-	-
Loss on disposal of property, plant and equipment	-	-	70	-	-
Bad debt written off	-	659	3	-	-
Director's remuneration <sup>(1)</sup>	327	193	48	80	90
Depreciation	628	796	1,001	880	1,111
Overdraft interest	52	29	4	-	-
Office rental (paid to a director)	72	78	72	58	20
Office rental	5	-	-	-	-
MDR interest	-	-	10	-	-
Hire purchase interest	91	30	1	1	-
Finance charges	56	159	-	-	-
Term loan interest	-	-	-	1	13
and crediting:-					
Interest income	15	12	-	-	-
Gain on foreign exchange - realised	3	-	^	^	35
Gain on foreign exchange - unrealised	-	-	3	-	-
Gain on disposal of property, plant & equipment	-	-	-	-	20
Sundry income	13	18	18	-	-
Rebate withdrawn	^	2	-	-	-
Deposit forfeited	-	-	4	-	-
Discount received	-	-	7	-	-
Management fee received from related company <sup>(2)</sup>	-	-	80	-	-

Notes: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

^ less than RM1,000

(1) The reducing trend in directors' remuneration was mainly due to: -

- (a) the resignation of a director in the FYE 2008; and  
(b) the capitalisation of remuneration of a director to research and development cost in the FYE 2009.

(2) Management fee of RM80,000 in the FYE 2009 was charged to Whatdevice for manpower, human resource management and sharing of office expenses.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.7 Taxation

The provision for taxation for the financial years/period are computed at the prevailing tax rates.

	<-----FYE 31 December----->			<--FPE 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Provision for current year	2	2	-	-	-
Transfer from/(to) deferred tax assets	160	(124)	166	-	380
(Over)/Under-provision in prior year	-	(2)	-	-	10
	<u>162</u>	<u>(124)</u>	<u>166</u>	<u>-</u>	<u>390</u>

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of MPSB is as follows: -

	<-----FYE 31 December----->			<--FPE 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Profit before taxation	<u>478</u>	<u>918</u>	<u>2,993</u>	<u>2,268</u>	<u>2,680</u>
Taxation at the Malaysian statutory tax rate of 25% (2009, 2008 and 2007 - 20%)	96	184	748	567	670
Non-deductible expenses	96	280	111	106	119
Tax exempt income under MSC status	(30)	(586)	(803)	(673)	(409)
(Over)/under-provision of tax in prior year	-	(2)	-	-	10
Deferred tax assets over recognised in previous year	-	-	110	-	-
Tax expense for the year	<u>162</u>	<u>(124)</u>	<u>166</u>	<u>-</u>	<u>390</u>

Note :-

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

MPSB's available unabsorbed tax losses and capital allowances to off-set against future taxable income are as follows: -

	<-----FYE 31 December----->			<--FPE 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Unabsorbed business losses	1,215	1,508	1,508	1,508	1,508
Capital allowances	-	-	417	-	417
	<u>1,215</u>	<u>1,508</u>	<u>1,925</u>	<u>1,508</u>	<u>1,925</u>

Note :-

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

The above amounts are subject to the approval of the Inland Revenue Board.

MPSB was granted pioneer status by the Multimedia Super Corridor of the Promotion of Investment (Amendment) Act, 1997, where the business income is tax exempted for a period of up to 10 years beginning 30 April 2001.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSPB

6.3.8 Property, plant and equipment	MPSB										
	Furniture & fittings RM'000	Office equipment RM'000	Signboard RM'000	Computer software RM'000	Electrical fitting RM'000	Renovation RM'000	Air conditioners RM'000	Computer & accessories RM'000	Motor Vehicle RM'000	Terminals RM'000	Total RM'000
Net book value at 1 January 2007	60	54	2	-	-	14	4	121	51	1,386	1,692
Addition	-	21	-	-	-	-	-	19	-	1,337	1,377
Disposal/written off	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(13)	(11)	(1)	-	-	(5)	(1)	(66)	(36)	(495)	(628)
Net book value at 31 December 2007	47	64	1	-	-	9	3	74	15	2,228	2,441
Addition	2	5	-	-	3	90	4	21	-	1,719	1,844
Disposal/written off	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(14)	(15)	^	-	-	(6)	(2)	(35)	(15)	(709)	(796)
Net book value at 31 December 2008	35	54	1	-	3	93	5	60	-	3,238	3,489
Addition	2	3	-	3,640#	-	7	-	60	-	217	3,929
Disposal/written off	-	-	-	-	-	-	-	(1)	-	(172)	(173)
Depreciation charge	(14)	(12)	^	-	(1)	(23)	(2)	(27)	-	(923)	(1,002)
Net book value at 31 December 2009	23	45	1	3,640	2	77	3	92	-	2,360	6,243
Addition	-	24	-	-	8	10	11	176	319	1,489	2,037
Disposal/written off	-	-	-	-	-	-	-	-	-	(44)	(44)
Depreciation charge	(10)	(11)	^	(303)	(1)	(18)	(2)	(34)	(16)	(716)	(1,111)
Net book value at 31 October 2010	13	58	1	3,337	9	69	12	234	303	3,089	7,125

Notes :-

^ less than RM1,000

# These software and all the intellectual property rights were acquired on 28 December 2009 from Sina Consulting Sdn Bhd for RM3.64 million for the expansion of the Group's Payment Services. The purchase consideration was set-off against the amount outstanding due from Sina Consulting Sdn Bhd of RM3.64 million pursuant to the share sale agreement dated 1 July 2009. As such, amortisation was affected from 1 January 2010 onwards.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.8 Property, plant and equipment (Cont'd)

	Furniture & fittings RM'000	Office equipment RM'000	Signboard RM'000	Computer software RM'000	Electrical fitting RM'000	Renovation conditioners RM'000	Air conditioners RM'000	Computer & accessories RM'000	Motor Vehicle RM'000	Terminals RM'000	Total RM'000
At 31 December 2007											
At Cost	135	116	4	-	45	67	44	434	180	2,965	3,990
Accumulated depreciation	(88)	(52)	(3)	-	(45)	(58)	(41)	(360)	(165)	(737)	(1,549)
Net book value	47	64	1	-	-	9	3	74	15	2,228	2,441
At 31 December 2008											
At Cost	136	121	4	-	48	157	48	455	180	4,684	5,833
Accumulated depreciation	(101)	(67)	(3)	-	(45)	(64)	(43)	(395)	(180)	(1,446)	(2,344)
Net book value	35	54	1	-	3	93	5	60	-	3,238	3,489
At 31 December 2009											
At Cost	138	124	4	3,640#	48	164	48	515	180	4,504	9,365
Accumulated depreciation	(115)	(80)	(3)	-	(46)	(86)	(45)	(423)	(180)	(2,144)	(3,122)
Net book value	23	44	1	3,640	2	78	3	92	-	2,360	6,243
At 31 October 2010											
At Cost	138	148	4	3,640#	56	174	59	690	499	5,950	11,358
Accumulated depreciation	(125)	(91)	(4)	(303)	(47)	(104)	(46)	(457)	(196)	(2,860)	(4,233)
Net book value	13	57	-	3,337	9	70	13	233	303	3,090	7,125

Note :-

# These software and all the intellectual property rights were acquired on 28 December 2009 from Sina Consulting Sdn Bhd for RM3.64 million for the expansion of the Group's Payment Services. The purchase consideration was set-off against the amount outstanding due from Sina Consulting Sdn Bhd of RM3.64 million pursuant to the share sale agreement dated 1 July 2009. As such, amortisation was affected from 1 January 2010 onwards.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.9 Software development

	←As at 31 December→			←As at 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
As at 1 January					
- Development costs	3,245	3,245	3,245	3,245	3,586
- Addition	-	-	341	308	292
- Accumulated amortisation	(1,321)	(1,646)	(1,971)	(1,971)	(2,296)
	<u>1,924</u>	<u>1,599</u>	<u>1,615</u>	<u>1,582</u>	<u>1,582</u>
Amortisation charge for the year	(325)	(325)	(325)	(282)	(270)
	<u>1,599</u>	<u>1,274</u>	<u>1,290</u>	<u>1,300</u>	<u>1,312</u>
As at 31 December/31 October					
- Development costs	3,245	3,245	3,586	3,553	3,877
- Accumulated amortisation	(1,646)	(1,971)	(2,296)	(2,253)	(2,565)
	<u>1,599</u>	<u>1,274</u>	<u>1,290</u>	<u>1,300</u>	<u>1,312</u>

Note : -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

## 6.3.10 Deferred tax assets/(liabilities)

The components and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: -

	Unabsorbed Business Losses RM '000	Deductible Temporary Difference RM '000	Accelerated Capital Allowances RM '000	Total RM '000
As at 1 January 2007	254	178	(53)	379
Recognised in the income statement	(11)	(178)	29	(160)
As at 31 December 2007	<u>243</u>	<u>-</u>	<u>(24)</u>	<u>219</u>
Recognised in the income statement	58	-	66	124
As at 31 December 2008	<u>301</u>	<u>-</u>	<u>42</u>	<u>343</u>
Recognised in the income statement	180	-	(346)	(166)
As at 31 December 2009	<u>481</u>	<u>-</u>	<u>(304)</u>	<u>177</u>
Recognised in the income statement	(104)	104	(380)	(380)
As at 31 October 2010	<u>377</u>	<u>104</u>	<u>(684)</u>	<u>(203)</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.11 Inventories

	<-----As at 31 December----->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Data products	23	23	-	-	-
Telecommunication equipment	42	42	-	-	-
Terminals and terminal peripherals	99	111	606	176	76
	<u>164</u>	<u>176</u>	<u>606</u>	<u>176</u>	<u>76</u>

Note :-

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

## 6.3.12 Trade receivables

	<-----As at 31 December----->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Trade receivables	2,525	1,211	2,202	2,558	3,639
Owing from a company in which certain directors of the Group had interest	258	-	-	-	-
	<u>2,783</u>	<u>1,211</u>	<u>2,202</u>	<u>2,558</u>	<u>3,639</u>

Note :-

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

MPSB has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

The trade receivables ageing analysis as at 31 October 2010 is set out below: -

	0 to 30	31 to 60	61 to 180	> 180	Total
	Days	Days	Days	Days	
	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 31 October 2010	<u>2,695</u>	<u>113</u>	<u>113</u>	<u>718</u>	<u>3,639</u>

MPSB's normal credit term is 60 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness. All trade receivables are receivable in Ringgit Malaysia.

As at 31 October 2010, approximately RM0.83 million or 22.80% of the trade receivables have exceeded the normal credit period. As at the LPD: -

- i) The receivables exceeding 180 days have been fully collected; and
- ii) Approximately RM0.08 million or 72.73% has been collected for receivables between 61 to 180 days.

The management is of the opinion that no provision for doubtful debt needs to be made and trade receivables exceeding the normal credit period are recoverable in full after taking into consideration MPSB's ongoing relationship with the customers.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

### 6.3.13 Other receivables and deposits

	<-----As at 31 December----->			<--As at 31 October-->	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
Other receivables and deposits	114	59	182	3,569	27
Sinatec <sup>(1)</sup>	875	1,386	1,142	1,267	1,719
Whatdevice <sup>(1)</sup>	-	-	473	96	322
Managepay <sup>(1)</sup>	-	-	-	-	347
Owing from a company in which certain directors of the Group had interest <sup>(2)</sup>	3,964	3,527	-	-	-
	<u>4,953</u>	<u>4,972</u>	<u>1,797</u>	<u>4,932</u>	<u>2,415</u>

Notes :-

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

(1) This arose mainly from advances from MPSB to Sinatec and Whatdevice and payments on behalf by MPSB for Sinatec and Whatdevice.

(2) These arose mainly from research and development activities conducted by MPSB for this company. As at 31 December 2009, the relevant directors disposed their entire equity interest in this company.

The amount owing from Sinatec, Whatdevice, ManagePay and from the company in which certain directors of the Group had interest is unsecured, interest free and with no fixed term of repayment.

### 6.3.14 Fixed deposits

	<-----As at 31 December----->			<--As at 31 October-->	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
Fixed deposits with licensed bank	452	-	-	-	-

Note :-

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

The fixed deposits are pledged for banking facilities granted to MPSB.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.15 Share capital

	<---As at 31 December--->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Authorised: -					
Ordinary shares at RM1 each	5,000	5,000	5,000	5,000	5,000
Issued and fully paid: -					
Ordinary shares at RM1 each					
As at 1 January	2,500	2,500	2,500	2,500	3,018
Allotment during the year	-	-	518	-	-
As at 31 December/31 October	2,500	2,500	3,018	2,500	3,018

Note : -

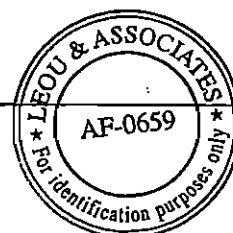
\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

## 6.3.16 Hire purchase payables

	<---As at 31 December--->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Due within 1 year	707	97	-	-	-
Due between 2 years and 5 years	97	-	-	-	-
	804	97	-	-	-
Less: Unexpired interest	(31)	(1)	-	-	-
	773	96	-	-	-
Due within 1 year	677	96	-	-	-
Due between 2 years and 5 years	96	-	-	-	-
	773	96	-	-	-

Note : -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.17 Bank borrowings

	<-----As at 31 December----->			<--As at 31 October-->	
	2007	2008	2009	2009 *	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Short term borrowings</b>					
Bank overdraft - secured	691	-	-	-	-
Banker acceptance - secured	863	-	-	-	-
Term loan - secured	-	-	35	36	36
	<u>1,554</u>	<u>-</u>	<u>35</u>	<u>36</u>	<u>36</u>
<b>Long term borrowings</b>					
Term loan - secured	-	-	160	164	131
	<u>-</u>	<u>-</u>	<u>160</u>	<u>164</u>	<u>131</u>
<b>Total borrowings</b>					
Bank overdraft - secured	691	-	-	-	-
Banker acceptance - secured	863	-	-	-	-
Term loan - secured	-	-	195	200	167
	<u>1,554</u>	<u>-</u>	<u>195</u>	<u>200</u>	<u>167</u>
<b>Maturity of borrowings</b>					
Within 1 year	1,554	-	35	36	36
More than 1 year and less than 5 years	-	-	160	164	131
	<u>1,554</u>	<u>-</u>	<u>195</u>	<u>200</u>	<u>167</u>

Note: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

The term loans are repayable by 60 monthly instalments and bear interest at rates of 0.75% and 2.50% above Bankers' Base Lending Rate.

The term loans are secured by the following: -

- Guarantee by the government of Malaysia under the Working Capital Guarantec Scheme
- Joint and several guarantee of the Directors.

## 6.3.18 Trade payables

The normal trade credit terms granted to MPSB is 60 days.

The trade payables ageing analysis as at 31 October 2010 is set out below: -

	0 to 30	31 to 60	61 to 90	91 to 120	121 to 180	> 180	Total
	Days	Days	Days	Days	Days	Days	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 31 October 2010	<u>11</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>110</u>	<u>128</u>

MPSB has not defaulted in any payments to the trade payables and there are no legal actions taken by any trade payables to recover any amounts owed.

As at the LPD, no payments were made for the balances exceeding 180 days due to, amongst others, non delivery of products, unsatisfactory performance and unclaimed monies.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.19 Other payables and accruals

	<---As at 31 December--->			<--As at 31 October-->	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
Other payables and accruals	689	400	339	735	244
Owing to a company in which certain directors of the Group had interest	-	792 <sup>#</sup>	-	-	-
	<u>689</u>	<u>1,192</u>	<u>339</u>	<u>735</u>	<u>244</u>

Notes: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

# In this report, this amount has been reclassified from trade payables as it related to purchase of plant and equipment. This amount is unsecured and interest free.

## 6.3.20 Amount due to Director

There is no fixed term of repayment and interest is charged in respect of this balance.

## 6.3.21 Dividend

	<---As at 31 December--->			<--As at 31 October-->	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
First interim of 40% tax exempt dividend per share, paid on 28th August, 2008	-	1,000	-	-	-
Second interim of 40% tax exempt per share, paid on 4th Decembar, 2008	-	1,000	-	-	-
	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.





## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

## 6.3.22 Related party transactions

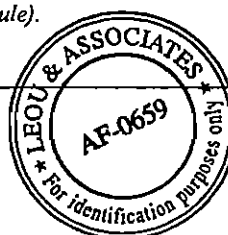
	<-----FYE 31 December----->			<--FPE 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Sales to: -					
- Whatdevice	459	-	-	-	-
- Sinatec	139	-	-	-	-
	<u>598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Management fee charged to: -					
- Whatdevice	-	-	80	-	-
	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>-</u>
Sales to companies in which certain directors of the Group had interest					
- Nova Newlook Sdn Bhd	250	-	1,125 <sup>(1)</sup>	1,125 <sup>(1)</sup>	-
- E Combi Pte Ltd	-	1,500 <sup>(2)</sup>	-	-	-
- Kai Shen Marketing Sdn Bhd	95	-	-	-	-
	<u>345</u>	<u>1,500</u>	<u>1,125</u>	<u>1,125</u>	<u>-</u>
Purchases from: -					
- Sinatec	-	-	3	-	-
	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>
Purchases from companies in which certain directors of the Group had interest					
- Nova Newlook Sdn Bhd	-	88	151	-	-
	<u>-</u>	<u>88</u>	<u>151</u>	<u>-</u>	<u>-</u>
Sales returns from: -					
- Sinatec	-	176	-	-	-
	<u>-</u>	<u>176</u>	<u>-</u>	<u>-</u>	<u>-</u>
Purchase of plant and equipment from: -					
- Sinatec	-	-	26	-	-
	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>-</u>
Purchase of plant and equipment from companies in which certain directors of the Group had interest					
- Nova Newlook Sdn Bhd	-	1,599	209	-	-
	<u>-</u>	<u>1,599</u>	<u>209</u>	<u>-</u>	<u>-</u>
Sale of plant and equipment to: -					
- Sinatec	-	-	-	-	44
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>

Notes: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

(1) Consists of provision of professional services (outsourced staff) for the final user acceptance test and commissioning of the www.jutawan.com amounting to approximately RM450,000 and sale of www.jutawan.com electronic magazine module, business process and technical rights, content management source code for advertisement banner management module, advertorial publishing management module; and e-commerce module amounting to approximately RM675,000.

(2) Consists of sale of ERP system (warehouse management module).



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

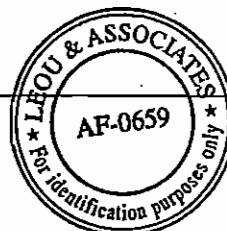
## 6.3.22 Related party transactions (cont'd)

	<-----FYE 31 December----->			<--FPE 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Renovation works charged companies in which certain directors of the Group had interest					
- Nova Newlook Sdn Bhd	-	100	-	-	-
Insurance purchased from companies in which certain directors of the Group had interest					
- Nova Newlook Sdn Bhd	8	11	2	-	14
Office rental charged by Chew Chee Seng	72	72	72	58	20
Rental charged by Chin Shea Swong	-	6	29 #	24 #	24 #
Sale of motor vehicle to Chew Chee Seng	-	-	-	-	20

Notes: -

\* FPE 2009 represents unaudited management accounts and is included for the purpose of comparison only.

# For the FYE 2009, FPE 2009 and FPE 2010, these rentals were capitalised to software development as the premises was utilised for research and development activities.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

### 6.3.23 Financial Instruments

Comparative figures have not been presented as at 31 October 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

#### (a) Classification of financial instruments

	Loan and receivables RM '000	Total RM '000
<b>Financial assets</b>		
Trade and other receivables	3,666	3,666
Amount due from holding company	346	346
Amount due from related party	2,042	2,042
Cash and bank balance	53	53
	<u>6,107</u>	<u>6,107</u>
	<b>Amortised Cost RM '000</b>	<b>Total RM '000</b>
<b>Financial liabilities</b>		
Trade and other payables	372	372
Bank borrowings	167	167
	<u>539</u>	<u>539</u>

#### (b) Credit risk

The company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

No sensitivity analysis has been performed as there is no outstanding foreign currency transaction.



## 12. ACCOUNTANTS' REPORT (Cont'd)

MPSB

### 6.3.23 Financial Instruments (cont'd)

#### (c) Liquidity and cash flow risk

The table below summarises the maturity profile of the Company's financial liabilities at 31 October 2010 based on contractual undiscounted cash flows: -

	Less than 1 year RM '000	2 - 5 years RM '000	Total RM '000
Trade and other payables	372	-	372
Term loans	36	131	167
	<u>408</u>	<u>131</u>	<u>539</u>

#### (d) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Company's bank borrowings and deposits placed with licensed banks and financial institutions.

