



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standards (“MFRS”) 134: ‘Interim Financial Reporting’ in Malaysia and with IAS 34 ‘Interim Financial Reporting’. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the most recent audited financial statements of Company as at and for the year ended 31 December 2012.

The Company’s interim financial statements for part of the period covered by the Company’s first MFRS framework annual financial statements and MFRS 1, ‘First-time Adoption of the Malaysian Financial Reporting Standards’ had been applied.

2. Audit Report

The auditors’ report of the Group’s annual audited financial statements for the year ended 31 December 2012 was not subject to any audit qualification.

3. Seasonal or Cyclical Factors

The Group’s business operations for the current period ended 31 December 2013 have not been significantly affected by seasonal or cyclical factors.

4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The Loss Before Tax is after accounting for RM5.31 million, being acquisition cost and interest expenses incurred for the acquisition of 45.03% equity interest in Time Engineering Berhad.

5. Changes in Estimates

There were no changes in estimates that have a material effect for the current period ended 31 December 2013.

6. Changes in Debt and Equity Securities

For the current period ended 31 December 2013 the changes in debt and equity securities are as follows:

	Amount
Issued and Paid-up Share Capital	
As at 30 September 2013	377,727,800
Changes	
Warrants – converted to shares	1,875
Enlarged Issued and Paid-up Share Capital	
As at 31 December 2013	<u>377,729,675</u>



CENSOFF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

7. Dividend Paid

There were no dividends paid during the current period ended 31 December 2013.

8. Segmental Reporting

Segmental information for the Group by business segments for the cumulative period ended 31 December 2013 are as follows:

Division	Revenue RM '000	Elimination RM '000	Consolidation RM '000	Profit/(Loss) Before Tax RM '000
FMS	41,222	-	41,222	8,679
PAS	2,026	-	2,026	(1,562)
WMS	3,747	1,275	2,472	340
TS	5,374	248	5,126	1,246
Others	52	52	-	(7,074)
Total	52,421	1,575	50,846	1,629

FMS – Financial Management Solutions, PAS – Payment Aggregation Solutions, WMS – Wealth Management Solutions. TS – Training Solutions

9. Changes in the Composition of the Group

On 27 November 2013, full and final settlement was made to Khazanah Nasional Berhad for the acquisition of 45.03% equity interest in Time Engineering Berhad. Accordingly, Time Engineering Berhad is recognized as a subsidiary of Censof Holdings Berhad.

10. Contingent Liabilities

As at 31 December 2013, the Group's contingent liabilities were as follows:

a) **Bank guarantee**

The Company has pledged a fixed deposit of RM3.84 million for a bank guarantee facility extended to a subsidiary company.

b) **Corporate guarantees**

Corporate guarantees totaling RM28.50 million were issued to licensed banks for credit facilities granted to a subsidiary company.

c) **Liquidated Ascertained Damages ("LAD")**

There is a potential contingent liability arising from the delay in a contract undertaken by a subsidiary company.

However, the Directors are confident that the potential LAD claims are unlikely to crystallize as the project is anticipated to be completed based on the extended timeline agreed with the customer.

d) **Term loans**

The Company secured 2 term loans from RHB Investment Bank Berhad (RHBIBB) and Kenanga Investment Bank Berhad (KIBB) for an amount of RM53.00 million and RM13.63



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

million respectively to finance the acquisition of 45.03% equity interest in Time Engineering Berhad. The entire 45.03% equity interest in Time Engineering Berhad, amounting to 178,956,773 shares and 170,155,958 shares have been pledged into a designated account with RHBIBB and KIBB respectively as collateral for the term loans.

11. Capital Commitments

The Group does not have any material commitment for capital expenditure for the current period ended 31 December 2013.

12. Subsequent Events

- a) On 9 January 2014, the Company issued Redeemable Convertible Notes for a sum of RM1.25 million.

Subsequently, the Redeemable Convertible Notes were converted into new shares on the following exercise dates:

<u>Exercise Date</u>	<u>Exercise Price</u>	<u>Conversion Amount</u>	<u>No of New Shares Issued</u>	<u>Listing Date</u>
13/01/14	RM0.4503	RM 100,000.00	222,074	21/01/14
20/01/14	RM0.4503	RM 200,000.00	444,148	23/01/14
06/02/14	RM0.4503	RM 950,000.00	2,109,704	12/02/14
Total		RM 1,250,000.00	2,775,926	

Arising from the 2nd sub-tranche of RM1.25 million Redeemable Convertible Notes issued on 12 February 2014 which was duly converted into 2,775,927 new shares issued at RM0.45 and was listed on 20 February 2014.

- b) On 10 January 2014, Bursa Malaysia Securities Berhad granted the Company an extension of time of two (2) months from 8 January 2014 to 7 March 2014 to complete the balance Private Placement of 18,722,500 shares.

On 22 January 2014, 12,722,500 new ordinary shares representing approximately 3.37% of the issued and paid-up capital of the Company was issued at RM0.56 and subsequently listed on the 23 January 2014.

On 12 February 2014, based on the enlarged issued and paid-up share capital, another 1,697,500 new shares of the Company was issued at RM0.535 and listed on 18 February 2014.

- c) On 20 January 2014, Tamil Selvan a/l M.Durairaj was re-designated from Executive Director to Deputy Managing Director for the Group.
- d) On 6 February 2014, Companies Commission of Malaysia duly approved the extension of time pursuant to Companies application for the change in Financial Year End of the Company from 31 December 2013 to 31 March 2014 with the following conditions:
- (a) section 143 (2) of the Companies Act 1965 to hold the Annual General Meeting for 2014 to 30 September 2014, and
- (b) section 169 (2) of the Companies Act 1965 to present accounts made up to 31 March 2014 at the Annual General Meeting proposed to be held not later than 30 September 2014.



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

13. Related Party Transaction

a) Below is the related party transaction contracted during the quarter and the financial quarter.

	Current Period Quarter 31 Dec 2013 RM	Current Period To-Date 31 Dec 2013 RM
Inventrix Sdn Bhd - office rental	128,850	515,400

The transaction was contracted in the normal course of business and concluded under negotiated terms.

Inventrix Sdn Bhd – is a company controlled by common Directors namely, Datuk Samsul Bin Husin, Tamil Selvan A/L M. Durairaj, Ameer Bin Shaik Mydin, Ang Hsin Hsien and Abdul Mushir Bin Che Chik (resigned on 28 June 2013).



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

1. Group Performance Review

a. Performance of the Current Period v Previous Year Corresponding Period

The Group registered revenue of RM17.72 million for the current period under review compared to the previous year corresponding period's revenue of RM17.89 million. The slightly lower revenue for the current period as compared to the previous year period was due the additional revenue contributed from the on-going Perkeso project.

The Group recorded a loss before taxation of RM2.85 million for the current period compared to the previous year corresponding period's profit before taxation of RM5.09 million, due to the one off acquisition cost amounting to RM5.31 million incurred by the Company in relation to the acquisition of 45.03% equity interest in Time Engineering Berhad.

Tabulated below is the Group's segmental break down by operating divisions of the revenue and profit before tax;-

Division	Current Period Quarter 2013		Previous Period Quarter 2012	
	Revenue RM '000 (Unaudited)	Profit/(Loss) Before Tax RM '000 (Unaudited)	Revenue RM '000 (Unaudited)	Profit/(Loss) Before Tax RM '000 (Unaudited)
FMS	14,818	2,908	14,497	4,321
PAS	307	(501)	821	(74)
WMS	1,054	806	993	419
TS	1,538	563	1,547	756
Others	-	(6,622)	-	(334)
Total	17,717	(2,846)	17,858	5,088

b. Performance of the Current Financial Period To-date v Previous Financial Period To-date

For the current financial period to-date under review, the Group registered a revenue of RM50.85 million compared to the previous year to-date's revenue of RM44.77 million. The increase of 13.58% in comparison to the preceding financial year was attributed to the recognition of revenue from the Perkeso project and increased billings for the current period.

As for the profit before taxation, the Group registered RM1.63 million for the current financial period to-date compared to the previous period to-date of RM9.81 million. The loss and lower profit before taxation of 83.38% in comparison for the preceding financial period due to the acquisition cost incurred for the Time Engineering Berhad acquisition.