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Company as at 31 October 2010. If interest rates increase or decrease by 50 basis points with all other variables held constant, the Company profit after tax would decrease or increase by RM700, as a result of higher or lower interest expense on these borrowings.

#### (e) Fair value of financial instrument

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

The carrying amounts of the financial instruments at the balance sheet date approximate their fair value.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinattec

## 6.4 SINATEC

## 6.4.1 Statements of Comprehensive Income

The following table sets out the summary of financial results prepared based on the audited financial statements of Sinattec for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	Note	← FYE 31 December →			← FPE 31 October →	
		2007 RM'000	2008 RM'000	2009 RM'000	2009* RM'000	2010 RM'000
Revenue	6.4.5	263	154	1,273	893	899
Cost of sales		-	(8)	(441)	(245)	(136)
Gross profit		263	146	832	648	763
Other income		-	2	11	5	4
(Loss)/Profit before interest, taxation, depreciation and amortisation		(21)	95	803	616	597
Finance costs		-	-	(9)	(4)	-
Depreciation		-	(91)	(152)	(138)	(154)
(Loss)/Profit before taxation	6.4.6	(21)	4	642	474	443
Taxation	6.4.7	-	-	(61)	(50)	(8)
(Loss)/Profit after taxation		(21)	4	581	424	435
Gross profit margin	(%)	100.00	94.81	65.36	72.56	84.87
(Loss)/Profit before tax margin	(%)	(7.98)	2.60	50.43	53.08	49.28
(Loss)/Profit after tax margin	(%)	(7.98)	2.60	45.64	47.48	48.39
Effective tax rate	(%)	N/A	N/A	9.50	10.55	1.81
Interest coverage	(times)	N/A	N/A	72.33	119.50	N/A
Weighted average no. of ordinary shares in issue	'000	250	250	311	250	1,013
Gross (loss)/earnings per share	(Sen)	(8.40)	1.60	206.43	189.60	43.73
Net (loss)/earnings per share	(Sen)	(8.40)	1.60	186.82	169.60	42.94

Notes : -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

N/A Not applicable.

- The gross and net (loss)/earnings per share were calculated based on the audited (loss)/profit before taxation and (loss)/profit after taxation attributable to shareholders of Sinattec for the financial years/period respectively divided by the weighted average number of ordinary shares in issue for each financial year/period under review.
- The effective tax rates were computed to include the deferred tax effects and any under or over provision of tax pertaining to the previous years/period.
- There were no exceptional and extraordinary items in respect of the relevant years/period under review.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinattec

## 6.4.2 Statements of Financial Position

The following table sets out the summary of the Statements of Financial Position prepared based on the audited financial statements of Sinattec for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

Note	<-----As at 31 December----->			<--As at 31 October-->	
	2007 RM'000	2008 RM'000	2009 RM'000	2009* RM'000	2010 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
6.4.8	-	1,221	1,194	1,225	1,113
6.4.9	-	-	487	301	846
	-	1,221	1,681	1,526	1,959
<b>Current assets</b>					
6.4.10	480	306	-	229	-
6.4.11	248	50	692	595	1,108
6.4.12	41	1	214	30	398
	15	15	15	15	15
	17	7	211	109	65
	801	379	1,132	978	1,586
<b>Total assets</b>	<b>801</b>	<b>1,600</b>	<b>2,813</b>	<b>2,504</b>	<b>3,545</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
6.4.13	250	250	1,013	250	1,013
	(388)	(384)	197	39	632
	(138)	(134)	1,210	289	1,645
<b>Non-current liabilities</b>					
6.4.14	-	-	61	50	69
	-	-	61	50	69
<b>Current liabilities</b>					
6.4.15	-	-	40	15	-
6.4.16	939	1,415	1,302	1,409	1,829
6.4.17	-	319	200	741	2
	939	1,734	1,542	2,165	1,831
<b>Total liabilities</b>	<b>939</b>	<b>1,734</b>	<b>1,603</b>	<b>2,215</b>	<b>1,900</b>
<b>Total equity and liabilities</b>	<b>801</b>	<b>1,600</b>	<b>2,813</b>	<b>2,504</b>	<b>3,545</b>
Number of ordinary shares of RM1 in issue ('000)	250	250	1,013	250	1,013
Net (liabilities)/assets (RM'000)	(138)	(134)	1,210	289	1,645
Net (liabilities)/assets per share (RM)	(0.55)	(0.54)	1.19	1.16	1.62
Net tangible (liabilities)/assets (RM'000)	(138)	(134)	723	(12)	799
Net tangible (liabilities)/assets per share (RM)	(0.55)	(0.54)	0.71	(0.05)	0.79
Gearing ratio (times)	N/A	N/A	N/A	N/A	N/A
Current ratio (times)	0.85	0.22	0.73	0.45	0.87
Trade receivables' turnover period (days) <sup>(1)</sup>	344	119	198	203	375
Trade payables' turnover period (days) <sup>(2)</sup>	N/A	N/A	33	19	N/A
Inventories' turnover period (days) <sup>(3)</sup>	N/A	N/A	N/A	N/A	N/A



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatec

### 6.4.2 Statements of Financial Position (cont'd)

Notes :-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

^ Less than RM1,000

N/A Not applicable.

(1) Computed in the following manner: -

$$\frac{\text{Closing trade receivables} \times 365 \text{ days}}{\text{Revenue}}$$

For the FYE 2007, the trade receivables turnover period was due to the balances owing from Nova Newlook Sdn Bhd, Kai Shen Marketing Sdn Bhd and MOL Accessportal Berhad of RM125,000, RM54,000 and RM10,000 respectively as a result of the delay in the transfer of projects from MPSB to Sinatec. As at 31 December 2009, the amounts owing from Nova Newlook Sdn Bhd and Kai Shen Marketing Sdn Bhd had been settled.

For the FYE 2008, trade receivables turnover period was due to long outstanding trade receivables owed by MOL Accessportal Berhad amounting to RM20,000. As at 31 October 2010, this amount has been fully collected.

For the FYE 2009, trade receivables turnover period was due to an amount of RM675,000 owing from Agency Managers. As at 31 October 2010, these amounts have been fully collected.

For the FPE 2010, trade receivables turnover period was due to an amount of approximately RM0.99 million owing from Agency Managers. As at the LPD, these amounts have been fully collected.

(2) Computed in the following manner: -

$$\frac{\text{Closing trade payables} \times 365 \text{ days}}{\text{Cost of sales}}$$

(3) Computed in the following manner: -

$$\frac{(\text{Opening inventories} + \text{closing inventories})/2 \times 365 \text{ days}}{\text{Cost of sales}}$$

No inventory turnover period is disclosed as Sinatec is no longer in the business of trading. In the FYE 2009, the inventories were returned and written off.

### 6.4.3 Statements of Changes in Equity

The following table sets out the summary of the statement of changes in equity prepared based on the audited financial statements of Sinatec for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	Share Capital RM'000	(Accumulated Loss)/ Unappropriated Profit RM'000	Total RM'000
Balance at 1 January 2007	250	(367)	(117)
Loss for the year	-	(21)	(21)
Balance at 31 December 2007	250	(388)	(138)
Profit for the year	-	4	4
Balance at 31 December 2008	250	(384)	(134)
Issuance of shares	763	-	763
Profit for the year	-	581	581
Balance at 31 December 2009	1,013	197	1,210
Profit for the year	-	435	435
Balance at 31 October 2010	1,013	632	1,645



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatex

## 6.4.4 Statements of Cash Flow

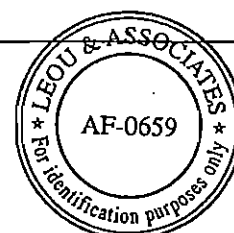
The following table sets out the summary of cash flows prepared based on the audited financial statements of Sinatex for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	← FYE 31 December →			← FYP 31 October →	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
(Loss)/Profit before taxation	(21)	4	642	474	443
Adjustments for :-					
Depreciation	-	91	152	138	154
Operating (loss)/profit before working capital changes	(21)	95	794	612	597
Inventories	(139)	174	306	77	-
Receivables	719	238	(855)	(574)	(599)
Payables	(551)	476	(73)	9	487
Director's account <sup>(1)</sup>	-	319	(119)	422	(198)
Net cash from operating activities	8	1,302	53	546	287
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	-	(1,312)	(125)	(42)	(73)
Research and development cost	-	-	(487)	(402)	(360)
Net cash used in investing activities	-	(1,312)	(612)	(444)	(433)
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>					
Issuance of shares	-	-	763	-	-
Net cash from financing activities	-	-	763	-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	8	(10)	204	102	(146)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD</b>	9	17	7	7	211
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	17	7	211	109	65
<b>CASH AND CASH EQUIVALENTS COMPRISE :-</b>					
Bank balances	17	7	211	109	65
	17	7	211	109	65

Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

(1) The movement in Directors' account is mainly due to advances from the Director and repayments to the Director.





## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatex

Notes to the financial statements (Items 6.4.5 to 6.4.19)

## 6.4.5 Revenue

The details of the revenue recorded are as follows: -

	←FYE 31 December→			←FYP 31 October→	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
Payment services	69	30	692	592	450
Terminal services	-	-	99	87	120
Loyalty management	68	119	245	209	218
Software, security and ICT services	126	5	237	5	111
	<u>263</u>	<u>154</u>	<u>1,273</u>	<u>893</u>	<u>899</u>

Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

(a) Revenue derived from Payment services comprised of: -

	←FYE 31 December→			←FYP 31 October→	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
i) recurring monthly licensing rental	69	30	15	15	-
ii) one-off payment for payment software for the Agency Management Programme;	-	-	677	577	450
	<u>69</u>	<u>30</u>	<u>692</u>	<u>592</u>	<u>450</u>

(b) Revenue derived from Terminal services comprised of: -

	←FYE 31 December→			←FYP 31 October→	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
i) recurring monthly terminal rental;	-	-	99	87	91
ii) recurring monthly terminal software support fee; and	-	-	-	-	-
iii) one-off payment for sales commission and installation fee	-	-	-	-	29
	<u>-</u>	<u>-</u>	<u>99</u>	<u>87</u>	<u>120</u>

(c) Revenue derived from Loyalty Management Services comprised of: -

	←FYE 31 December→			←FYP 31 October→	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
i) recurring monthly application hosting fee;	68	97	49	49	16
ii) redemption fees earned;	-	22	196	160	202
	<u>68</u>	<u>119</u>	<u>245</u>	<u>209</u>	<u>218</u>



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatec

## 6.4.5 Revenue(Cont'd)

Revenue derived from Software, Security and ICT Services consists mainly of software development and system integration services.

## 6.4.6 (Loss)/Profit before taxation

This has been determined after charging the following items: -

	<-----FYE 31 December----->			<---FYP 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Audit fees	2	2	3	-	9
Depreciation	-	91	152	138	154
Director's remuneration <sup>(1)</sup>	-	34	-	-	-
Office rental (paid to a director)	-	24	24	20	20
Office rental	-	-	6	6	16
Interest	-	4	8	-	-

Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

(1) In the FYE 2007, no remuneration was paid to the directors. For the FYE 2008, director's remuneration was paid and for the FYE 2009, FPE 2009 and FPE 2010, director's remuneration of Chew Chee Seng was capitalised to research and development cost due to the director's involvement in the research and development activities.

## 6.4.7 Taxation

No provision for taxation was made as Sinatec was in a tax loss position.

	<-----FYE 31 December----->			<---FYP 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Deferred tax liabilities	-	-	61	50	8

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinattec

## 6.4.7 Taxation(Cont'd)

A reconciliation of income tax expenses applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of Sinattec is as follows: -

	←FYE 31 December→			←FYP 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
(Loss)/Profit before taxation	(21)	4	642	474	443
Taxation at the Malaysian statutory tax rate of 25% (2009, 2008 and 2007 - 20%)	(4)	1	160	118	111
Deferred tax not recognised in current year	3	(2)	(100)	-	-
Tax exempt income under MSC status	-	-	-	(69)	(106)
Non-deductible expenses	1	1	1	1	3
Tax expense for the year	-	-	61	50	8

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

Sinattec's available unabsorbed business losses and capital allowances to off-set against future taxable income are as follows: -

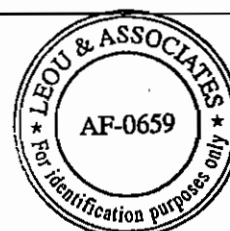
	←FYE 31 December→			←FYP 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Unabsorbed business losses	415	412	176	412	176
Capital allowances	1	308	-	308	-
	416	720	176	720	176

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

The above amounts are subject to the approval of the Inland Revenue Board.

No provision for taxation was made as Sinattec was in a tax loss position. Sinattec was granted MSC status by the Multimedia Super Corridor of the Promotion of Investment Act, 1986, where the business income is exempted from tax for a period of up to 10 years beginning 7 November 2006.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatex

## 6.4.8 Property, plant and equipment

	Demo equipment RM'000	Computer accessories RM'000	Machineries RM'000	Terminals RM'000	Air conditioner RM'000	Renovations RM'000	Electrical fittings RM'000	Total RM'000
Net book value at 1 January 2007	-	-	-	-	-	-	-	-
Addition	-	-	-	-	-	-	-	-
Disposal/written off	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-	-
Net book value at 31 December 2007	-	-	-	-	-	-	-	-
Addition	-	62	1,250	-	-	-	-	1,312
Disposal/written off	-	-	-	-	-	-	-	-
Depreciation charge	-	(8)	(83)	-	-	-	-	(91)
Net book value at 31 December 2008	-	54	1,167	-	-	-	-	1,221
Addition	-	74	-	51	-	-	-	125
Disposal/written off	-	-	-	-	-	-	-	-
Depreciation charge	-	(16)	(125)	(11)	-	-	-	(152)
Net book value at 31 December 2009	-	112	1,042	40	-	-	-	1,194
Addition	-	2	-	44	10	11	6	73
Disposal/written off	-	-	-	-	-	-	-	-
Depreciation charge	-	(22)	(104)	(26)	(1)	(1)	^	(154)
Net book value at 31 October 2010	-	92	938	58	9	10	6	1,113

Note: -

^ Less than RM1,000



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinattec

6.4.8 Property, plant and equipment (cont'd)										
	Demo equipment RM'000	Computer accessories RM'000	Machineries RM'000	Terminals RM'000	Air conditioner RM'000	Renovations RM'000	Electrical fittings RM'000	Total RM'000		
At 31 December 2007										
At Cost	6	33	-	-	-	-	-	39		
Accumulated depreciation	(6)	(33)	-	-	-	-	-	(39)		
Net book value	-	-	-	-	-	-	-	-		
At 31 December 2008										
At Cost	6	95	1,250	-	-	-	-	1,351		
Accumulated depreciation	(6)	(41)	(83)	-	-	-	-	(130)		
Net book value	-	54	1,167	-	-	-	-	1,221		
At 31 December 2009										
At Cost	6	169	1,250	51	-	-	-	1,476		
Accumulated depreciation	(6)	(57)	(208)	(11)	-	-	-	(282)		
Net book value	-	112	1,042	40	-	-	-	1,194		
At 31 October 2010										
At Cost	6	171	1,250	95	10	11	6	1,549		
Accumulated depreciation	(6)	(79)	(312)	(37)	(1)	(1)	^	(436)		
Net book value	-	92	938	58	9	10	6	1,113		

Note: -

^ Less than RM1,000



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatec

## 6.4.9 Software development

	←-----As at 31 December----->			←--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
<u>At cost</u>					
As at 1 January	-	-	-	-	487
Additions during the year	-	-	487	301	359
As at 31 December/31 October	<u>-</u>	<u>-</u>	<u>487</u>	<u>301</u>	<u>846</u>

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

## 6.4.10 Inventories

	←-----FYE 31 December----->			←--FYP 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Computer Gadgets	27	27	-	27	-
Data products	453	279	-	202	-
Others	-	-	-	-	-
	<u>480</u>	<u>306</u>	<u>-</u>	<u>229</u>	<u>-</u>

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

## 6.4.11 Trade receivables

	←-----As at 31 December----->			←--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Trade receivables	69	43	691	595	1,108
Owing from a company in which certain directors of the Group had interest	179	7	1	-	-
	<u>248</u>	<u>50</u>	<u>692</u>	<u>595</u>	<u>1,108</u>

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

The trade receivables ageing analysis as at 31 October 2010 is set out below: -

	0 to 30	31 to 60	61 to 90	91 to 180	> 180	Total
	Days	Days	Days	Days	Days	
	RM '000	RM '000	RM '000	RM '000	'000	RM '000
Balance as at 31 October 2010	<u>19</u>	<u>4</u>	<u>1</u>	<u>539</u>	<u>545</u>	<u>1,108</u>



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatec

### 6.4.11 Trade receivables (Cont'd)

The normal credit terms is 90 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness. All trade receivables are receivable in Ringgit Malaysia.

Sinatec has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

As at 31 October 2010, approximately RM1.08 million or 97.87% of the trade receivables have exceeded the normal credit period. As at the LPD: -

- i) The receivables exceeding 180 days have been fully collected; and
- ii) RM3,600 or 0.67% has been collected for the receivables between 91 to 180 days.

The management is of the opinion that no provision for doubtful debt needs to be made and trade receivables exceeding the normal credit period are recoverable in full after taking into consideration Sinatec's ongoing relationship with the customers.

### 6.4.12 Other receivables and deposits

	<-----As at 31 December----->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Other receivables and deposits	1	1	214	13	227
ManagePay <sup>(1)</sup>	-	-	-	-	81
Whatdevice <sup>(2)</sup>	40	-	-	-	90
Owing to a company in which certain directors of the group had interest	-	-	-	17	-
	<u>41</u>	<u>1</u>	<u>214</u>	<u>30</u>	<u>398</u>

Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

(1) This arose mainly from advances from Sinatec to ManagePay and payments on behalf by Sinatec for ManagePay.

(2) This arose mainly from advances from Sinatec to Whatdevice and payments on behalf by Sinatec for Whatdevice.

The amounts due from ManagePay and Whatdevice are unsecured, interest free and have no fixed terms of repayment.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatec

## 6.4.13 Share capital

	<-----As at 31 December----->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Authorised: -					
Ordinary shares at RM1 each					
As at 1 January	500	500	500	500	5,000
Increased during the year	-	-	4,500	-	-
As at 31 December/31 October	<u>500</u>	<u>500</u>	<u>5,000</u>	<u>500</u>	<u>5,000</u>
Issued and fully paid: -					
As at 1 January	250	250	250	250	1,013
Allotment during the year	-	-	763	-	-
As at 31 December/31 October	<u>250</u>	<u>250</u>	<u>1,013</u>	<u>250</u>	<u>1,013</u>

Note: -

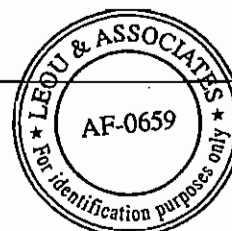
\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

## 6.4.14 Deferred tax assets/(liabilities)

	<-----FYE 31 December----->			<--FYE 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
As at 1 January	-	-	-	-	(61)
Recognised in the income statement	-	-	(61)	(50)	(8)
As at 31 December/31 October	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>(50)</u>	<u>(69)</u>
Presented after appropriate offsetting as follows: -					
Deferred tax assets	-	-	44	44	44
Deferred tax liabilities	-	-	(105)	(94)	(113)
	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>(50)</u>	<u>(69)</u>

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.





## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatex

## 6.4.14 Deferred taxation (Cont'd)

The components and movement of deferred tax liabilities and assets during the financial years prior to offsetting are as follows: -

	Unabsorbed Business Losses RM '000	Accelerated Capital Allowances RM '000	Total RM '000
As at 1 January 2007	-	-	-
Recognised in the income statement	-	-	-
As at 31 December 2007	-	-	-
Recognised in the income statement	-	-	-
As at 31 December 2008	-	-	-
Recognised in the income statement	44	(105)	(61)
As at 31 December 2009	44	(105)	(61)
Recognised in the income statement	-	(8)	(8)
As at 31 October 2010	44	(113)	(69)

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

## 6.4.15 Trade payables

	←As at 31 December→			←As at 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Trade payables	-	-	27	15	^
Owing to a company in which certain directors of the Group had interest	-	-	13	-	-
	-	-	40	15	^

Notes: -

^ Less than RM1,000

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

The normal trade credit terms granted to Sinatex is 30 days.

The trade payables ageing analysis as at 31 October 2010 is set out below: -

	0 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	> 180 Days	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	'000	RM '000
Balance as at 31 October 2010	-	-	-	-	^	-	^

Note: -

^ Less than RM1,000

Sinatex has not defaulted in any payments to the trade payables and there are no legal actions taken by any trade payables to recover any amounts owed.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatex

## 6.4.16 Other payables and accruals

	<-----As at 31 December----->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Other payables and accruals	64	30	86	62	110
MPSB <sup>(1)</sup>	875	1,385	1,216	1,267	1,718
Whatdevice <sup>(2)</sup>	-	-	-	80	1
	<u>939</u>	<u>1,415</u>	<u>1,302</u>	<u>1,409</u>	<u>1,829</u>

Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

(1) This arose mainly from advances from MPSB to Sinatex and payments on behalf by MPSB for Sinatex.

(2) This arose mainly from advances from Whatdevice to Sinatex and payments on behalf by Whatdevice for Sinatex.

The amounts due to MPSB and Whatdevice are unsecured, interest free and have no fixed terms of repayment.

## 6.4.17 Amount due to Director

Amount due to director is unsecured, interest free and has no fixed term of repayment.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatec

## 6.4.18 Related party transactions

	<-----As at 31 December ----->			<--As at 31 October-->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Sales to MPSB	-	-	3	-	-
Sales to companies in which certain directors of the Group had interest					
- Nova Newlook Sdn Bhd	125	-	-	-	-
- Kai Shen Marketing Sdn Bhd	68	97	49	49	5
	<u>193</u>	<u>97</u>	<u>49</u>	<u>49</u>	<u>5</u>
Purchases from MPSB	<u>139</u>	-	-	-	-
Purchases from companies in which certain directors of the Group had interest					
- Nova Newlook Sdn Bhd	-	-	15	12	-
Purchase returns to MPSB	-	176	-	-	-
Purchase of plant and equipment from MPSB	-	-	26	-	44
Purchase of plant and equipment from companies in which certain directors of the Group had interest					
- Nova Newlook Sdn Bhd	-	62	-	-	-
Office rental charged by Chew Chee Seng	-	24	24	20	20
Rental charged by Ng Kim Eng	-	-	35 #	24 @	24 @

## Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

# For the FYE 2009, rental charges amounting to RM28,800 were capitalised to software development as the premises was utilised for research and development activities.

@ For the FPE 2009 and FPE 2010, rental charges were capitalised to software development as the premises was utilised for research and development activities.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Sinatec

### 6.4.19 Financial Instruments

Comparative figures have not been presented as at 31 October 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

#### (a) Classification of financial instruments

Financial assets	Loan and receivables RM '000	Total RM '000
Trade and other receivables	1,335	1,335
Amount due from related companies	90	90
Amount due from holding company	81	81
Cash and bank balance	65	65
	<u>1,571</u>	<u>1,571</u>
	Amortised cost RM '000	Total RM '000
Trade and other payables	110	110
Amount due to related companies	1,719	1,719
Amount due to director	2	2
	<u>1,831</u>	<u>1,831</u>

#### (b) Credit risk

The company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

#### (c) Liquidity and cash flow risk

The table below summarises the maturity profile of the Company's financial liabilities at 31 October 2010 based on contractual undiscounted cash flows.

	Less than 1 year RM '000
Trade and other payables	110
Amount due to related companies	1,719
Amount due to a director	2
	<u>1,831</u>

#### (d) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Company's bank borrowings and deposits placed with licensed banks and financial institutions.



**12. ACCOUNTANTS' REPORT (Cont'd)**

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*Sinatec*

(e) Fair value of financial instrument

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

The carrying amounts of the financial instruments at the balance sheet date approximate their fair value.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

## 6.5 WHATDEVICE

## 6.5.1 Statements of Comprehensive Income

The following table sets out the summary of financial results prepared based on the audited financial statements of Whatdevice for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	Note	← FYE 31 December →			← FPE 31 October →	
		2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
Revenue	6.5.5	487	581	1,063	1,004	224
Cost of sales		(49)	(20)	(94)	(92)	(4)
Gross profit		438	561	969	912	220
Other operating income		-	^	3	3	2
Profit/(Loss) before interest, taxation, depreciation and amortisation		244	284	332	617	(67)
Finance cost		-	(1)	(16)	(14)	(11)
Depreciation		(130)	(183)	(202)	(170)	(169)
Profit/(Loss) before taxation	6.5.6	114	100	114	433	(247)
Taxation	6.5.7	-	(10)	(83)	(147)	49
Profit/(Loss) after taxation		114	90	31	286	(198)
Gross profit margin	(%)	89.94	96.56	91.16	90.84	98.21
Profit/(Loss) before tax margin	(%)	23.41	17.21	10.72	43.13	(110.27)
Profit/(Loss) after tax margin	(%)	23.41	15.49	2.92	28.49	(88.39)
Effective tax rate	(%)	N/A	10.00	72.81	33.95	19.84
Interest coverage	(times)	N/A	101.00	8.13	31.93	(21.45)
Weighted average no. of ordinary shares of RM1.00 each in issue	'000	250	250	307	250	969
Gross earnings/(loss) per share	(Sen)	45.60	40.00	37.13	173.20	(25.49)
Net earnings/(loss) per share	(Sen)	45.60	36.00	10.10	114.40	(20.43)

## Notes :-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

^ Less than RM1,000

N/A Not applicable.

- (a) The gross and net earnings/(loss) per share were calculated based on the audited profit/(loss) before taxation and profit/(loss) after taxation attributable to shareholders of Whatdevice for the financial years/period respectively divided by the weighted average number of ordinary shares in issue for each financial year/period under review.
- (b) The effective tax rates were computed including the deferred tax effects and any under or over provision of tax pertaining to the previous years/period.
- (c) There were no exceptional and extraordinary items in respect of the relevant years/period under review.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

### 6.5.2 Statements of Financial Position

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of Whatdevice for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

Note	← As at 31 December →			← As at 31 October →		
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000	
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	6.5.8	1,260	1,422	1,227	1,257	1,058
Software development	6.5.9	-	-	48	38	56
<b>Total non-current assets</b>		<b>1,260</b>	<b>1,422</b>	<b>1,275</b>	<b>1,295</b>	<b>1,114</b>
<b>Current assets</b>						
Inventories	6.5.10	115	95	-	41	-
Trade receivables	6.5.11	145	111	289	271	32
Other receivables and deposits	6.5.12	17	12	87	110	21
Fixed deposits	6.5.13	-	100	102	102	104
Cash and bank balances		9	^	1	52	3
<b>Total current assets</b>		<b>286</b>	<b>318</b>	<b>479</b>	<b>576</b>	<b>160</b>
<b>Total assets</b>		<b>1,546</b>	<b>1,740</b>	<b>1,754</b>	<b>1,871</b>	<b>1,274</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Share capital	6.5.14	250	250	969	250	969
(Accumulated loss)/Unappropriated profit		(158)	(68)	(37)	218	(235)
<b>Shareholders' equity</b>		<b>92</b>	<b>182</b>	<b>932</b>	<b>468</b>	<b>734</b>
<b>Non-current liabilities</b>						
Deferred taxation	6.5.15	-	10	93	10	44
<b>Total non-current liabilities</b>		<b>-</b>	<b>10</b>	<b>93</b>	<b>10</b>	<b>44</b>

Notes:-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

^ Less than RM1,000



## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

## 6.5.2 Statements of Financial Position (cont'd)

Note	<---As at 31 December--->			<---As at 31 October--->	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
<b>Current liabilities</b>					
Trade payables	6	5 #	5	30	-
Other payables and accruals	6	284 #	501	382	440
Amount due to Director	1,442	1,062	24	719	9
Provision for taxation	-	-	^	147	^
Bank overdraft	-	197	199	115	47
<b>Total current liabilities</b>	<b>1,454</b>	<b>1,548</b>	<b>729</b>	<b>1,393</b>	<b>496</b>
<b>Total liabilities</b>	<b>1,454</b>	<b>1,558</b>	<b>822</b>	<b>1,403</b>	<b>540</b>
<b>Total equity and liabilities</b>	<b>1,546</b>	<b>1,740</b>	<b>1,754</b>	<b>1,871</b>	<b>1,274</b>
Number of ordinary shares of RM1 in issue ('000)	250	250	969	250	969
Net assets (RM'000)	92	182	932	468	734
Net assets per share (RM)	0.37	0.73	0.96	1.87	0.76
Net tangible assets (RM'000)	92	182	884	430	678
Net tangible assets per share (RM)	0.37	0.73	0.91	1.72	0.70
Gearing ratio (times)	N/A	1.08	0.21	0.25	0.06
Current ratio (times)	0.20	0.21	0.66	0.41	0.32
Trade receivables' turnover period (days) <sup>(1)</sup>	109	70	99	82	43
Trade payables' turnover period (days) <sup>(2)</sup>	45	91	19	99	N/A
Inventories' turnover period (days) <sup>(3)</sup>	N/A	N/A	N/A	N/A	N/A

## Notes:-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

^ Less than RM1,000

N/A Not applicable.

# In this report, an amount of RM252,053 has been reclassified from trade payables to other payables for the FYE 2008 as it related to purchase of plant and equipment.

(1) Computed in the following manner: -

$$\frac{\text{Clasing trade receivables} \times 365 \text{ days}}{\text{Revenue}}$$

For the FYEs 2007, 2008, 2009 and FPE2010, the trade receivable turnover period were 109 days, 70 days, 99 days and 43 days respectively. The normal credit terms ranged from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness. As at the LPD, the trade receivables have been fully collected.

(2) Computed in the following manner: -

$$\frac{\text{Closing trade payables} \times 365 \text{ days}}{\text{Cost of sales}}$$





## 12. ACCOUNTANTS' REPORT (Cont'd)

*Whatdevice*

### 6.5.2 Statements of Financial Position (cont'd)

(3) Computed in the following manner: -

$$\frac{(\text{Opening inventories} + \text{closing inventories})/2 \times 365 \text{ days}}{\text{Cost of sales}}$$

*No inventory turnover period is presented for the FYEs 2008, 2009 and FPE 2010 as the inventories which are mainly EMV cards are contractually owned by EON Bank. For the FYE 2009, Whatdevice had no inventories as EON Bank had purchased the EMV cards.*

### 6.5.3 Statements of Changes in Equity

The following table sets out the summary of the statement of changes in equity prepared based on the audited financial statements of Whatdevice for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

	Share Capital RM '000	(Accumulated Loss)/ Unappropriated Profit RM '000	Total RM '000
Balance at 1 January 2007	250	(272)	(22)
Profit for the year	-	114	114
Balance at 31 December 2007	250	(158)	92
Profit for the year	-	90	90
Balance at 31 December 2008	250	(68)	182
Issuance of shares	719	-	719
Profit for the year	-	31	31
Balance at 31 December 2009	969	(37)	932
Loss for the period	-	(198)	(198)
Balance at 31 October 2010	969	(235)	734



## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

## 6.5.4 Statements of Cash Flow

The following table sets out the summary of cash flows prepared based on the audited financial statements of Whatdevice for the past three (3) FYEs 31 December 2009, unaudited FPE 2009 and audited FPE 2010: -

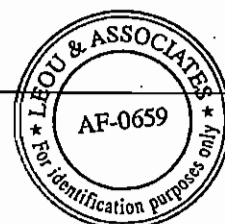
	←---FYE 31 December---→			←---FPE 31 October---→	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit before taxation	114	100	114	433	(247)
Adjustments for : -					
Amortisation of software development	-	-	-	2	-
Interest income	-	-	-	(2)	(2)
Interest paid	-	1	16	14	11
Depreciation	130	183	202	168	169
Property, plant and equipment written off	-	-	-	-	2
Operating profit before working capital changes	244	284	332	615	(67)
Inventories	44	20	95	54	-
Receivables	645	39	(253)	(239)	321
Payables	(1,295)	277	217	102	(58)
Director's account <sup>(1)</sup>	642	(380)	(1,038)	(343)	(20)
Cash generated from/(used in) operations	280	240	(647)	189	176
Tax paid	(1)	-	-	-	-
Net cash from/(used in) operating activities	279	240	(647)	189	176
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	(469)	(345)	(7)	(3)	(2)
Software development	-	-	(48)	(39)	(9)
Placement of fixed deposits with licensed bank	-	(100)	(2)	-	-
Net cash used in investing activities	(469)	(445)	(57)	(42)	(11)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issuance of share	-	-	719	-	-
Interest paid	-	(1)	(16)	(13)	(11)
Net cash (used in)/from financing activities	-	(1)	703	(13)	(11)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>					
	(190)	(206)	(1)	134	154
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>					
	199	9	(197)	(197)	(198)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>					
	9	(197)	(198)	(63)	(44)
<b>CASH AND CASH EQUIVALENTS COMPRISE :-</b>					
Cash and bank balances	9	^	1	52	3
Bank overdraft	-	(197)	(199)	(115)	(47)
	9	(197)	(198)	(63)	(44)

Notes:-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

^ Less than RM1,000

(1) The movement in Directors' account is mainly due to advances from the Director and repayments to the Director



## 12. ACCOUNTANTS' REPORT (Cont'd)

*Whatdevice*

### 6.5.4 Statements of Cash Flow (cont'd)

#### Cash flow from operating activities

For the FYE 31 December 2007, Whatdevice's net cash flow from operating activities of approximately RM0.28 million was attributable mainly to profit before taxation and adjustments for the following: -

- (i) non-cash items from depreciation of plant and machinery; and
- (ii) cash inflow from working capital.

For the FYE 31 December 2008, Whatdevice's net cash flow from operating activities of approximately RM0.14 million was attributable mainly to profit before taxation of approximately and adjustments for the following: -

- (i) non-cash items from depreciation of plant and machinery; and
- (ii) cash outflow from working capital.

For the FYE 31 December 2009, Whatdevice's net cash flow used in operating activities of approximately RM0.65 million was mainly due to decrease in director's account.

For the FPE 2010, Whatdevice's net cash flow from operation activities of approximately RM0.18 million was mainly due to cash inflow from working capital.

#### Cash flow from investing activities

Cash flow from investing activities of Whatdevice arose mainly from purchase of plant and equipment and software development activities.

#### Cash flow from financing activities

Cash flow from financing activities arose mainly from interest paid and issuance of shares.

### Notes to the financial statements (Items 6.5.5 to 6.5.21)

#### 6.5.5 Revenue

The details of the revenue recorded are as follows: -

	←---FYE 31 December---→			←---FPE 31 October---→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Business process outsourcing	487	581	1,063	1,004	224
	<u>487</u>	<u>581</u>	<u>1,063</u>	<u>1,004</u>	<u>224</u>

Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

Revenue derived from Business process outsourcing mainly comprised of provision of EMV Card Personalisation services.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

## 6.5.6 Profit/(Loss) before taxation

This has been determined after charging the following items:-

	<-----FYE 31 December----->			<---FPE 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Amortisation of software development	-	-	-	2	-
Audit fees	1	2	2	1	6
Bank interest	-	^	15	^	^
Depreciation	130	183	202	168	169
Directors' remuneration	-	-	77	57	67
Inventories write off	-	-	38	-	-
Loss on foreign exchange	9	-	-	-	-
Merchant discount rate interest charges	-	^	1	1	-
Office rental (paid to a director)	48	24	24	20	20
Overdraft interest	-	-	-	13	11
Property, plant and equipment written off	-	-	-	-	2
And crediting:					
Interest income	-	-	2	2	2
Gain on foreign exchange	-	-	^	^	^
Sundry income	-	-	1	-	-

Notes :-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

^ Less than RM1,000

## 6.5.7 Taxation

The provision for taxation for the financial years/period are computed at the prevailing tax rates.

	<-----FYE 31 December----->			<---FPE 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Provision for current year	-	-	^	147	-
Underprovision in prior year	-	-	^	-	-
Deferred tax	-	10	83	-	(49)
	-	10	83	147	(49)

Notes:-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

^ Less than RM1,000



## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

## 6.5.7 Taxation (cont'd)

A reconciliation of income tax expenses applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of Whatdevice is as follows: -

	<-----FYE 31 December----->			<---FPE 31 October--->	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
Profit/(Loss) before taxation	114	100	114	433	(247)
Taxation at the Malaysian statutory tax rate of 25% (2009, 2008 and 2007 - 20%)	23	20	29	108	(62)
Expenses not deductible for tax purposes	1	2	41	39	4
Deferred tax assets under/(over) recognised in previous year	(24)	(12)	13	-	9
Underprovision in previous years	-	-	^	-	-
Tax savings	-	-	^	-	-
Tax expense for the year	-	10	83	147	(49)

Notes:-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

^ Less than RM1,000

## 6.5.8 Property, plant and equipment

	Office equipment RM'000	Motor vehicle RM'000	Machineries RM'000	Computer Accessories RM'000	Total RM'000
Net book value at 1 January 2007	4	19	898	-	921
Addition	11	-	458	-	469
Disposal/written off	-	-	-	-	-
Depreciation charge	(1)	(10)	(119)	-	(130)
Net book value at 31 December 2007	14	9	1,237	-	1,260
Addition	2	-	343	-	345
Disposal/written off	-	-	-	-	-
Depreciation charge	(1)	(9)	(173)	-	(183)
Net book value at 31 December 2008	15	-	1,407	-	1,422
Addition	-	-	-	7	7
Disposal/written off	-	-	-	-	-
Depreciation charge	(1)	-	(200)	(1)	(202)
Net book value at 31 December 2009	14	-	1,207	6	1,227
Addition	2	-	-	-	2
Disposal/written off	(2)	-	-	-	(2)
Depreciation charge	(1)	-	(167)	(1)	(169)
Net book value at 31 October 2010	13	-	1,040	5	1,058



## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

## 6.5.8 Property, plant and equipment (cont'd)

	Office equipment RM'000	Motor vehicle RM'000	Machineries RM'000	Computer Accessories RM'000	Total RM'000
At 31 December 2007					
At cost	16	50	1,656	-	1,722
Accumulated depreciation	(2)	(41)	(419)	-	(462)
Net book value	14	9	1,237	-	1,260
At 31 December 2008					
At cost	18	50	1,999	-	2,067
Accumulated depreciation	(3)	(50)	(592)	-	(645)
Net book value	15	-	1,407	-	1,422
At 31 December 2009					
At cost	18	50	1,999	7	2,074
Accumulated depreciation	(4)	(50)	(792)	(1)	(847)
Net book value	14	-	1,207	6	1,227
At 31 October 2010					
At cost	18	50	1,999	7	2,074
Accumulated depreciation	(5)	(50)	(959)	(2)	(1,016)
Net book value	13	-	1,040	5	1,058

## 6.5.9 Software development

	←As at 31 December→			←As at 31 October→	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
<u>At cost</u>					
As at 1 January	-	-	-	-	48
Additions during the year/period	-	-	48	38	8
As at 31 December/31 October	-	-	48	38	56

Note:-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.



## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

## 6.5.10 Inventories

	←-----As at 31 December----->			<---As At 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Data products	5	4	-	4	-
EMV Cards	110	91	-	37	-
	<u>115</u>	<u>95</u>	<u>-</u>	<u>41</u>	<u>-</u>

Note:-

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

These EMV cards are printed with EON Bank's logo and card type artworks.

## 6.5.11 Trade receivables

The trade receivables ageing analysis as at 31 October 2010 is set out below: -

	0 to 30	31 to 60	61 to 180	> 180	Total
	Days	Days	Days	Days	
	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 31 October 2010	<u>15</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>32</u>

The normal credit terms ranged from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness. All trade receivables are receivable in Ringgit Malaysia.

As at the LPD, there is no occurrence of non-payment or dispute in payment with EON Bank Berhad.

## 6.5.12 Other receivables and deposits

	←-----As at 31 December----->			<---As at 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Other receivables and deposits	12	12	12	29	21
MPSB <sup>(1)</sup>	5	-	-	-	-
Sinatec <sup>(1)</sup>	-	-	75	81	-
	<u>17</u>	<u>12</u>	<u>87</u>	<u>110</u>	<u>21</u>

Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

(1) This arose mainly from advances from Whatdevice to MPSB and Sinatec and payments on behalf by Whatdevice for MPSB and Sinatec

The amounts due from MPSB and Sinatec are unsecured, interest free and have no fixed terms of repayment.



## 12. ACCOUNTANTS' REPORT (Cont'd)

*Whatdevice*

### 6.5.13 Fixed deposits

The fixed deposits earn interest at a rate of 2.6% (31.12.2009 – 2.0%, 31.12.2008 – 3.0%; 31.12.2007 - NIL) per annum and is pledged to bank for bank overdraft facility granted to Whatdevice.