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

Division	Current Period To-date 2013		Previous Period To-date 2012	
	Revenue RM '000 (Unaudited)	Profit/(Loss) Before Tax RM '000 (Unaudited)	Revenue RM '000 (Unaudited)	Profit/(Loss) Before Tax RM '000 (Unaudited)
FMS	41,222	8,679	37,132	10,457
PAS	2,026	(1,562)	3,687	(689)
WMS	2,472	340	2,158	86
TS	5,126	1,246	1,547	756
Others	-	(7,074)	241	(805)
Total	50,846	1,629	44,765	9,805

2. Comparison with Immediate Preceding Quarter's Results

The Group registered a revenue and profit before taxation of RM7.67 million and RM1.35 million for the immediate preceding quarter ended 30 September 2013 against a higher revenue of RM18.17 million and loss before taxation of RM2.44 million for the current quarter under review. The Group's higher revenue for the current period was due to the higher billings to the government sector. Despite the higher recognition of revenue for the quarter, the Group still posted a loss due to the one off acquisition cost for the acquisition of 45.03% equity interest in Time Engineering Berhad. .

3. Business Prospects

The Group's business prospects is expected to be challenging for the 15 month ending 31 March 2014, with the completion of Time Engineering Berhad acquisition and based on the secured and committed orders amounting to some RM35.02 million in-hand.

4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee.

5. Income Tax Expense

The taxation figures are as follows:

	Current Period Quarter 31 Dec 2013 RM'000	Current Period To-Date 31 Dec 2013 RM'000
Current Tax	203	444

The current tax paid/payable is mainly in respect of interest income from bank deposits for Century Software (M) Sdn Bhd and Knowledgecom Corporation Sdn Bhd who has been granted Multimedia Super Corridor status, which qualifies the subsidiaries for the Pioneer Status incentive under the Promotion of Investment Act, 1986. As for the Indonesian subsidiary PT Praisindo the tax payable relates to corporation tax and value added tax. Where else for T-Melmax Sdn Bhd is subject to corporation tax.



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

6. Sales of Unquoted Investments and/or Properties

There were no disposals of unquoted investments and/or properties held by the Group as at the date of this interim report.

7. Purchase and/ or Disposal of Quoted Securities

There were no purchases or disposal of quoted securities for the Group as at the date of this interim report.

8. Borrowings

The Group's borrowings as at 31 December 2013 are as follows:

	RM '000
Short-term borrowing	
Hire purchase	76
Project financing	12,396
Term loan	54,138
	<hr/>
	66,610
Long-term borrowing	
Hire purchase	612
Term Loan	70,642
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Total	137,864

The project financing loan is secured by Debenture and Deed of Assignment of all contract proceeds. The term loan is secured by pledging of shares by the Company's major shareholders, Saas Global Sdn Bhd.

9. Status of Corporate Proposals

a) Warrants

Conversion of Warrants was exercised on the following dates:

<u>Date</u>	<u>No of Warrants</u>	<u>No of New Shares Issued</u>	<u>Listing Date</u>
14/08/13	10,000,000	10,000,000	15/08/13
19/09/13	3,527,800	3,527,800	20/09/13
30/10/13	1,875	1,875	31/10/13

All proceeds have been deposited into Censof Warrants account and the proceeds were used for working capital purposes.

As at to-date the outstanding unexercised warrant is 29,495,325.

b) Private Placement

On 8 July 2013, Bursa Securities approved the listing of and quotation for up to 38,722,500 new ordinary shares of RM0.10 each to be issues pursuant to the Proposed Private Placement. Since then the Company have issued 20,000,000 shares of 10,000,000 shares



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

each which were listed on the 26 September 2013 and 30 September 2013 respectively at a price of RM0.465.

The proceeds of RM9.30 million were used to pay the deposits for the acquisition of Time Engineering Berhad shares amounting to RM6.98 million and the balance as working capital.

There is a balance of 18,722,500 ordinary shares, out of which 14,420,000 new shares were issued and listed to-date.

c) Redeemable Conversion Notes

On 24 October 2013, Bursa Securities approved the listing of such number of new Censof Shares to be issued pursuant to the conversion of the Redeemable Convertible Notes (RCN) and subject to conditions.

On 31 October 2013, Securities Commission Malaysia authorised the issuance of the RCN and subject to conditions.