### 6.5.14 Share capital

	<---As at 31 December--->			<---As at 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Authorised:					
Ordinary shares at RM1 each					
As at 1 January	500	500	500	500	5,000
Increased during the year	-	-	4,500	-	-
As at 31 December/31 October	<u>500</u>	<u>500</u>	<u>5,000</u>	<u>500</u>	<u>5,000</u>
Issued and fully paid:					
Ordinary shares at RM1 each					
As at 1 January	250	250	250	250	969
Allotment during the year	-	-	719	-	-
As at 31 December/31 October	<u>250</u>	<u>250</u>	<u>969</u>	<u>250</u>	<u>969</u>

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

### 6.5.15 Deferred tax assets /(liabilities)

	<---As at 31 December--->			<---As at 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
As at 1 January	-	-	(10)	(10)	(93)
Recognised in the income statement	-	(10)	(83)	-	49
As at 31 December/31 October	<u>-</u>	<u>(10)</u>	<u>(93)</u>	<u>(10)</u>	<u>(44)</u>

Presented after appropriate offsetting as follows: -

	<---As at 31 December--->			<---As at 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Deferred tax assets	-	84	63	84	124
Deferred tax liabilities	-	(94)	(156)	(94)	(168)
	<u>-</u>	<u>(10)</u>	<u>(93)</u>	<u>(10)</u>	<u>(44)</u>

Note: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.





## 12. ACCOUNTANTS' REPORT (Cont'd)

Whatdevice

### 6.5.15 Deferred tax assets/(liabilities) (cont'd)

The components and movement of deferred tax liabilities and assets during the financial years prior to offsetting are as follows: -

	Deductible Temporary Difference RM '000	Accelerated Capital Allowances RM '000	Total RM '000
As at 1 January 2007	-	-	-
Recognised in the income statement	-	-	-
As at 31 December 2007	-	-	-
Recognised in the income statement	84	(94)	(10)
As at 31 December 2008	84	(94)	(10)
Recognised in the income statement	(21)	(62)	(83)
As at 31 December 2009	63	(156)	(93)
Recognised in the income statement	61	(12)	49
As at 31 October 2010	<u>124</u>	<u>(168)</u>	<u>(44)</u>

### 6.5.16 Trade payables

The normal trade credit terms granted to the Group range from 0 to 30 days.

Whatdevice has not defaulted in any payments to the trade payables and there are no legal actions taken by any trade payables to recover any amounts owed.

### 6.5.17 Other payables and accruals

	←-----As at 31 December----->			←---As at 31 October--->	
	2007 RM '000	2008 RM '000	2009 RM '000	2009* RM '000	2010 RM '000
Other payables and accruals	6	32	27	286	28
MPSB <sup>(1)</sup>	-	-	474	96	322
Sinatec <sup>(1)</sup>	-	-	1	-	90
Owing to a company in which certain directors of the group had interest	-	252	-	-	-
	<u>6</u>	<u>284</u>	<u>502</u>	<u>382</u>	<u>440</u>

Notes: -

\* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.

(1) This arose mainly from advances from MPSB to Whatdevice and payments on behalf by MPSB for Whatdevice. This amount is unsecured, interest free and has no fixed term of repayment.

# In this report, this amount has been reclassified from trade payables as it related to purchase of plant and equipment. This amount is unsecured and interest free.

The amounts due to MPSB and Sinatec are unsecured, interest free and have no fixed terms of repayment.



## 12. ACCOUNTANTS' REPORT (Cont'd)

*Whatdevice*

### 6.5.18 Amount due to Director

This amount is unsecured, interest free and has no fixed term of repayment.

This mainly arose from payment on behalf by a Director to Whatdevice's suppliers and rentals owing to the Director.

### 6.5.19 Bank overdraft

The bank overdrafts bears interest at a rate of 2.25% per annum above Bankers' Base Lending Rate and is secured by the following: -

- i) Whatdevice's fixed deposits.
- ii) Joint and several guarantee by the Directors of Whatdevice.

### 6.5.20 Related party transactions

	<-----As at 31 December----->			<---As at 31 October--->	
	2007	2008	2009	2009*	2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Management fee charged by MPSB	-	-	80	-	-
Purchase of plant and equipment from MPSB	459	-	-	-	-
Purchase of plant and equipment from companies in which certain directors of the Group had interest - Nova Newlook Sdn. Bhd.	-	308	-	-	-
Office rental charged by Chew Chee Seng	48	24	24	20	20

Note: -

- \* FPE 2009 represents unaudited management account and is included for the purpose of comparison only.



## 12. ACCOUNTANTS' REPORT (Cont'd)

*Whatdevice*

### 6.5.21 Financial Instruments

Comparative figures have not been presented as at 31 October 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

(a) Classification of financial instruments

	Loan and receivables RM ' 000	Total RM '000
<b>Financial assets</b>		
Trade and other receivable	41	41
Fixed deposit	104	104
Cash and bank balances	4	4
	149	149
	<b>Amortised Cost RM '000</b>	<b>Total RM '000</b>
<b>Financial liabilities</b>		
Trade and other payables	27	27
Amount due to director	9	9
Amount due to related party	413	413
Bank overdraft	47	47
	496	496

(b) Credit risk

The company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(c) Liquidity and cash flow risk

The table below summarises the maturity profile of the Company's financial liabilities at 31 October 2010 based on contractual undiscounted cash flows.

	Less than 1 year RM '000
Trade and other payables	27
Amount due to a director	9
Amount due to related party	413
Bank overdraft	47
	496



## 12. ACCOUNTANTS' REPORT (Cont'd)

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*Whatdevice*

### 6.5.21 Financial Instruments (cont'd)

(d) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Company's bank borrowings and deposits placed with licensed banks and financial institutions.

(e) Fair value of financial instrument

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

The carrying amounts of the financial instruments at the balance sheet date approximate their fair value.



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**12. ACCOUNTANTS' REPORT (Cont'd)**

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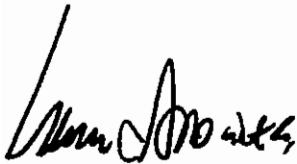
**7.0 SUBSEQUENT EVENTS**

There were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the LPD which may affect materially the contents of this report.

**8.0 AUDITED FINANCIAL STATEMENTS**

No audited financial statements of the Company and its subsidiaries have been made up in respect of the period subsequent to 31 October 2010.

Yours faithfully,



**LEOU & ASSOCIATES**  
Chartered Accountants  
Firm No: AF – 0659



**LEOU THIAM LAI**  
Approved Company Auditor  
Treasury Approval No. 1269/6/12(J)



12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX I

**Gomez & Co.**

FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**ALLIOTT**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF**

**MANAGEPAY SYSTEMS BERHAD**  
(formerly known as ManagePay Systems Sdn. Bhd.)  
(Company No. 887689 - D)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the consolidated financial statements of ManagePay Systems Berhad (formerly known as ManagePay Systems Sdn. Bhd.) and its subsidiaries (collectively, "the Group"), which comprise the Group's consolidated statements of financial position at 31st October, 2010 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 37.

*Directors' Responsibility for the Financial Statements*

The directors of the Group are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

It is our responsibility to form an independent opinion, based on our audit, on the consolidated financial statements and to report our opinion to you, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the financial statements 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 Group'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 consolidated financial statements.

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12. ACCOUNTANTS' REPORT (Cont'd)

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Gomez & Co. (AF 0611)

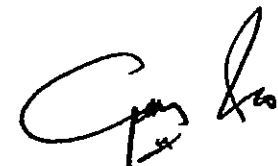
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*


In our opinion, the consolidated financial statements have been properly drawn up in accordance with Financial Reporting Standards, FRS 134: Interim Financial Reporting so as to give a true and fair view of the financial position of the Group as of 31st October, 2010 and of the financial performance and cash flows for the period then ended.

**Other Matters**

This report is made solely to the board of directors of the Company, as a body, for the purpose of its proposed listing on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.



GOMEZ & CO.  
AF 0611  
CHARTERED ACCOUNTANTS



JEFFREY GERARD GOMEZ  
1245/4/11(J)

Kuala Lumpur  
Date: 27 JAN 2011

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX II.

**Gomez & Co.**

FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**Alliott**  
GROUP

A Worldwide Network of Independent Firms

**AUDITORS' REPORT TO THE MEMBERS OF**

**MULTIMEDIA PROSPECT SDN. BHD.**

(Company No.516641 - W)

(Incorporated in Malaysia)

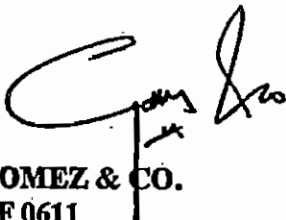
We have audited the financial statements as set out on pages 5 to 19. These financial statements are the responsibility of the Company's directors.


It is our responsibility to form an independent opinion based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Private Entities so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2007 and of the results and cash flows of the Company for the year ended on that date and the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;
- b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

  
**GOMEZ & CO.**  
AF 0611  
CHARTERED ACCOUNTANTS

  
**JEFFREY GERARD GOMEZ**  
1245/4/09(J)

Kuala Lumpur.

Date: 27 JUN 2008

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12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX III

**Gomez & Co.**  
FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**ALLIOTT**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MULTIMEDIA PROSPECT SDN. BHD.  
(Company No.516641 - W)  
(Incorporated in Malaysia)**

**Report on the Financial Statements**

We have audited the financial statements of Multimedia Prospect Sdn. Bhd., which comprise the balance sheet as at 31st December, 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 27.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No.  
516641 - W

**Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2008 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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.



GOMEZ & CO.  
AF 0611  
CHARTERED ACCOUNTANTS



JEFFREY GERARD GOMEZ  
1245/4/09(J)

Kuala Lumpur  
Date: 13 APR 2009

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX IV.

**Gomez & Co.**

FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**Alliott**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**MULTIMEDIA PROSPECT SDN. BHD.**

(Company No.516641 - W)

(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Multimedia Prospect Sdn. Bhd., which comprise the balance sheet as at 31st December, 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 27.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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

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

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

**12. ACCOUNTANTS' REPORT (Cont'd)**

Company No.  
516641 - W

Gomez & Co. (AF 0611)

**Opinion**

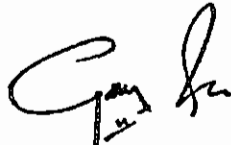
In our opinion, the financial statements have been properly drawn up in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2009 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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.



**GOMEZ & CO.**  
**AF 0611**  
**CHARTERED ACCOUNTANTS**



**JEFFREY GERARD GOMEZ**  
**1245/4/11(J)**

Kuala Lumpur

Date: 07 MAR 2010

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX V

**Gomez & Co.**

FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**Alliott**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
MULTIMEDIA PROSPECT SDN. BHD.  
(Company No.516641 - W)  
(Incorporated in Malaysia)**

**Report on the Financial Statements**

We have audited the financial statements of Multimedia Prospect Sdn. Bhd., which comprise the statement of financial position as at 31st October, 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 31.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No.  
516641 - W

Gomez & Co. (AF 0611)

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards, FRS 134: Interim Financial Reporting so as to give a true and fair view of the financial position of the Company as of 31st October, 2010 and of its financial performance and cash flows for the period then ended.

*Other Matters*


The statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period ended 31st October, 2010 as well as the related notes have not been audited nor reviewed.

**Other Matters**

This report is made solely to the board of directors of the Company, as a body, for the purpose of ManagePay Systems Berhad's proposed listing on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.



GOMEZ & CO.  
AF 0611  
CHARTERED ACCOUNTANTS



JEFFREY GERARD GOMEZ  
1245/4/11(J)

Kuala Lumpur  
Date: 27 JAN 2011

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX VI

**Gomez & Co.**  
FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**Alliott**  
GROUP  
A WORLDWIDE NETWORK OF INDEPENDENT FIRMS

**AUDITORS' REPORT TO THE MEMBERS OF**

**SINA TECHNOLOGIES SDN. BHD.**  
(Company No.523495 - V)  
(Incorporated in Malaysia)

We have audited the financial statements as set out on pages 6 to 15. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Private Entities so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2007 and of its results and cash flows for the year ended on that date and the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;
- b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

12. ACCOUNTANTS' REPORT (Cont'd)

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Company No.  
523495 - V

Without qualifying our opinion, we draw attention to Note 12 to the financial statements which explained that the financial statements of the Company have been prepared on a going concern basis. The Company's ability to continue operation as a going concern depends largely upon the Company's ability to obtain and/or generate additional funds sufficient to sustain operations.



**GOMEZ & CO.**  
**AF 0611**  
**CHARTERED ACCOUNTANTS**



**JEFFREY GERARD GOMEZ**  
**1245/4/09(J)**

**KUALA LUMPUR**

**DATE: 27 JUN 2008**



12. ACCOUNTANTS' REPORT (Cont'd)

**Gomez & Co.**  
FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

APPENDIX VII

**Alliott**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**SINA TECHNOLOGIES SDN. BHD.**

(Company No.523495 - V)

(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Sina Technologies Sdn. Bhd., which comprise the balance sheet as at 31st December, 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 20.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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

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

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

I

12. ACCOUNTANTS' REPORT (Cont'd)

Company No.  
523495 - V

**Opinion**


In our opinion, the financial statements have been properly drawn up in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2008 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**


In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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.



GOMEZ & CO.  
AF 0611  
CHARTERED ACCOUNTANTS



JEFFREY GERARD GOMEZ  
1245/4/11(J)

Kuala Lumpur  
Date: 12 JUN 2009

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX. VIII

**Gomez & Co.**  
FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**Alliott**  
GROUP  
A Worldwide Alliance of Independent Firms

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**SINA TECHNOLOGIES SDN. BHD.**  
(Company No.523495 - V)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Sina Technologies Sdn. Bhd., which comprise the balance sheet as at 31st December, 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 22.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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

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

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

## 12. ACCOUNTANTS' REPORT (Cont'd)

Company No.  
523495 - V

Gomez & Co. (AF 0611)

### Opinion

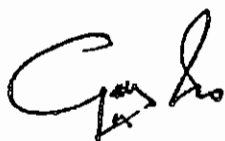
In our opinion, the financial statements have been properly drawn up in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2009 and of its financial performance and cash flows for the year then ended.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

### Other Matters

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.



GOMEZ & CO.  
AF 0611  
CHARTERED ACCOUNTANTS



JEFFREY GERARD GOMEZ  
1245/4/11(J)

Kuala Lumpur  
Date: 07 MAR 2010

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX IX

**Gomez & Co.**

FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**ALLIOTT**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
SINA TECHNOLOGIES SDN. BHD.  
(Company No.523495 - V)  
(Incorporated in Malaysia)**

**Report on the Financial Statements**

We have audited the financial statements of Sina Technologies Sdn. Bhd., which comprise the statement of financial position as at 31st October, 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 27.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

## 12. ACCOUNTANTS' REPORT (Cont'd)

Company No.  
523495 - V

Gomez & Co. (AF 0611)

### *Opinion*

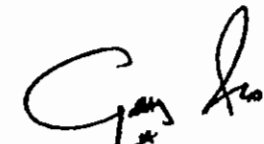
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards, FRS 134: Interim Financial Reporting so as to give a true and fair view of the financial position of the Company as of 31st October, 2010 and of its financial performance and cash flows for the period then ended.

### *Other Matters*

The statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period ended 31st October, 2010 as well as the related notes have not been audited nor reviewed.

### **Other Matters**

This report is made solely to the board of directors of the Company, as a body, for the purpose of ManagePay Systems Berhad's proposed listing on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.



GOMEZ & CO.  
AF 0611  
CHARTERED ACCOUNTANTS



JEFFREY GERARD GOMEZ  
1245/4/11(J)

Kuala Lumpur  
Date: 27 JAN 2011

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX X

**Gomez & Co.**  
FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**ALLIOTT**  
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**AUDITORS' REPORT TO THE MEMBERS OF  
WHATDEVICE (MALAYSIA) SDN. BHD.  
(Incorporated in Malaysia)  
(Company No.523502 - A)**


We have audited the financial statements as set out on pages 5 to 14. These financial statements are the responsibility of the Company's directors.


It is our responsibility to form an independent opinion based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Private Entities so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> December, 2007 and of its results and cash flows for the year ended on that date and the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;
- b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

  
**GOMEZ & CO.**  
AF 0611  
CHARTERED ACCOUNTANTS

  
**JEFFREY GERARD GOMEZ**  
1245/4/09(J)

Kuala Lumpur  
Date: 27 JUN 2008

12. ACCOUNTANTS' REPORT (Cont'd)

**Gomez & Co.**  
FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

APPENDIX XI

**ALLIOTT**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**WHATDEVICE (MALAYSIA) SDN. BHD.**  
(Incorporated in Malaysia)  
(Company No.523502 - A)

**Report on the Financial Statements**

We have audited the financial statements of Whatdevice (Malaysia) Sdn. Bhd., which comprise the balance sheet as at 31<sup>st</sup> December, 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 20.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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

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

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



## 12. ACCOUNTANTS' REPORT (Cont'd)

Company No.  
523502 - A

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2008 and of its financial performance and cash flows for the year then ended.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

### Other Matters

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.



GOMEZ & CO.  
AF 061  
CHARTERED ACCOUNTANTS



JEFFREY GERARD GOMEZ  
1245/4/11(J)

Kuala Lumpur  
Date: 12 JUN 2009

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX XII

**Gomez & Co.**  
FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**ALLIOTT**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**WHATDEVICE (MALAYSIA) SDN. BHD.**

(Incorporated in Malaysia)

(Company No.523502 - A)

**Report on the Financial Statements**

We have audited the financial statements of Whatdevice (Malaysia) Sdn. Bhd., which comprise the balance sheet as at 31<sup>st</sup> December, 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 22.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No.  
523502 - A

Gomez & Co. (AF 0611)

**Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2009 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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.



GOMEZ & CO.  
AF 0611  
CHARTERED ACCOUNTANTS



JEFFREY GERARD GOMEZ  
1245/4/11(J)

Kuala Lumpur  
Date: 07 MAR 2010

12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX XIII

**Gomez & Co.**

FIRM NO: AF 0611  
CHARTERED ACCOUNTANTS

**Alliott**  
GROUP  
A WORLDWIDE ALLIANCE OF INDEPENDENT FIRMS

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
WHATDEVICE (MALAYSIA) SDN. BHD.  
(Incorporated in Malaysia)  
(Company No.523502 - A)**

**Report on the Financial Statements**

We have audited the financial statements of Whatdevice (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31st October, 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 27.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No.  
523502 - A

Gomez & Co. (AF 0611)

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards, FRS 134: Interim Financial Reporting so as to give a true and fair view of the financial position of the Company as of 31st October, 2010 and of its financial performance and cash flows for the period then ended.

*Other Matters*


The statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period ended 31st October, 2010 as well as the related notes have not been audited nor reviewed.

**Other Matters**

This report is made solely to the board of directors of the Company, as a body, for the purpose of ManagePay Systems Berhad's proposed listing on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.



GOMEZ & CO.  
AF 0611  
CHARTERED ACCOUNTANTS



JERFREY GERARD GOMEZ  
1245/4/11(J)

Kuala Lumpur  
Date: 27 JAN 2011

**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT**

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*(Prepared for inclusion in this Prospectus)*

**F R O S T & S U L L I V A N**

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**Independent Market Research on the  
Electronic Payment Solutions Industry in Malaysia**

**EXECUTIVE SUMMARY**


**January 2011**

**F R O S T & S U L L I V A N · G R O W T H C O N S U L T I N G**

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH  
REPORT (Cont'd)**

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F R O S T  S U L L I V A N

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© January 2011 Frost & Sullivan

The market research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research, which involves discussing the status of the industry with leading industry participants and industry experts. The research methodology used is the *Expert Opinion Consensus Methodology*. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in the business and industry climate.

This market research was completed in January 2011.

This report is prepared for inclusion in the Prospectus of ManagePay Systems Berhad for submission to the Securities Commission Malaysia and other relevant parties.

No part of this research service may be otherwise given, lent, resold, or disclosed to non-customers without our written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without our permission.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report or otherwise.

For further information, please contact:  
Frost & Sullivan Malaysia Sdn Bhd  
Suite E-08-15, Block E, Plaza Mont' Kiara  
2, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur.

For and on behalf of Frost & Sullivan Malaysia Sdn Bhd:

  
\_\_\_\_\_  
Dennis Tan  
Director

**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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## **Executive Summary**

### **1. Definition and Segmentation**

The advent of technology has made possible the use of electronic payment solutions covering all forms of payment transactions made by means of wire or wireless medium aside from ATM machines. ATM machines are defined as all cash withdrawal machines, cash deposit machines and cheque deposit machines typically available within the premises of retail banking institutions.

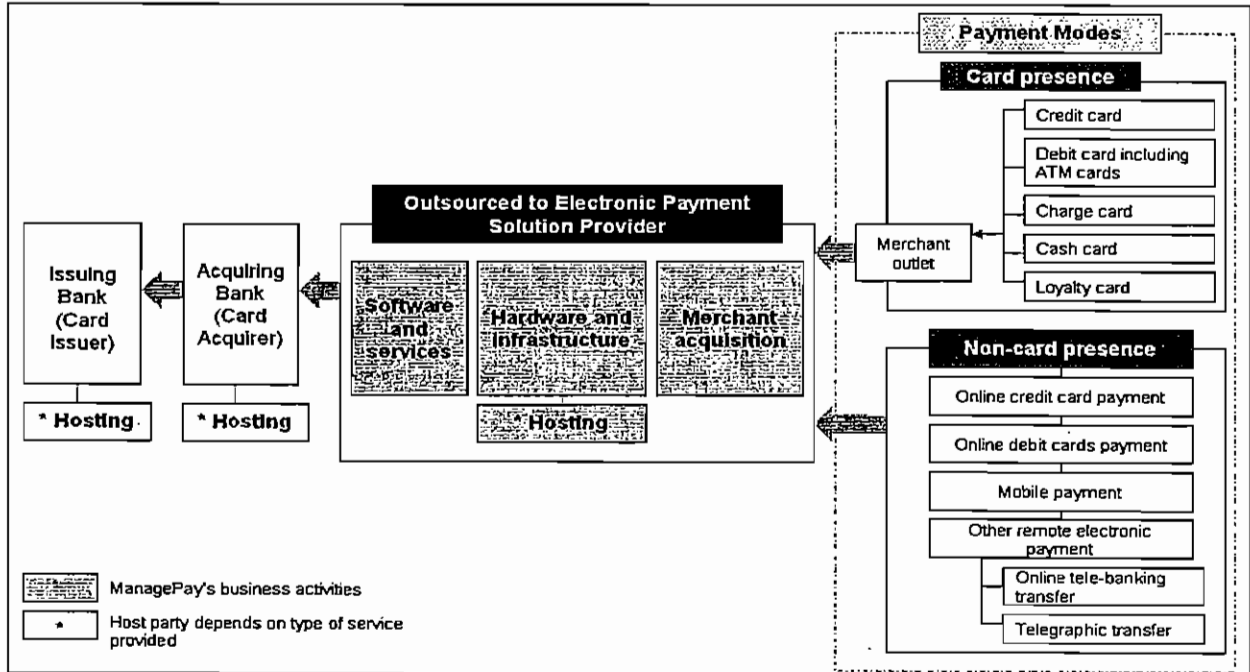
Electronic payment solutions can be further divided into card presence and non-card presence electronic payment. Card presence payments are defined as payments and/or transactions made with smart cards, which include payments made by credit cards and debit cards, and these transactions are typically carried out at a retail or merchant outlet.

Non-card presence payments are defined as electronic payments that are made remotely, i.e. without being physically present when a payment is made. These include payments made via credit cards through an internet payment gateway, payments made through a banking account via an internet banking or tele-banking facility, and payments made through a banking account via mobile phone (i.e. via short messaging system, or commonly known as SMS), among others.

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13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Key Segments for the Electronic Payment Industry



Notes:

The term "hosting" refers to a server where software applications and programmes reside, or are "hosted". A host party is the organisation where the server is located.

The phrase "Host party depends on type of service provided" denotes that the location of a server is dependent on the type of service provided.

Source: Frost & Sullivan.

The following is a list of common electronic payment solutions available:

- Card presence
  - o Retail credit/charge card payment solution
  - o Retail debit/ATM card payment solution
  - o Retail cash card payment solution
  - o Loyalty card transaction
- Non-card presence
  - o Online credit card payment solution
  - o Online debit card payment solution
  - o Mobile payment solution
  - o Other remote electronic payment solutions
    - Tele-banking solutions
    - Telegraphic transfer (inter-banking payment)

Presently, electronic payments in Malaysia are largely dominated by smart card dependent technology, with the wide-scale migration of all magnetic stripe credit, debit and ATM cards to smart card technology between 2003 and 2006. Retailers or merchants, accept payment

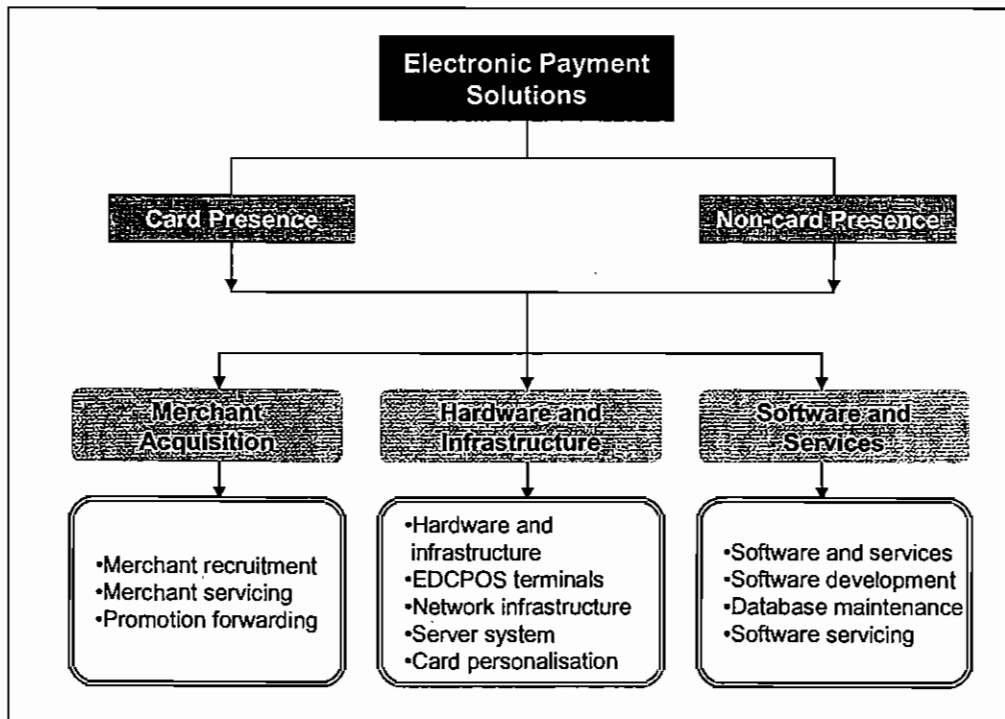
**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

through physical cards. Payments are also accepted by some merchants without the presence of a physical card, largely through the internet, telephone and mobile devices. In these instances, details of the card used to make a payment are sent via the internet or telephone. These virtual retail payments are still in their infancy stage in Malaysia.

As such, this report will focus largely on the card presence electronic payment industry in Malaysia, with a brief discussion on the growing demand for electronic payments made through non-card, or virtual platform.

Presently, most industry players, including the ManagePay Group, operate predominantly in the smart card space in Malaysia. The ManagePay Group however, has also ventured into non-card presence electronic payment solutions, given the rising potential of this market in Malaysia.

**Value Chain for the Electronic Payment Solutions Industry**



Source: Frost & Sullivan

While electronic payments are defined as payments made through an electronic medium, the components and services that are required to make these payments possible are known as electronic payment solutions. Electronic payment solutions consist of the following three components:

- Merchant acquisition
- Hardware and infrastructure
- Software and services

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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Electronic payment solutions are classified as above to reflect the industry as a whole and not meant to represent the business activities of any company in particular.

***Merchant Acquisition***

This refers to acquisition and recruitment services. Merchant acquisition takes place when an electronic payment solutions provider approaches retailers with the objective of having the latter adopt the offered payment solution system to accept payment (i.e. non-cash payment in electronic form) from their customers.

Merchant acquisition is a key service for the payment solution provider as most banks do not offer this service, and therefore will require an external party to achieve greater reach in the retail market. Merchant acquisition activities may also include recruiting merchants to participate in promotions (promotions typically initiated by banks) as well as providing retailers with servicing and maintenance of hardware and software infrastructure.

***Hardware & Infrastructure***

Hardware and infrastructure refers to the interface by which end-users and retail vendors typically transact, which include card acceptance terminals or electronic data capture Point of Sales (EDCPOS) terminals, personal identification numbers (PIN), credit/debit/bank cards and networks involved in data transfer; server systems that are connected to client systems, encryption, transmission and reception hardware as well as network nodes and switchboard routing. It also refers to card personalisation, the process in which personalised cardholder information is printed on the surface of the smart card (credit card, debit card or ATM card) as well as embedded on the smart card chip.

***Software & Services***

This mainly refers to the software development, systems integration, as well as database processing and maintenance needed for the processing of payments. Software is often developed or customised according to the needs of individual clients, providing value proposition for an electronic payment solution. Software applications are developed for both the front and back ends. Front-end software typically includes the user interface, while back-end systems are generally the software that processes the transactions. Middleware software is also typically utilised to link or connect the front and back ends, as well as to create a seamless integration for payment processing to merchant networks.

The ManagePay Group is an Electronic Payment Solutions provider offering merchant acquisition, hardware and infrastructure, as well as software and services to its customers as a third party solution provider. Its payment services, terminal services and software,

**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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security and ICT services are all part of electronic payment solutions, and can be mapped to the electronic payment solution industry value chain as follows:

- Payment services is part of "Merchant Acquisition" and "Hardware and Infrastructure"
- Terminal services is part of "Hardware and Infrastructure"
- Software, security and ICT services fall under "Software and Services"

The electronic payment solution industry is covered in detail in this report as it is the core industry that the ManagePay Group operates in. Loyalty management and smart card personalization are value-added services that complement electronic payment solutions, and hence are covered as brief overviews in this report.

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## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

### 2. Industry Size and Growth Forecast

The top-down industry approach is used to assess the market share where industry size is determined based on information and data extracted from publicly available sources such as publications from government agencies, trade agencies, industry associations and Frost & Sullivan's database. The data collated will then be verified by conducting primary research, which involves interviewing industry participants.

#### Industry Size for Electronic Payment Solutions

The estimated industry size of the electronic payment solutions industry in Malaysia in 2009 stood at approximately RM173.8 million, up from approximately RM160.9 million in 2008. Industry sizing and forecast are based on the smart card based platform electronic payment solutions industry in Malaysia.

#### Industry Size for Electronic Payment Solutions Industry (Malaysia), 2006 – 2009

Year	Revenue (RM Million)	Growth Rate (%)
2006	141.7	-
2007	147.2	3.9
2008	160.9	9.3
2009	173.8	8.0
CAGR 2006-2009		7.0

*Note: These figures include software and services for selected key players. Software and services related to electronic payment solutions commonly include indirect fees, such as profit-sharing, and are thus difficult to measure.*

*Source: Frost & Sullivan*

As the industry size for electronic payment solutions industry is quantified based on the prevailing platform (i.e. card presence based payment, particularly smart cards) and organisations that offer products and services for this industry, the industry size reflects industry players' revenues from providing such services and solutions to this industry.

From 2004 to 2005, there was a significant growth in the total smart cards market in Malaysia. This was mainly due to the nationwide migration to EMV standards smart cards. By 2005 Malaysia saw an almost complete migration, with approximately 95.0% of its 12 million magnetic stripe ATM cards in circulation nationwide migrated to smart card based EMV-standard ATM cards. In addition, approximately 5 million credit cards migrated to EMV-standards from 2005 to 2006. The shift to smart card based ATM and credit cards

### 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

thus required nationwide installations of smart card based EDCPOS terminals to accept such cards.

With the completion of these major projects, the hardware and infrastructure portion of the electronic payment solutions industry slowed down in 2007. However this complete hardware and infrastructure migration has resulted in greater trust and reliance on electronic payment solutions. This in turn has increased the demand and opportunities for electronic payment implementations and related products and services including merchant acquisition, EDCPOS terminal rentals and network infrastructure, and these have contributed to the higher growth rates from 2008 onwards.

#### Growth Forecast for Electronic Payment Solutions

The electronic payment solutions industry in Malaysia is expected to reach RM280.4 million by year 2015 with a CAGR of 8.3% (2010-2015). Industry sizing and forecast are based on the smart card presence electronic payment solutions industry in Malaysia.

#### Industry Forecast for the Electronic Payment Solutions Industry (Malaysia), 2010 – 2015

Year	Revenue (RM Million)	Growth Rate (%)
2010	188.6	-
2011	205.2	8.8
2012	223.6	9.0
2013	242.0	8.2
2014	260.8	7.8
2015	280.4	7.5
CAGR 2010-2015		8.3

*Note: These figures include software and services for selected key players. Software and services related to electronic payment solutions commonly include indirect fees, such as profit-sharing, and are thus difficult to measure.*

*Source: Frost & Sullivan*

Between 2010 to 2015, the growth rate of electronic payment solutions industry in Malaysia is expected to experience a continuous positive growth due to the potential adoption of PIN entry device (PED) security requirements for terminals and the growing trend towards multiple applications within a card (i.e. credit, debit and loyalty application on a card) as well as cross compatibility across different cards and platforms.

### 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

#### 3. Demand Conditions

##### 3.1 Growth Drivers for Electronic Payment Solutions

Growth drivers are factors that encourage positive growth of the electronic payment solutions industry. They are of significant importance to industry participants and have a different degree of impact on the industry.

##### Electronic Payment Solutions: Drivers Ranked In Order of Impact (Malaysia), 2010 to 2015

Rank	Driver	2010 to 2012	2013 to 2015
1	Reduction in fraud increases trust on electronic payment solutions	High	High
2	Full EMV potential which consists of PED security, that is yet to be fully tapped	High	High
3	Convenience of and cost savings achieved through electronic payment transactions	Medium	High
4	Card convergence by means of consolidated services and cross compatibility	Medium	High
5	Technology advancement reduces cost per unit leading to increased adoption among merchants/retailers	Low	Medium

Source: Frost & Sullivan

##### 3.2 Industry Restraints for Electronic Payment Solutions

Restraints have a direct negative impact on industry growth. The restraining factors are often beyond the control of individual companies, if not the entire industry.

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### 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

#### Electronic Payment Solutions: Restraints Ranked in Order of Impact (Malaysia), 2010 to 2015

Rank	Restraint	2010 to 2012	2013 to 2015
1	Complexity due to legacy systems that are incompatible with new technology	Medium	Medium
2	Varying security standards and certification processes across different payment methods	Medium	Medium

Source: Frost & Sullivan

#### 4. Key Industry Players for Electronic Payment Solutions

The competitive landscape of electronic payment solutions industry in Malaysia is fragmented with many small players within the industry. As the industry is growing and shows strong potential, many small upstarts have stepped into the playing field in recent years. Some industry players provide a multitude of services, while others focus on a particular segment within the industry. Such segments include front end (for example: EDCPOS terminals and website interfaces), middleware (for example: network provision and encryption technology) as well as back end services (for example: switchboard routing, maintenance services and software application development). Some of the firms that offer products and services in only one segment focus on particular competencies and cater to that particular segment across many industries. An example would be a digital security technology provider who would focus on digital security and cater to the payment solutions industry, national identification industry and mobile data transfer industry.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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The factors of competition within the industry are typically centred on the following:

- (i) Range of products and services offered;
- (ii) Industries and/or sectors served;
- (iii) Distribution channels and coverage;
- (iv) Speed of deployment of products and services; and
- (v) Formal certifications by the card organisations.

There are, at present, approximately 15 to 20 organisations in Malaysia which offer electronic payment solutions to a wide range of customers in the market. These include, in alphabetical order:

- Asia Smart Cards Centre (M) Sdn Bhd
- Cassis Services Sdn Bhd
- Dataprep Payment Solutions Sdn Bhd
- Datasonic Corporation Sdn Bhd
- Gemalto Sdn Bhd
- GHL Systems Berhad
- IRIS Corporation Berhad
- IT Bizflow Sdn Bhd
- ManagePay Group Berhad
- Nera (Malaysia) Sdn Bhd
- Paysys (M) Sdn Bhd

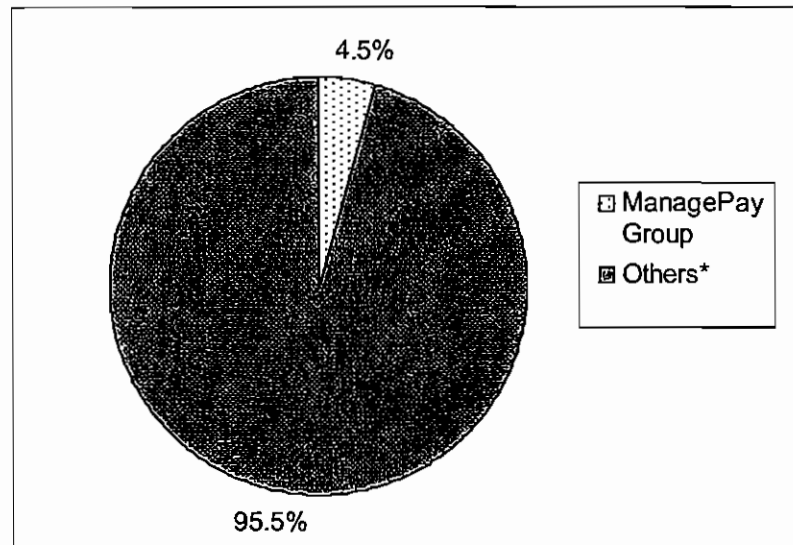
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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

**5. Market Share Analysis for Electronic Payment Solutions**

With regards to the market share in the electronic payment solutions industry, all vendors that provide solutions in electronic payments are taken into consideration. ManagePay Group held approximately 4.5% of the electronic payment solutions industry in Malaysia in 2009 while all other players combined accounted for the remaining 95.5%.

**Estimated Market Share in the Electronic Payment Solutions Industry (Malaysia), 2009**



\*Others include but are not limited to GHL Systems Berhad, Dataprep Payment Solutions Sdn Bhd, Datasonic Corporation Sdn Bhd, Gemalto Sdn Bhd, IRIS Corporation Berhad, Paysys (M) Sdn Bhd, Nera (Malaysia) Sdn Bhd, IT Bizflow Sdn Bhd, Cassis Services Sdn Bhd and Asia Smart Cards Centre (M) Sdn Bhd

Source: Frost & Sullivan

Note:

The computation of the estimated market share of an industry player is based on the following parameters:

- (i) industry size; and
- (ii) revenue of the industry player.

For the above, the size of the industry has been determined based on the various components that made up the electronic payment solution industry, namely the value of hardware and provision of services.

The formula used for computing the market share is:

$$\text{market share} = \frac{\text{company revenue}}{\text{industry size}}$$

- where, i) company revenue consists of provision of services and the revenue generated from Terminal Services
- ii) industry size (in this case) is equal to value of hardware and provision of services.

**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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ManagePay Group is involved in the provision of hardware, through its terminal rentals (i.e. ManagePay Group generates revenue from terminal rentals therefore is considered to be involved in the provision of hardware).

The market share of the ManagePay Group was derived based on its revenues in FYE2009 from electronic payment solution services. These revenues were computed against the overall industry size of the electronic payment solutions industry in 2009.

The market share of other industry players in the electronic payment solution industry cannot be determined as the revenues of these players solely derived from electronic payment solution services (i.e. segmental revenue by product), is not publicly available. Most industry players offer other ICT-related products and services in addition to electronic payment solutions, hence their reported revenues include these other products and services as well. Without revenue figures from electronic payment solutions, their market share in the industry cannot be ascertained.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**6. Industry Risks and Challenges for Electronic Payment Solutions**

An industry risk or challenge is defined as an actionable issue that faces an industry. These are mostly threats to the industry, but can be overcome or mitigated by either industry wide or independent company actions.

**Rapid Change in Technology**

As technology improves with increasing speed, there is a possibility that certain forms of electronic payments may become obsolete. This is more a question of when and how rapidly this will occur. In the event of an alternative, revolutionary methods of money transfer released in the near future could very well spell disaster for this industry. An example was when all EMV cards were magnetic-stripe based prior to 2004. In 2004, Bank Negara Malaysia (BNM) delivered a mandate that all EMV cards had to be smart card based with a magnetic stripe. Over the course of 4 years (2004-2008), Malaysia experienced a full migration into smart card based EMV cards. The very same could occur with a PIN infrastructure if BNM decides to mandate it, in order to increase the security involved in credit card transactions. This would mean implementation costs for the banks, and vendors delivering such products will have to be well versed in order to implement the systems required. There is a very strong need for industry participants to constantly keep abreast of industry on goings.

**Relatively Longer Return on Investment Period due to Profit-Sharing Model**

The upfront cost for each payment solution project can range from several thousands of Ringgit at minimum, to more than RM100,000 for very large scale projects. The upfront cost for these projects is sustained by the vendor. Income from these projects is on a profit-sharing basis, and is typically based on the transaction value that passes through the electronic payment system that the vendor has set up. Therefore, income is generated incrementally. It could take anywhere from 6 – 18 months for most industry players to realise a return on investment. After 6-18 months however, having already achieved a full return on investment, most of the revenue generated is then profit.

**Government Mandates**

All financial transactions and accompanying systems and infrastructure are either directly or indirectly bound to government laws and regulations, within the jurisdiction of both BNM as well as the Ministry of Finance of Malaysia. Any amendments or introduction of government mandates could affect the electronic payment solution vendors with regards to operations or revenue, or both. Examples include the Banking and Financial Institutions Act (BAFIA Act), 1989, and the Payment Systems Act (PSA), 2003, which dictate certain activities and

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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compliances necessary for vendors of electronic payment solutions. These acts affect the operations of electronic payment solution vendors. On the other hand, mandatory annual fees imposed by the Government for the issuance of debit cards, ATM cards as well as proposed mandatory annual fee for credit cards could very well affect the adoption and utilisation of such electronic payment solutions, affecting the market potential and revenue of electronic payment solutions vendors.

**Change in Policy by Financial Institutions Regarding Merchant Acquisition / Recruitment**

The change in policy by financial institutions to conduct merchant recruitment and/or electronic payment services in-house rather than outsource to a third party provider would pose as a threat to existing electronic payment solution providers, as this would translate to a loss of business in these areas for the service providers. Most industry players are cognizant of this possibility, and many have moved to mitigate this risk by offering services other than the existing merchant acquisition or merchant services. These other services include internet, mobile and cash card payment services; card personalisation services; loyalty management services; and other ICT-related services, among others.

**Impact of e-Bidding by Financial Institutions on the Industry**

E-bidding is when industry players (i.e. third party service providers) tender for contracts electronically. Typically an e-bidding system promotes efficiency and transparency as prices are visible to official bidders. An e-bidding system may reduce the terminal rental fees as participants are able to bid against each other in a transparent environment. The industry players that are able to offer the most competitive terminal rental fees will thrive in such an environment.

As a result of implementing e-bidding system, the competitiveness of all industry players including ManagePay Group will increase. However, there is a risk that in an open e-bidding system, other competitors may be able to offer more competitively-priced terminals rental fees. This will reduce the profitability of the terminal rental business in the short-term. Over time, some players may become more aware and knowledgeable of other fellow competitors' prices, and this could negatively impact ManagePay Group's competitiveness. However, in the longer term, the competitiveness will force companies to become leaner and more cost efficient, which would ultimately weed out the weaker players in the industry.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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As demanded by the competitive environment, ManagePay Group's management will strive to achieve an optimal operating cost, to source for more competitively-priced terminals and to introduce innovative terminal and maintenance service packages as mitigating factors to maintain its profit margin.

**7. Industry Barriers to Entry for Electronic Payment Solutions**

While the barriers to entry in the merchant acquisition business may be relatively low, since merchant acquisition is largely a sales function requiring little technical and/or capital requirements, the barriers to entry within the rest of the electronic payment solutions industry is fairly high. Merchant acquisition forms only one part of the electronic payment solution value chain, and successful industry players typically provide other hardware and software related services as well, such as payment and terminal services, in addition to recruiting merchants. As outlined below, this is where the barriers to entry could prove challenging for any new potential entrants into the industry.

**Certification and Authorisation by Card Organisations and Financial Institutions**

Smart card technology based payments, which include EDCPOS terminals as well as online credit card payment processing, require certification from international payment organisations such as Visa and MasterCard, as well as from local banking institutions to which the payment solution provider is attached to. Specifications by local banking institutions are typically made available by the banks themselves, and vendors will then have to comply and send devices or systems back to the banks for approval.

On the other hand, EMV payment institutions have a far more elaborate certification process. Certification and approval can be divided into two key areas, terminal approval and security evaluation. There are two levels to terminal type approval, whereby the first level of approval is mainly concerned with compliance with regards to electronic and electrical characteristics of an EMV terminal, as well as the logical structure of the user interface and transmission protocol observation. The second level of approval is mainly to do with interoperability (to ensure that terminals function as expected across all EMV type smart cards). All specifications are available from EMV Co. (a Europay, MasterCard and Visa standards organisation). Security evaluation on the other hand, of which the specifications are also available from EMV Co., evaluates the processing of information obtained from smart card based payment cards.

All payment solution providers that supply EDCPOS terminals for EMV cards in any form have to gain certification from EMV Co. first, then from the local banking institutions. It takes an average of 1 year in order to develop a fully compliant system, as well as to obtain approval and certification from both international payment organisations such as EMV Co.

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### 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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as well as local banking institutions, and investments can run from approximately US\$10,000 upwards. The time, effort and investment required for the certification process effectively raises the barriers to entry in this industry. The barriers to entry are high considering the fact that all banking institutions have their own unique set of specifications which requires a dedicated development effort and investment for each potential banking client.

#### **Significant Initial Capital Investment**

Investments in this area are significant as the elaborate equipment as well as for certain aspects such as personalisation, require a high upfront investment for construction purposes, procurement of machinery as well as installation of machinery. For example a personalisation printer price range is estimated to range from US\$2,500 (desktops or cabinet size for instant issuing) to as high as US\$400,000 with complete solutions such as middleware.

Other costs include the establishment of a network and server systems. The financial investments alone have very well raised the barriers to entry significantly.

#### **Required Expertise**

In order to offer services and solutions for electronic payment solution, potential participants will be required to hone expertise such as software development, and develop a back end server system integration system, front end terminals as well as create an attractive value proposition for clients on both sides (namely financial institutions, retailers and end users). This in itself represents a barrier to entry with regards to the expertise and training as well as market branding.

### 8. Relevant Laws and Regulations for Electronic Payment Solutions

With regards to the Electronic Payment industry, the Banking and Financial Institutions Act, 1989, also known as the BAFIA, and the Payment Systems Act (PSA) 2003 contain provisions that enable BNM to effectively perform its role as regulator for the industry.

The objective of the BAFIA is to provide laws for the licensing and regulation of the institutions carrying on banking, finance, merchant banking, discount house and securities brokerage in order to regulate such activities. It would also enable BNM to perform an integrated supervision of such systems and to enable speedy investigations if necessary. The PSA covers both the operators of payment systems and issuers of designated payment instruments (DPIs). While these legislations are meant to regulate



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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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the operators and issuers of payment systems, which typically include Financial Institutions and Card Organisations, Electronic Payment solution vendors are generally bound by the guidelines set by these organisations, and these guidelines are largely based on the above legislations.

With regards to smart card personalisation, among the key requirements set out by the Government with respect to a personalisation centre include:

- Provide a secure environment for personalisation of the card
- Provide a secure storage facility for consumables
- Ensure that the facility meets current and future needs
- Ensure that data integrity is maintained at all times
- Manage and control the inventory required for the personalisation process
- Guarantee that the personalisation of the card is within a 7-Business-Day timeframe
- Ensure that the centre meets the Government security standards at all times
- Manage and control the logistics for delivery of the completed personalised cards
- Initialise card with e-cash application

For credit and debit cards, an important mandate, although not government-regulated, is the EMV migration. EMV refers to a set of global specifications laid down by Europay, MasterCard and Visa for cards, terminals and applications to enable global smart card transactions. These specifications include physical characteristics (card size, shape, and thickness), electrical characteristics (signals to be fed to each contact), command set (access controls on card) and overall card security. EMV guidelines require all magnetic stripe cards to be replaced with chip based cards as per the deadlines set for each geographic region, failing which the liability of fraud would shift from card issuers (such as MasterCard and Visa) to banks and financial institutions, if it can be proved that such fraud could have been prevented by using chip based smart cards. With Government impetus and mandate, Malaysia completed the EMV migration exercise in 2005.

Furthermore, EMV regulations extend to the approval of EDCPOS terminals that accept EMV cards. Testing is required for terminals that are rolled out, and any major modifications made to such terminals are scrutinised by EMV to ensure that security remains at the required level mandated by EMV. This is a fraud prevention measure which complements the stringent rules imposed on cards to further ensure a reduction of fraud occurrences. Thus, the main purpose of the EMV regulation is to reduce fraud and promote global interoperability by promoting a common standard.

**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**9. Reliance and Vulnerability to Imports for Electronic Payment Solutions**

The electronic payment industry in Malaysia remains reliant on imports of hardware (for example, EDCPOS terminals, as well as personalisation equipment and consumables such as printing ribbons). Personalisation refers to the process of embossing and storing relevant information on a credit, debit or ATM card, and will be discussed further in Chapter 4 of the "Independent Market Research on Electronic Payment Solutions Industry in Malaysia" report.

However, in most cases the software that runs these processes are developed locally to cater to the domestic market. Apart from hardware and software, the other major component of this industry, is in services (including technical support and maintenance) which are fully provided by local industry players. Merchant acquisition and personalisation services are also carried out by local vendors.

Therefore, save for certain hardware and equipment, the industry's reliance and vulnerability to imports is low.

**10. Product Substitution for Electronic Payment Solutions**

The electronic payment industry was born on the principle of replacing or complementing certain traditional payment methods which may include physical cash transfers, cheques and bank drafts. Hence in this sense, electronic payment is considered the replacement for traditional payment methods.

In addition, the electronic payment industry in Malaysia is currently predominantly based on smart card technology, and there is presently no effective substitute for smart card technology. This is because smart cards, or more specifically smart card chips, are designed to be intelligent devices due to its function of storing confidential information, ability to process information, has embedded security features and possess multi-application capabilities. At present, there is no cost-effective substitute for smart cards.

However there is growing opportunity in the near future, in the non-smart card alternative platforms such as mobile and internet (e-commerce). With this increasing positive uptake ManagePay Group is expected to be able to participate in this segment too.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**11. Card Personalisation Market in Malaysia**

Smart card personalisation is the process whereby a smart card, be it a credit card, debit card or ATM card, is personalised by printing the holders information on the surface of the card as well as into the smart card chip. Personalisation is provided by physical and logical/digital printing. Smart card personalisation consists of physical printing before information specific to a cardholder is loaded onto the smart card (this phase involves physical printing, photo/biometric capture, logical printing- digitisation of data for storage on the card etc).

Examples of card personalisation service providers are Datasonic Corporation Sdn Bhd, Gemalto Sdn Bhd, DZ Card (M) Sdn Bhd, Cassis Services Sdn Bhd, IRIS Corporation Berhad, GHL Systems Berhad and ManagePay Group.

The market drivers for card personalisation market in Malaysia are:

- Continuous fraud reduction effort and EMV Migration
- Increasing penetration rate for credit card, debit card and/or ATM card
- Increasing population growth and replacement cards in Government applications (e.g., MyKad)
- Large untapped market due to the relatively low penetration rate of credit cards in Malaysia

The estimated size of the smart card personalisation industry in Malaysia in 2009 stood at approximately 2.7 million units with a CAGR from 2003 to 2009 at 15.0%. In 2010, the smart card personalisation industry experienced a decline of approximately 22.2% as a result of the decrease in the issuance of new and renewal credit cards, due to the imposition of the RM50 annual service tax on each principal credit card and RM25 on each supplementary card by the Government effective 1 January 2010, and expected to also decline by a further 3.9% in 2011. This service tax has caused many cardholders to reconsider their ownership of credit cards. However, since the enforcement of this service tax, selected banks have chosen to absorb the service tax or to offer rebates to their customers to encourage them to retain their credit cards. In addition, consumer spending is expected to increase as the economy recovers, and this is expected to eventually boost the number of credit card users. Therefore, the industry is expected to grow at a CAGR of 9.6% from 2010 to 2015.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**12. Loyalty Management Market in Malaysia**

Loyalty card programs are among the most typical forms of loyalty management methods. Retailers are able to gather information on their customers based on their shopping patterns. Retailers typically offer rewards such as product discounts, coupons and points towards products in exchange for voluntary participation. Loyalty cards also promote repeat purchases by offering their customers incentives that are not available to other non-participating customers.

The objective of a typical loyalty program is to maintain and enhance customer retention and thus increase profits for the retailer by the following factors:

- Increasing the perception of switching costs – a customer is more likely to remain loyal to a particular retail outlet if he perceives that he stands to lose more by patronising another retail outlet.
- Reducing the cost of the marketing campaign and increasing its effectiveness; and
- Increasing the expenditure and share of wallet of customers.

Examples of loyalty management service providers excluding the brand owners (i.e. Bonuslink, RealRewards, etc.) are GHL Systems Berhad, Cassis Services Sdn Bhd, IRIS Corporation Berhad and ManagePay Group.

The market drivers for loyalty management market in Malaysia are:-

- Ability to tap into the emotional need of Malaysians to save and spend wisely. By offering higher perceived values to customers, loyalty programs have managed to retain customers.
- Increasing credit card programs by financial institutions. MasterCard, Visa and American Express are widely used by Malaysians and each financial institution offering these cards ties cardholders to a loyalty program.
- Non-credit card programs including BonusLink and RealRewards offer loyalty benefits from spending using all forms of payment methods.

The growth rates in this market have been consistently high from 2005 to 2008, at over 15.0% annually, and peaking at 18.1% in 2007. However, the growth rate for this market was lower at 6.1% in 2009 as a result of reduced consumer spending due to the global financial crisis in 2008/09.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**13. Future Outlook and Prospects**

ManagePay Group, as an Electronic Payment Solutions provider, is currently mainly focused in smart card technology based electronic payment products and solutions, which include payment services, EDCPOS terminal services, and value added services such as loyalty management programs, smart card personalisation and software and related services. The bulk of shared resources that enable such solutions are the middleware and back-end services which consist of network nodes, encryption algorithms, software development as well as database management and switch routing capabilities. The equipment and expertise available at ManagePay Group, in order to execute middleware and back-end services, are versatile and can be easily adapted to accommodate solutions for mobile and internet payments which, as previously discussed and demonstrated, hold strong potential within the Malaysian market.

With strong growth anticipated for the electronic payment solutions industry, in the smart card based segment as well as internet and mobile payments, the prospects for ManagePay Group are promising. The CAGR for the electronic payment solutions industry in Malaysia is anticipated to be about 8.3% in the period 2010 to 2015.

Additionally, the value of internet banking and mobile banking in Malaysia registered CAGR of 32.6% and 42.9% in 2005 to 2009 respectively. The loyalty management market in Malaysia recorded growth rates of between 15.0% and 18.1% in 2005 to 2008. Although the growth rate of this market was lower at 6.1% in 2009 as a result of reduced consumer spending due to the global financial crisis in 2008/09, the market is expected to return to normal growth rates as the economy of the nation improves in 2010 onwards. All of the above demonstrates that the market segments that the ManagePay Group participates in are growth markets, with significant potential for further growth as both retailers and consumers continue to adopt electronic payment methods. The ManagePay Group is in a position, not just as an experienced player in the industry but also as an end-to-end solution provider, to leverage on its internal capabilities and external reach to capture the growing demand for electronic payment products and services.

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## 14. DIRECTORS' REPORT

*(Prepared for inclusion in this Prospectus)*



**ManagePay**

**Agile - Convenient - Secure**

**MANAGEPAY SYSTEMS BERHAD**

(Company No.: 887689-D)

Head Office: Wisma MPSB, Lot 113, Jalan USJ 21/10, 47630 Subang Jaya, Selangor Darul Ehsan.  
Tel: (03) 8023 1880 Fax: (03) 8023 1889 Website: <http://www.mpsb.net>

**Registered Office:**  
Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

Date : 16 FEB 2011

The Shareholders of ManagePay Systems Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of ManagePay Systems Berhad ("the Company"), I report after due inquiry that during the period from 31 October 2010 (being the date to which the last audited financial statements of the Company and its subsidiaries have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the issue of this Prospectus), that:

- (i) the business of the Company and its subsidiaries, in the opinion of the Directors, has been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Company and its subsidiaries which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (iii) the current assets of the Company and its subsidiaries that appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) no contingent liabilities have risen by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (v) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of, since the last audited financial statements of the Company and its subsidiaries; and
- (vi) save as disclosed in Sections 11.4 and 12 of this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiaries since the last audited financial statements of the Company and its subsidiaries.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**MANAGEPAY SYSTEMS BERHAD**

**CHEW CHEE SENG**  
Managing Director/ Chief Executive Officer

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## 15. STATUTORY AND OTHER INFORMATION

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### 15.1 SHARE CAPITAL

- (i) We will not allot or issue any Shares on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) As at the date of this Prospectus, we only have one (1) class of shares, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another.
- (iii) Save for 3,660,000 Issue Shares reserved for employees of our Group under the Pink Form Allocations as disclosed in Section 3.2 of this Prospectus:
  - (a) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
  - (b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiary companies.
- (iv) Save as disclosed in Sections 5.2 and 5.3 of this Prospectus, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past two (2) years immediately preceding the date of this Prospectus.
- (v) Other than the IPO as disclosed in Section 5.3.2 of this Prospectus, there is no present intention on the part of our Directors to issue any part of the authorised but unissued share capital of our Company.
- (vi) As at the LPD, we do not have any outstanding convertible debt securities.

### 15.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

#### *(1) Remuneration of Directors*

The provisions in our Articles of Association dealing with remuneration of Directors are as follows:

##### **Article 85**

The fees payable to the Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as that Directors may determine provided always that:

- (a) fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover;
- (b) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (c) any fee paid to an Alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**Article 86**

The Directors may also be paid all travelling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. Any Director who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration.

**Article 87**

If by arrangement with the Directors, any Director shall perform or render any special duties outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged provided that the special remuneration payable to non-executive directors shall not by way of a commission on or percentage of profits or turnover.

**(2) *Voting and borrowing powers of the Directors***

The provisions in our Articles of Association dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

**Article 93**

The Directors may exercise all the powers of the Company to borrow or raise money for the purpose of the Company's or any of its related corporations' businesses on such terms as they think fit and may secure the repayment of the same by mortgage or charge upon the whole or any part of the Company's undertaking and property (both present and future) including its uncalled or unissued capital and may issue bonds, debentures and other securities whether charged upon the whole or part of the assets of the Company or otherwise and whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other corporation or person.

**Article 108**

Subject to these Articles, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes and subject to Article 106, the Chairman of the meeting shall have a second or casting vote. Where two (2) Directors form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a second or casting vote.



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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**Article 109**

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest and if he shall do so his vote shall not be counted.

**(3) *Changes in share capital and variation of class rights***

The provisions in our Articles of Association dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

**Article 10**

Subject to the provisions of section 65 of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. To every such separate meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be Members or any Member holding or representing by proxy or by attorney one-tenth (1/10) of the capital paid or credited as paid on the issued shares of that class, and every holder of shares of the class in question shall be entitled on a poll to one (1) vote for every such share held by him. To every such special resolution the provisions of section 152 of the Act shall with such adaptation as are necessary apply.

**Article 45**

The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

**Article 48**

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (b) sub-divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum and Articles of Association and the Act; provided that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the resulting shares one or more of such share may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; or
- (c) cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or
- (d) subject to these Articles and the Act, convert any class of shares into any other class of shares.

## 15. STATUTORY AND OTHER INFORMATION (Cont'd)

### Article 50

The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised and subject to any conditions prescribed by the Act.

#### (4) *Transfer of securities*

The provisions in our Articles of Association in respect of the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:-

### Article 30

The transfer of any listed securities or class of listed securities of the Company which have been deposited with Depository, shall be by way of book entry by Depository in accordance with the Rules of the Depository and notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act, and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

### 15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There are no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

### 15.4 GENERAL INFORMATION

- (i) Save as disclosed in Section 8.3.3 of this Prospectus, no amount or benefit has been paid or given within the past two (2) years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoter, Director or substantial shareholder.
- (ii) Save as disclosed in Sections 10.1 and 10.2 of this Prospectus, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the LPD and which is significant in relation to the business of our Group.
- (iii) Save as disclosed in Section 8 of this Prospectus where our Promoters, substantial shareholders and persons connected with them will collectively hold a total of approximately 69.00% of our enlarged issued and paid-up share capital upon our Listing, there are no persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. The relevant risk factor arising from the control of our Promoters, substantial shareholders and persons connected with them over our Company is disclosed in Section 4.2.3 of this Prospectus.
- (iv) The times of the opening and closing of the application of our IPO are set out in Section 3.1 of this Prospectus.
- (v) The amount payable in full on application for the IPO Shares is RM0.16 per Share.
- (vi) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 16 of this Prospectus.

## 15. STATUTORY AND OTHER INFORMATION (Cont'd)

### 15.5 MATERIAL LITIGATION AND CONTINGENT LIABILITY

Save as disclosed below, as at LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Directors do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business:

- (i) MPSB has provided terminal rental services to UDS Direct (M) Sdn Bhd (“UDS”). MPSB had commenced legal proceedings against UDS for a total sum of Ringgit Malaysia Eight Hundred Forty Seven Thousand and Seventy (RM847,070.00) (“Total Claim Amount”) only for non payment of goods supplied and services rendered and claims for the sum to be received by MPSB for the balance contract sum had the contract not been terminated earlier prior to its expiry.

MPSB has filed a summary judgment application to the High Court of Malaya at Shah Alam to recover the said outstanding sum. MPSB had also commenced legal proceedings against Chiam Tze Liang (Raymond), as the second defendant pursuant to a letter of guarantee dated 5 December 2006 whereby the second defendant had undertaken to guarantee the payment of all monies due by UDS to MPSB on demand.

Notwithstanding the above, a sum of Ringgit Malaysia Four Hundred Twenty Thousand Three Hundred and Fifty (RM423,350.00) was paid by our Promoters as payment for the monies owed by UDS to MPSB for goods supplied and services rendered only. Further, on 29 July 2010, MPSB had received a summary judgment in its favour from the High Court of Malaya at Shah Alam. Pursuant to the summary judgment, MPSB had, on 24 November 2010, received from UDS a post dated cheque dated 6 December 2010 for RM965,163.96 inclusive of late interest payment. The cheque has been cleared. In addition, MPSB is currently in the process of recovering its terminals from UDS which are currently in their possession.

- (ii) MPSB has provided software development services to Deliberate Technologies Sdn Bhd. MPSB had commenced legal proceedings against Deliberate Technologies Sdn Bhd for a total sum of Ringgit Malaysia Four Hundred Seventy Four Thousand and Five Hundred (RM474,500.00) only pursuant to a letter of offer dated 22 June 2003 for non payment of services rendered to Deliberate Technologies Sdn Bhd.

MPSB had filed an application for summary judgment under Order 14 of the Rules of the High Court but the same was dismissed by the Senior Assistant Registrar on 13 April 2007. A notice of appeal was filed by MPSB to the judge in chambers on 16 April 2007 and the matter was fixed for hearing on 7 July 2010.

On 7 July 2010, the Court, in the absence of representative from Deliberate Technologies Sdn Bhd had allowed MPSB’s Notice of Appeal with costs of RM1,000.00. MPSB’s solicitor is currently waiting to extract the sealed copy of the judgment from the Court.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**15.6 MATERIAL CONTRACTS**

Save as disclosed below, as at LPD, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiary companies within the past two (2) years immediately preceding the date of this Prospectus:

- (i) Share sale agreement dated 10 March 2010 entered into between our Company with Chew Chee Seng, Dato' Theng Book, Chan Wah Kiang, Chin Shea Fong, Dato' Yap Kuak Fong and Chee Sau Ying @ Chee Shiow Lian ("Vendors") for the acquisition of the entire issued and fully paid-up capital of MPSB at a total purchase consideration of Ringgit Malaysia Eleven Million Five Hundred Eighty Six Thousand and Forty Seven (RM11,586,047), payable by the issuance of One Hundred Fifteen Million Eight Hundred Sixty Thousand Four Hundred Seventy (115,860,470) of the Company's new ordinary shares of RM0.10 each to the Vendors;
- (ii) Share sale agreement dated 10 March 2010 entered into between our Company with Chew Chee Seng, Dato' Theng Book, Chan Wah Kiang, Chin Shea Fong, Dato' Yap Kuak Fong and Chee Sau Ying @ Chee Shiow Lian ("Vendors") for the acquisition of the entire issued and fully paid-up capital of Sinatec at a total purchase consideration of Ringgit Malaysia One Million Two Hundred Nine Thousand Seven Hundred and Eighty Three (RM1,209,783), payable by the issuance of Twelve Million Ninety Seven Thousand Eight Hundred Thirty (12,097,830) of the Company's new ordinary shares of RM0.10 each to the Vendors;
- (iii) Share sale agreement dated 10 March 2010 entered into between our Company with Chew Chee Seng, Dato' Theng Book, Chan Wah Kiang, Chin Shea Fong, Dato' Yap Kuak Fong and Chee Sau Ying @ Chee Shiow Lian ("Vendors") for the acquisition of the entire issued and fully paid-up capital of Whatdevice at a total purchase consideration of Ringgit Malaysia Nine Hundred Thirty One Thousand Four Hundred and Seventy Nine (RM931,479), payable by the issuance of Nine Million Three Hundred Fourteen Thousand Seven Hundred and Ninety (9,314,790) of the Company's new ordinary shares of RM0.10 each to the Vendors;
- (iv) Underwriting agreement dated 26 January 2011 between us and the Underwriter, for the underwriting of 9,152,000 Issue Shares made available for application by the Malaysian Public for an underwriting commission of two percent (2.00%) of the Issue Price; and
- (v) Placement agreement dated 18 January 2011 between our Company and OSK as the Placement Agent for the placement of 32,946,000 Issue Shares to identified investors for a placement commission at the rate set out in Section 3.10 of this Prospectus.

**15.7 EXPENSES AND COMMISSIONS**

- (i) We will bear the expenses of the Public Issue relating to the underwriting fees, placement fees and other expenses and fees incidental to the listing of and quotation for our entire issued and paid-up share capital on the ACE Market estimated to be up to approximately RM1.5 million;
- (ii) Brokerage, underwriting commission and placement fee for the IPO are set out in Section 3.10 of this Prospectus; and
- (iii) Save as disclosed below, no commissions, discounts, brokerage or other special terms have, within the two (2) preceding years prior to the date of this Prospectus, been paid or granted or is payable to any Director, promoter or expert or proposed Director for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company in connection with the issue or sale of any capital of our Company.

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## 15. STATUTORY AND OTHER INFORMATION (Cont'd)

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### 15.8 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to the LPD, there were:

- (i) no public take-over offers by third parties in respect of our Shares; and
- (ii) no public take-over offers by our Company in respect of other companies' shares.

### 15.9 CONSENTS

- (i) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Principal Bankers, Solicitors for the Listing, Auditors, Share Registrar, Company Secretaries and the Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and our Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consent of the Independent Market Researcher to the inclusion in this Prospectus of their names and the executive summary of Independent Market Research report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

### 15.10 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our registered office during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association together with all constituent documents of incorporation of our Company;
- (ii) Audited financial statements of ManagePay for the period from 26 January 2010 to 31 October 2010;
- (iii) Audited financial statements of MPSB for the past three (3) FYE 2007 to 2009 and ten (10)-month FPE 2010;
- (iv) Audited financial statements of Sinatec for the past three (3) FYE 2007 to 2009 and ten (10)-month FPE 2010;
- (v) Audited financial statements of Whatdevice for the past three (3) FYE 2007 to 2009 and ten (10)-month FPE 2010;
- (vi) The Reporting Accountants' Letters relating to our Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus;
- (vii) The Accountants' Report as set out in Section 12 of this Prospectus;
- (viii) The Executive Summary of Independent Market Research Report as set out in Section 13 of this Prospectus and the full Independent Market Research Report dated January 2011;

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (ix) The Directors' Report as set out in Section 14 of this Prospectus;
- (x) The material litigation as set out in Section 15.5 of this Prospectus;
- (xi) The material contracts as set out in Sections 6.18(iii) and 15.6 of this Prospectus; and
- (xii) The letters of consent as set out in Section 15.9 of this Prospectus.

**15.11 RESPONSIBILITY STATEMENTS**

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading. OSK acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

### 16.1 OPENING AND CLOSING OF APPLICATION

The application for the Issue Shares will open at 10.00 a.m. on 22 February 2011 and will remain open until at 5.00 p.m. on 2 March 2011 or such further period or periods as our Directors and Managing Underwriter may in their absolute discretion mutually decide. Any change to the closing date will be published in widely circulated daily English and Bahasa Malaysia newspapers within Malaysia.

### 16.2 METHODS OF APPLICATION

The applications shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

Types of application	Application method
Applications for the 3,660,000 Issue Shares made available for application by our eligible employees.	Pink Application Form only
Applications for the 32,946,000 Issue Shares by way of private placement to the identified investors.	White Application Form only
Applications for the 9,152,000 Issue Shares made available for applications by the Malaysian Public:	White Application Form only
(i) Malaysian public – individuals	White Application Form or Electronic Share Application* or Internet Share Application
(ii) Malaysian public – non individuals	White Application Form only

*Note:*

\* *Except for Affin Bank Berhad, a surcharge of RM2.50 per Electronic Share Application will be charged by the respective participating financial institutions.*

### 16.3 APPLICATIONS USING APPLICATION FORMS

#### 16.3.1 Application Forms

The following relevant Application Forms are issued together with this Prospectus:

- (i) Pink Application Forms for application by our employees and persons who have contributed to the success of our Group; and
- (ii) White Application Forms for application by the identified investors by the Placement Agent.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from OSK, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIDFCCS.

## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

### 16.3.2 Terms and conditions for applications using Application Forms

Only 1 Application Form from each applicant will be considered and an application must be for 100 ordinary shares of RM0.10 each or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If you submit multiple applications in your own name or by using the name of others, with or without their consents, you commit an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.

Application for the Issue Shares must be made on the Application Forms provided together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Forms and in this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed thereon shall constitute integral part of this Prospectus. Applications which do not strictly conform to the terms of this Prospectus or Application Forms or notes and instructions printed thereon or which are illegible may not be accepted.

Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:

- (i) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (ii) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
- (iii) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (iv) ATM STATEMENTS OBTAINED FROM ANY OF THE FOLLOWING:
  - Affin Bank Berhad;
  - Alliance Bank Malaysia Berhad;
  - AmBank Berhad;
  - CIMB Bank Berhad;
  - EON Bank Berhad;
  - Hong Leong Bank Berhad;
  - Malayan Banking Berhad;
  - Public Bank Berhad; or
  - RHB Bank Berhad

made out in favour of

**"MIDF SHARE ISSUE ACCOUNT NO. 637"**

and crossed "A/C Payee Only" (excluding ATM statements) and endorsed on the reverse side with your name.

If you are an individual and not a member of the armed forces/police, your name and national registration identity card number must be exactly the same as that stated in:

- a. your national registration identity card;
- b. any valid temporary identity document issued by the National Registration Department from time to time; or



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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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- c. your “Resit Pengenalan Sementara (KPPK 09)” issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990.

If you are a member of the Armed Forces/Police, your name and your Armed Forces/Police personnel number, as the case may be, must be exactly the same as that stated in your authority card.

For corporate/institutional applicants, the name and certificate of incorporation number must be exactly the same as that stated in the certificate of incorporation.

Applications accompanied by mode of payment other than those stated above or with excess or insufficient remittance may not be accepted. You must complete details of the remittance in the appropriate boxes provided on the Application Form.

You must state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to MIDFCCS or our Company.

You must write your name and address on the reverse side of the banker’s draft, cashier’s order, ATM statement, money order or Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:

**MIDF Consultancy and Corporate Services Sendirian Berhad**  
Level 8, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur  
P.O. Box 11122  
50736 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the Ground Floor of Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur so as to arrive not later than 5.00 p.m. on 2 March 2011 or such other date or dates as our Directors and the Managing Underwriter may, in their absolute discretion, mutually decide. **Registered post must not be used.**

No acknowledgement of the receipt of Application Forms or application monies will be made.

Please direct all enquiries in respect of the white application form to MIDFCCS.

### 16.4 APPLICATIONS USING ELECTRONIC SHARE APPLICATIONS

#### 16.4.1 Terms and conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant participating financial institutions. For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in Section 16.4.2 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

**In the case of Electronic Share Applications, only an applicant who is an individual with a CDS account is eligible to utilise the facility.**

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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You must have an existing account with, and be an ATM cardholder of, one of the participating financial institutions before you can make an Electronic Share Application. An ATM card issued by one of the participating financial institutions cannot be used to apply for the Issue Shares at an ATM belonging to other participating financial institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIDFCCS. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of offer for the application for the Issue Shares on 2 March 2011 at 5.00 p.m., the participating financial institutions shall submit the magnetic tapes containing their respective customers' applications for the Issue Shares to MIDFCCS as soon as practicable but not later than 12.00 p.m. of the second business day after the closing date and time.

You are allowed to make an Electronic Share Application for the Issue Shares via an ATM that accepts the ATM cards of the participating financial institution with which you have an account and its branches, subject to you making only one application. You can apply for the Issue Shares via an ATM card of that participating financial institution which is situated in another country or place outside of Malaysia, subject to you making only one application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you have a joint account with any participating financial institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (i) Your application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless you complete all the steps required by the participating financial institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act to the disclosure by the relevant participating financial institution or Bursa Depository, as the case may be, of any of your particulars to MIDFCCS or any relevant regulatory bodies.
- (ii) You confirm that you are not applying for the Issue Shares as nominee of any other person and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the Issue Shares, whether at the ATMs of any participating financial institution or on the prescribed Application Forms.
- (iii) You must have sufficient funds in your account with the relevant participating financial institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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- (iv) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (v) You request and authorise us:
- (a) to credit the Issue Shares allotted or allocated to you into your CDS account; and
  - (b) to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (vi) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIDFCCS or the participating financial institution and irrevocably agree that if:
- (a) our Company or MIDFCCS does not receive your Electronic Share Application; and
  - (b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIDFCCS,
- you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against the Company, MIDFCCS or the participating financial institution for the Issue Shares applied for or for any compensation, loss or damage.
- (vii) All your particulars in the records of the relevant participating financial institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, MIDFCCS and relevant participating financial institution shall be entitled to rely on the accuracy thereof.
- (viii) By making and completing an Electronic Share Application, you agree that:
- (a) in consideration of our Company agreeing to allow and accept the making of any application for the Issue Shares via the Electronic Share Application facility established by the participating financial institution at their respective ATMs, your Electronic Share Application is irrevocable;
  - (b) our Company, the participating financial institutions, Bursa Depository and MIDFCCS shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;

## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase the Issue Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said Issue Shares;
- (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Issue Shares allotted or allocated to you; and
- (e) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the electronic share scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.

### 16.4.2 Steps for Electronic Share Application through a participating financial institution's ATM

- (i) You must have an account with a participating financial institution and an ATM card issued by that participating financial institution to access the account;
- (ii) You must have a CDS account; and
- (iii) You have to choose the Electronic Share Application option at the ATM of the participating financial institution. Mandatory statements required in the application are set out on Section 16.4.1 of this Prospectus relating to the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:
  - Personal Identification Number (PIN Number);
  - MIDF Share Issue Account Number 637;
  - CDS account number;
  - Number of Issue Shares applied for and/or the Ringgit amount to be debited from the account; and
  - Confirmation of several mandatory statements.

### 16.4.3 Participating financial institutions

Electronic Share Applications may be made through an ATM of the following participating financial institutions and their branches:

- Affin Bank Berhad;
- AmBank (M) Berhad;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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### 16.5 APPLICATIONS USING INTERNET SHARE APPLICATIONS

#### 16.5.1 Steps for Internet Share Application through an Internet Participating Financial Institution's website

The exact steps for Internet Share Application in respect of the Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the Shares via Internet Application may be as set out below. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

**YOU MUST HAVE A CDS ACCOUNT BEFORE YOU CAN MAKE ANY APPLICATION FOR THE SHARES. PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (ii) Login to the Internet financial services facility by entering your user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of the Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form such as the Shares counter, NRIC number, CDS account number, number of Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you also undertake that the following information given is true and correct:

- (a) You have attained eighteen (18) years of age as at the date of the application for the Shares;
- (b) You are a Malaysian citizen residing in Malaysia;
- (c) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
- (d) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making the Internet Share Application for the Public Issue;

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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- (e) The Internet Share Application is the only application that you are submitting for the Shares;
- (f) You authorise the Authorised Financial Institution to deduct the full amount payable for the Shares from your account with the Authorised Financial Institution;
- (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to MIDFCCS and the Authorised Financial Institution, the SC and any other relevant authority;
- (h) You are not applying for the Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus;
- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (viii) Upon submission of your online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for the Public Issue.
- (ix) As soon as your transaction is completed, a message from the Authorised Financial Institution pertaining to your payment status will appear on the screen of the website through which the online payment of your application money is being made.
- (x) Subsequent to the above, the Internet Participating Financial Institution shall confirm that your Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xi) You are advised to print out the Confirmation Screen for reference and retention.

### 16.5.2 Terms and Conditions for Internet Share Application

Applications for the Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR THE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com);
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com);
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my);
- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my);
- Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com); or
- RHB Bank Berhad at [www.rhb.com.my](http://www.rhb.com.my).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND THE SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:

- (i) You can make an Internet Share Application if you fulfill all of the following:
  - (a) You are an individual with a CDS Account;
  - (b) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready their user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and
  - (c) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Shares at Internet financial service websites of other Internet Participating Financial Institutions.
- (ii) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles of Association.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
  - (a) You have attained eightecn (18) years of age as at the date of the application for the Shares;
  - (b) You are a Malaysian citizen residing in Malaysia;
  - (c) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
  - (d) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors set out in the

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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Prospectus, in addition to all other information contained in the Prospectus before making your Internet Share Application for the Public Issue;

- (e) Your Internet Share Application is the only application that you are submitting for the Issue Shares;
  - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to MIDFCCS and the Authorised Financial Institution, the SC and any other relevant authority;
  - (h) You are not applying for the Shares as a nominee of any other person and your application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
  - (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (iv) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.5.2 (iii) herein.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for the Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or



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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.

- (vi) You irrevocably agree and undertake to subscribe for and to accept the number of Shares applied for as stated on the Confirmation Screen or any lesser number of Shares that may be allotted to you in respect of the Internet Share Application. If our Company decides to allot any lesser number of such Shares or not to allot any Shares to you, you agree to accept any such decision of our Company as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (a) Your acceptance of the number of Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (b) Your agreement to be bound by the Memorandum and Articles of Association of our Company.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for the Shares of our Company will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (viii) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) market days after receipt of written confirmation from MIDFCCS.

MIDFCCS shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from MIDFCCS. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, and subsequently rejected, your application money (without interest or any Shares of revenue or other benefit arising therefrom) will be refunded to you by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to you within ten (10) market days from the day of the final ballot of the applications list.

If your application is held in reserve and is subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any Shares of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot of the applications list.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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Except where MIDFCCS is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application money from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading the Shares on Bursa Securities.

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 2 March 2011 or such other date(s) as our Directors together with the Sole Underwriter may decide in their absolute discretion. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (x) You irrevocably agree and acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, we, MIDFCCS and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefore, or in the event that any data relating to your Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, MIDFCCS or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (xi) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, the Internet Participating Financial Institutions, MIDFCCS and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particular as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise your Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (xii) By making and completing an Internet Share Application, you are deemed to have agreed that:
  - (a) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institution acting as our agents, the Internet Share Application is irrevocable;
  - (b) you have irrevocably requested and authorised us to register the Shares allotted to you for deposit into your CDS Account;

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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- (c) neither we nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to your Internet Share Application to MIDFCCS or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.5.2(x) herein or to any cause beyond their control;
  - (d) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by MIDFCCS, us and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
  - (e) the acceptance of the offer made by you to subscribe for the Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on our behalf and not otherwise, notwithstanding the receipt of any payment by or on our behalf;
  - (f) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your Internet Application by us;
  - (g) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Sole Underwriter, the Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application;
  - (h) The acceptance of your Internet Share Application by us and the contract resulting therefrom under the Public Issue shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.
- (xiii) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad and Malayan Banking Berhad;
  - CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
  - Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;
  - Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM2.00; and
  - RHB Bank Berhad ([www.rhbbank.com.my](http://www.rhbbank.com.my)) – RM2.50.

No fee will be charged by Affin Bank Berhad for applications by their account holders.

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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### 16.6 APPLICATIONS AND ACCEPTANCES

You can only apply for the Issue Shares if:

- (i) you have attained 18 years of age as at the closing date of the Issue Shares application;
- (ii) you are a Malaysian citizen residing in Malaysia;
- (iii) you are a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens;
- (iv) you are a superannuation, provident or pension fund established or operating in Malaysia;
- (v) you have a CDS account;
- (vi) you have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- (vii) you are not a Directors or employee of MIDFCCS or their immediate family members;
- (viii) this is the only application that you are submitting; and
- (ix) you give consent to the participating financial institution and Bursa Depository to disclose information pertaining yourself and your account with the participating financial institution and Bursa Depository to MIDFCCS and other relevant authorities.

The amount payable in full on application is RM1.00 per Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications or by way of Internet Share Application and vice versa. A corporation or institution cannot submit an application by way of Electronic Share Application or Internet Share Application.

MIDFCCS under the authority of our Directors reserves the rights not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

MIDFCCS under the authority of our Directors reserves the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason therefor.

The submission of your Application Form or the completion of your Electronic Share Application or Internet Share Application does not necessarily mean that your application will be successful.

In the event of an over-subscription, acceptance of applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner, and in our best interest. Due consideration will be given to the desirability of distributing the Issue Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the trading of our Shares. The final allocation of the Issue Shares to any single applicant will be made to ensure that our Company complies with the public shareholding spread requirement under the Listing Requirements, which is at least 25% of our total number of Shares for which listing is sought must be in the hands of public shareholders, with a minimum of 200 public shareholders holding not less than 100 Shares each upon listing.

**YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OF RM0.10 EACH OR MULTIPLES THEREOF.**

In the event of an under-subscription by the Malaysian Public, such number of Issue Shares not applied for will be made available for subscription by the Underwriters in the manner as specified in the Underwriting Agreement.

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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If you are unsuccessful/partially successful in your application, the full amount or the balance of the application monies, as the case may be, will be refunded without interest in the following manner:

- (i) For an application by way of Application Form, the full amount or the balance of the application monies, as the case may be, shall be despatched by ordinary post or registered post respectively, to you within 10 market days from the date of the final ballot of the application at your address last maintained with Bursa Depository.

If your application is rejected because you did not provide a CDS account, the full amount of your application monies will be sent to you by MIDFCCS.

MIDFCCS reserves the rights to bank in all application monies from unsuccessful Bumiputera applicants and partially successful applicants, which would subsequently be refunded in full without interest by registered post to your address last maintained with Bursa Depository.

- (ii) For an application by way of Electronic Share Application, the relevant participating financial institutions will credit the full amount of your application monies into your account with that participating financial institution within 2 market days after the receipt of confirmation from MIDFCCS. MIDFCCS shall inform the participating financial institutions of the non-successful or partially successful applications within 2 market days after the balloting date. You may check your account on the 5<sup>th</sup> market day from the balloting date.

Where your Electronic Share Application is accepted in part only, the relevant participating financial institution will credit the balance of your application monies without interest into your account with the participating financial institution within 2 market days after the receipt of confirmation from MIDFCCS. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to you by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to you not later than 10 market days from the balloting date.

- (iii) For an application by way of Internet Share Application, please refer to Section 16.5.2 (viii).

If you encounter any problems in your application, you may refer to the participating financial institutions.

If you are successful in your application, our Directors reserve the rights to require you to appear in person at the registered office of MIDFCCS within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any of your expenses incurred or to be incurred for the purpose of complying with this provision.

Your remittance having been presented for payment shall not signify that your application has been accepted.

### 16.7 CDS ACCOUNT

Pursuant to Section 14(1) of the Central Depositories Act, 1991, Bursa Securities has prescribed the Shares as Prescribed Securities. In consequences thereof, the Shares issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, all dealings in the Shares of our Company including the Issue Shares will be by book entries through CDS accounts. No share certificates will be issued to you.

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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You must have a CDS account when applying for our Issue Shares. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the Issue Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to MIDFCCS or the Company.

In the case of an application by way of Electronic Share Application, you shall furnish your CDS account number to the participating financial institution by way of keying in your CDS account number if the instructions on the ATM screen require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number arising from use of invalid, third party or nominee accounts, may result in your Application being rejected. If a successful applicant fails to state his / her CDS account number, MIDFCCS, on our authority, will reject the Application. MIDFCCS on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if your particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

### 16.8 NOTICES OF ALLOTMENT

Our Shares allocated to you will be credited into your CDS account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and relevant participating financial institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs or at the telephone number of MIDFCCS stated below (during office hours only) or checking at MIDFCCS's website stated below after the date of allotment of the Shares:

Telephone numbers : 03-2173 8657, 03-2173 8658 or 03-2173 8659  
Website : [www.midf.com.my](http://www.midf.com.my)

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## 17. LIST OF ADAs

## 17.1 List of ADAs

The list of ADAs and their respective addresses, telephone numbers and Broker Codes are as follows:

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
<b><u>KUALA LUMPUR</u></b>			
A.A. ANTHONY SECURITIES SDN BHD N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6201 1155	078-004	AFFIN INVESTMENT BANK BERHAD Ground Mezzanine & 3rd Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	028-001
ALLIANCE INVESTMENT BANK BERHAD 17th Floor, Menara Multi-Purpose Capital Square, 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2697 6333	076-001	AMINVESTMENT BANK BERHAD 15 <sup>th</sup> Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2078 2788	086-001
BIMB SECURITIES SDN BHD 32 <sup>nd</sup> Floor Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50400 Kuala Lumpur Tel No.: 03-2691 8887	024-001	CIMB INVESTMENT BANK BERHAD 9 <sup>th</sup> Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD 1 <sup>st</sup> Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1888	052-009	ECM LIBRA INVESTMENT BANK BERHAD Bangunan ECMLibra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 1800	052-001
HONG LEONG INVESTMENT BANK BERHAD ( <i>formerly known as HLG Securities Sdn Bhd</i> ) Level 8, Menara HLA No.3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001	HWANGDBS INVESTMENT BANK BERHAD 2 <sup>nd</sup> Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD No. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5 <sup>th</sup> Floor, Cheras Commercial Centre, Jalan 5/101C Off Jalan Kaskas, 5 <sup>th</sup> Mile Cheras 56100 Kuala Lumpur Tel No.: 03-9130 3399	068-012	HWANGDBS INVESTMENT BANK BERHAD 7 <sup>th</sup> , 22 <sup>nd</sup> & 23 <sup>rd</sup> Floor Menara Keek Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2711 6888	068-014

## 17. LIST OF ADAs (Cont'd)

NAME ADDRESS & TELEPHONE NUMBER	ADA Code	NAME ADDRESS & TELEPHONE NUMBER	ADA Code
KENANGA INVESTMENT BANK BERHAD Tingkat Bawah, 4 – 18 & 20 Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001	MAYBANK INVESTMENT BANK BERHAD 5-13, Maybanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
M&A SECURITIES SDN BHD Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002	MERCURY SECURITIES SDN BHD L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIMB INVESTMENT BANK BERHAD Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-2692 8899	061-001	MIDF AMANAH INVESTMENT BANK BERHAD Level 11 & 12, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
OSK INVESTMENT BANK BERHAD No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-6257 5869	056-028	OSK INVESTMENT BANK BERHAD 20 <sup>th</sup> Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	056-001
OSK INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	056-058	OSK INVESTMENT BANK BERHAD Ground Floor, No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	056-054
PUBLIC INVESTMENT BANK BERHAD 27 <sup>th</sup> Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001	PM SECURITIES SDN BHD Ground, Mezzanine, 1 <sup>st</sup> & 10 <sup>th</sup> Floor Menara PMI No. 2, Jalan Cangkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
RHB INVESTMENT BANK BERHAD Level 9, Tower Three, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001	TA SECURITIES HOLDINGS BERHAD Floor 13-16, 23, 28-30, 34 & 35 TA One Tower No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003



## 17. LIST OF ADAs (Cont'd)

NAME ADDRESS & TELEPHONE NUMBER	ADA Code	NAME ADDRESS & TELEPHONE NUMBER	ADA Code
<b>SELANGOR DARUL EHSAN</b>			
AFFIN INVESTMENT BANK BERHAD 2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	028-002	AFFIN INVESTMENT BANK BERHAD Lot 229, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	028-003
AMINVESTMENT BANK BERHAD 4 <sup>th</sup> Floor, Plaza Damansara Utama No. 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003	CIMB INVESTMENT BANK BERHAD Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd) Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7724 6888	066-002	HWANGDBS INVESTMENT BANK BERHAD 16 <sup>th</sup> , 18 <sup>th</sup> -20 <sup>th</sup> Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD East Wing & Centre Link Floor 3A, Wisma Consplant 2, No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010	JF APEX SECURITIES BERHAD 15 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
JF APEX SECURITIES BERHAD 6 <sup>th</sup> Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001	KENANGA INVESTMENT BANK BERHAD Lot 240, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Pctaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
KENANGA INVESTMENT BANK BERHAD 13 <sup>th</sup> Floor, Menara Yayasan Selangor 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7956 2169	073-005		

## 17. LIST OF ADAs (Cont'd)

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
OSK INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M, 28A & 30, Jalan SS2/63, 47300 Petaling Jaya, Selangor Darul Ehsan Tel No.: 03-7873 6366	056-011	OSK INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No: 03-8736 3378	056-045
OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	056-047	OSK INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Peniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	056-048
PM SECURITIES SDN BHD No 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003	PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Seksyen 22 40000 Shah Alam Tel No.: 03-5192 0202	096-001	TA SECURITIES HOLDINGS BERHAD No.2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
<b>MELAKA</b>			
CIMB INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191 Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-289 8800	065-006	ECM LIBRA INVESTMENT BANK BERHAD 71A & 73A Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-288 1720	052-008
MERCURY SECURITIES SDN BHD No. 81-B & 83-B, Jalan Merdeka Taman Malaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003	MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P.O.Box 248 75250 Melaka Tel No.: 06-337 1533	012-001
OSK INVESTMENT BANK BERHAD 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	056-003	PM SECURITIES SDN BHD No. 11 & 13 Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-286 6008	064-006
RHB INVESTMENT BANK BERHAD Lot 7-13 & 15 1 <sup>st</sup> Floor, Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel No.: 06-283 3622	087-002		

## 17. LIST OF ADAs (Cont'd)

NAME ADDRESS & TELEPHONE NUMBER	ADA Code	NAME ADDRESS & TELEPHONE NUMBER	ADA Code
<b>PERAK DARUL RIDZUAN</b>			
A.A.ANTHONY SECURITIES SDN BHD 29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 2328	078-009	CIMB INVESTMENT BANK BERHAD Ground, 1st, 2nd and 3rd Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-623 2328	065-010
ECM LIBRA INVESTMENT BANK BERHAD No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	052-002	ECM LIBRA INVESTMENT BANK BERHAD No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-622 2828	052-006
HONG LEONG INVESTMENT BANK BERHAD ( <i>formerly known as HLG Securities Sdn Bhd</i> ) 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003	HWANGDBS INVESTMENT BANK BERHAD Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 0888	068-003
HWANGDBS INVESTMENT BANK BERHAD Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015	M&A SECURITIES SDN BHD M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001
MAYBANK INVESTMENT BANK BERHAD ( <i>Formerly known as Aseambankers Malaysia Berhad</i> ) B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh, Perak Darul Ridzuan Tel No.: 05-2453 400	098-002	OSK INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	056-002
OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 6498	056-014	OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-692 1228	056-016
OSK INVESTMENT BANK BERHAD No. 72, Ground Floor, Jalan Idris, 31900 Kampar Perak Darul Ridzuan Tel No.: 05-465 1261	056-044	OSK INVESTMENT BANK BERHAD Ground Floor No. 40, 42 & 44, Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-808 8229	056-034

## 17. LIST OF ADAs (Cont'd)

NAME ADDRESS & TELEPHONE NUMBER	ADA Code	NAME ADDRESS & TELEPHONE NUMBER	ADA Code
OSK INVESTMENT BANK BERHAD Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	056-052	TA SECURITIES HOLDINGS BERHAD Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh, Perak Darul Ridzuan Tel No.: 05-253 1313	058-001
<b>PULAU PINANG</b>			
A.A. ANTHONY SECURITIES SDN BHD 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-229 9318	078-002	A.A. ANTHONY SECURITIES SDN BHD Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Peniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-554 1388	078-003
ALLIANCE INVESTMENT BANK BERHAD Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No.25, Lebuhr Light 10200 Penang Tel No.: 04-261 1688	076-015	AMINVESTMENT BANK BERHAD Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-226 1818	086-004
CIMB INVESTMENT BANK BERHAD Ground Floor, Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-291 1833	065-003	ECM LIBRA INVESTMENT BANK BERHAD No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-228 1833	052-003
ECM LIBRA INVESTMENT BANK BERHAD 7 <sup>th</sup> Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-228 3355	052-010	HWANGDBS INVESTMENT BANK BERHAD Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-263 6996	068-001
HWANGDBS INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-537 2882	068-006	INTER-PACIFIC SECURITIES SDN BHD Ground, Mezzanine & 8 <sup>th</sup> Floor Bangunan Maybank Trust No. 3, Penang Street 10200 Pulau Pinang Tel No.: 04-269 0888	054-002
KENANGA INVESTMENT BANK BERHAD Lot 1.02, Level 1, Menara KWSP, 38, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel No.: 04-210 6666	073-013		

## 17. LIST OF ADAs (Cont'd)

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
MERCURY SECURITIES SDN BHD 2 <sup>nd</sup> Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004	OSK INVESTMENT BANK BERHAD 64, Bishop Street 20E, 20F & 20G Penang Street 10200 Pulau Pinang Tel No.: 04-263 4222	056-004
OSK INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai, Pulau Pinang Tel No.: 04-390 0022	056-005	OSK INVESTMENT BANK BERHAD Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015
OSK INVESTMENT BANK BERHAD No. 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	056-032	OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor No. 15-G-5, 15-G-6, 15-1-15 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-640 4888	056-042
PM SECURITIES SDN BHD Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-227 3000	064-004		
<b><u>KEDAH DARUL AMAN</u></b>			
ALLIANCE INVESTMENT BANK BERHAD 2 <sup>nd</sup> Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088	076-004	A.A.ANTHONY SECURITIES SDN BHD Lot 4, 5 & 5A 1 <sup>st</sup> Floor EMUM 55 No.55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-732 2111	078-007
HWANGDBS INVESTMENT BANK BERHAD No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011	OSK INVESTMENT BANK BERHAD No. 117, Jalan Pengkalan Taman Pekan baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017
OSK INVESTMENT BANK BERHAD No. 35, Ground Floor Jalan Suria I, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-496 4888	056-019	OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor 215-A & 215-B, Medan Putra, Jalan Putra 05150 Alor Star Kedah Darul Aman Tel No.: 04-720 9888	056-021

## 17. LIST OF ADAs (Cont'd)

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
MERCURY SECURITIES SDN BHD 2 <sup>nd</sup> Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004	OSK INVESTMENT BANK BERHAD 64, Bishop Street 20E, 20F & 20G Penang Street 10200 Pulau Pinang Tel No.: 04-263 4222	056-004
OSK INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai, Pulau Pinang Tel No.: 04-390 0022	056-005	OSK INVESTMENT BANK BERHAD Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015
OSK INVESTMENT BANK BERHAD No. 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	056-032	OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor No. 15-G-5, 15-G-6, 15-1-15 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-640 4888	056-042
PM SECURITIES SDN BHD Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-227 3000	064-004		
<b><u>KEDAH DARUL AMAN</u></b>			
ALLIANCE INVESTMENT BANK BERHAD 2 <sup>nd</sup> Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088	076-004	A.A.ANTHONY SECURITIES SDN BHD Lot 4, 5 & 5A 1 <sup>st</sup> Floor EMUM 55 No.55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-732 2111	078-007
HWANGDBS INVESTMENT BANK BERHAD No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011	OSK INVESTMENT BANK BERHAD No. 117, Jalan Pengkalan Taman Pekan baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017
OSK INVESTMENT BANK BERHAD No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-496 4888	056-019	OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor 215-A & 215-B, Medan Putra, Jalan Putra 05150 Alor Star Kedah Darul Aman Tel No.: 04-720 9888	056-021

## 17. LIST OF ADAs (Cont'd)

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
A.A. ANTHONY SECURITIES SDN BHD No.70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3218	078-006	ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
AMINVESTMENT BANK BERHAD 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Penggaram Complex 1 Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-434 2282	086-002	AMINVESTMENT BANK BERHAD 18 <sup>th</sup> Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006
ECM LIBRA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-467 8885	052-005	ECM LIBRA INVESTMENT BANK BERHAD No. 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004	HWANGDBS INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 2692	068-004
KENANGA INVESTMENT BANK BERHAD No. 31, Lorong Dato' Ahmad, Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 06-954 2711	073-008	KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-333 3600	073-004
KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (Ground & 1 <sup>st</sup> Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-777 1161	073-010	KENANGA INVESTMENT BANK BERHAD No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3515	073-009
KENANGA INVESTMENT BANK BERHAD No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 2292	073-011	MERCURY SECURITIES SDN BHD Suite 17.1, Level 17 Menara Pelangi No. 1, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-331 6992	093-005

## 17. LIST OF ADAs (Cont'd)

NAME ADDRESS & TELEPHONE NUMBER	ADA Code	NAME ADDRESS & TELEPHONE NUMBER	ADA Code
MIMB INVESTMENT BANK BERHAD Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 7388	061-002	OSK INVESTMENT BANK BERHAD 53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-438 0288	056-009
OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-557 7628	056-029	OSK INVESTMENT BANK BERHAD 6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-278 8821	056-006
OSK INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, No. 17 Jalan Manggis, 86000 Kluang, Johor Darul Takzim Tel No.: 07-776 9655	056-031	OSK INVESTMENT BANK BERHAD No. 33-1, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 8262	056-025
OSK INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 343 Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 7180	056-038	OSK INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 3, Jalan Susur Utama 2/1, Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-932 1543	056-030
OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor, No. 21 & 23, Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-352 2293	056-043	OSK INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 10 Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-662 6288	056-035
OSK INVESTMENT BANK BERHAD 1 <sup>st</sup> Floor, No. 2 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-925 6881	056-039	PM SECURITIES SDN BHD No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3232	064-005
PM SECURITIES SDN BHD Ground & 1 <sup>st</sup> Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-433 3608	064-008		



## 17. LIST OF ADAs (Cont'd)

<b>NAME ADDRESS &amp; TELEPHONE NUMBER</b>	<b>ADA Code</b>	<b>NAME ADDRESS &amp; TELEPHONE NUMBER</b>	<b>ADA Code</b>
<b><u>KELANTAN DARUL NAIM</u></b>			
TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 2288	058-004	OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	056-020
<b><u>PAHANG DARUL MAKMUR</u></b>			
ALLIANCE INVESTMENT BANK BERHAD A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-566 0800	076-002	CIMB INVESTMENT BANK BERHAD No. A-27 (Ground, 1st & 2nd Floor) Jalan Dato' Lim Hoe Lek 25200 Kuantan Tel No.: 09-205 7800 Pahang Darul Makmur	065-007
OSK INVESTMENT BANK BERHAD B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 3811	056-007	ECM LIBRA INVESTMENT BANK BERHAD B62, Ground Floor Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-513 3289	052-007
OSK INVESTMENT BANK BERHAD Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-491 4913	056-041	OSK INVESTMENT BANK BERHAD Ground Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4943	056-022
<b><u>TERENGGANU DARUL IMAN</u></b>			
ALLIANCE INVESTMENT BANK BERHAD No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-631 7922	076-009	FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1 <sup>st</sup> Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001
OSK INVESTMENT BANK BERHAD Ground & 1 <sup>st</sup> Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-858 3109	056-027	OSK INVESTMENT BANK BERHAD 31A, Ground Floor 31A & 31B, 1 <sup>st</sup> Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-626 1816	056-055

## 17. LIST OF ADAs (Cont'd)

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
<b>SABAH</b>			
CIMB INVESTMENT BANK BERHAD 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005	ECM LIBRA INVESTMENT BANK BERHAD Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	052-012
INNOSABAH SECURITIES BERHAD 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	020-001	HWANGDBS INVESTMENT BANK BERHAD Suite 1-9-E1, 9 <sup>th</sup> Floor, CPS Tower Centre Point Sabah No. 1 Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
OSK INVESTMENT BANK BERHAD 5 <sup>TH</sup> floor, Wisma BSN Sabah Jalan Kemajuan Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269788	056-010	OSK INVESTMENT BANK BERHAD Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-229 286	056-057
<b>SARAWAK</b>			
AMINVESTMENT BANK BERHAD NO. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-005	CIMB INVESTMENT BANK BERHAD LEVEL 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 606	065-004
HWANGDBS INVESTMENT BANK BERHAD No. 282, 1 <sup>st</sup> Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016	HWANGDBS INVESTMENT BANK BERHAD LOT 328, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-236 999	068-005
KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002	KENANGA INVESTMENT BANK BERHAD Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003

## 17. LIST OF ADAs (Cont'd)

NAME ADDRESS & TELEPHONE NUMBER	ADA Code	NAME ADDRESS & TELEPHONE NUMBER	ADA Code
KENANGA INVESTMENT BANK BERHAD No. 11-12 (Ground & 1 <sup>st</sup> Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No.: 084-313 855	073-012	OSK INVESTMENT BANK BERHAD Ground, 1 <sup>st</sup> Floor & 6 <sup>th</sup> Floor Wisma Chinese Chambers Lot 357, Section 47 K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-422 252	056-008
OSK INVESTMENT BANK BERHAD Lot 1268, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Lot 1269 2 <sup>nd</sup> Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	056-012	OSK INVESTMENT BANK BERHAD 101 & 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No.: 084-329 100	056-013
OSK INVESTMENT BANK BERHAD Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	056-050	OSK INVESTMENT BANK BERHAD Ground Floor No.221 Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	056-053
TA SECURITIES HOLDINGS BERHAD 12G, H & I, Jalan Kampung Datu 96000 Sibul Sarawak Tel No.: 084-319 998	058-002	TA SECURITIES HOLDINGS BHD 2 <sup>nd</sup> Floor, (Bahagian Hadapan) Bangunan Binamas Lot 138, Section 54 Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006

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