The proposed RCN was duly approved by the shareholders of the company at the EGM held on the 29 November 2013.

To-date, the following transactions were completed.

<u>Date</u>	<u>Sub-tranche</u>	<u>Global Certificate No</u>	<u>Amount RM</u>	<u>Status</u>
09/01/14	1 st	01/T1/2013	1,250,000	Converted to shares
12/02/14	2 nd	02/T1/2013	1,250,000	Converted to shares
20/02/14	3 rd	03/T1/2013	<u>1,250,000</u>	Notes
			3,750,000	

d) Time Engineering Berhad (TEB) Share Acquisition & Mandatory General Offer

On 9 October 2013, the Share Sales Agreement (SSA) had become unconditional with Khazanah Nasional Berhad for the fulfillment of the conditions precedent in the SSA upon the receipt of the following:

- the approval by Bursa Securities, vide its letter dated 3 October 2013, of a waiver from complying with Paragraph 8.29(1) of the Listing Requirements subject to the condition that Censof shall procure its shareholders' ratification for the Acquisition and the Mandatory General Offer (MGO) within two (2) months from the completion date of the Acquisition; and
- the letter from the SC dated 8 October 2013 (which was received on 9 October 2013) on its concurrence that the Acquisition and the MGO would not result in a significant change in the business direction or policy of Censof and therefore are not subject to the SC's approval under section 214(1) of the CMSA.

On 11 October 2013, the Company made the payment of RM35,791,354.60 being the Balance Purchase Price I to Khazanah Nasional Berhad for the acquisition of 178,956,773 Sale Shares representing 23.08% equity interest in TIME Engineering Berhad of which has been successfully transferred to the Company.

Accordingly, the Company

- served the Notice on the Board of TEB, notifying TEB of Censof's intention to undertake a conditional mandatory take-over offer; and



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

- b. announced to Bursa Securities that the Notice abovementioned had been served upon the SSA becoming unconditional.

Subsequently on 29 October 2013, the SC has vide its letter dated the same date granted its consent to the Offer Document under Section 12(2) of the Code. The Offer Document was posted to the shareholders of TEB on 30 October 2013.

The MGO offer period closed on the 20 November 2013.

The final payment of Balance Purchase Price II on TEB shares was paid on the 27 November 2013 and the acquisition of 45.03% of TEB shares from Khazanah Nasional Berhad was deemed completed.

10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this interim report.

11. Derivatives Financial Instruments

There were no derivatives financial instruments as at the date of this interim report.

12. Material Litigation

There were no material litigations involving the Group as at the date of this interim report.

13. Dividend

No dividend has been proposed or declared in relation to the current period ended 31 December 2013.

14. Additional Disclosure

	Current Period Quarter 31 Dec 2013 RM '000	Current Period To-Date 31 Dec 2013 RM '000
Interest Income	10	176
Foreign Exchange Gain/(Loss)	(5)	(25)
Finance Cost	(1,197)	(1,808)
Depreciation and Amortization	(1,191)	(5,163)



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

15. Realised and Unrealised Profits/(Loss) Disclosure

The following analysis is prepared in accordance with Guidance on Special Matter No 1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Securities Listing Requirements, as issues by the Malaysian Institute of Accountant ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

	As at 31 Dec 2013 RM '000 (Unaudited)	As at 31 Dec 2012 RM '000 (Audited)
Total Retained Profits/(Loss) of the Company and its subsidiaries:		
- Realized	38,074	41,212
- Unrealized	-	-
Total Group Retained Profits	38,074	41,212

16. Earnings/(Loss) Per Share

a. Basic

The basic earnings/(loss) per share is calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the financial period under review.

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter 31 Dec 2013 RM '000 (unaudited)	Preceding Period Corresponding Quarter 31 Dec 2012 RM '000 (audited)	Current Period to-date 31 Dec 2013 RM '000 (unaudited)	Preceding Period Corresponding Period 31 Dec 2012 RM '000 (audited)
Total comprehensive Income/(Loss) attributable to owners of the Company (RM'000)	(3,420)	4,607	404	9,327
Weighted average number of ordinary shares in issue ('000)	354,210	344,200	354,210	344,200
Basic earnings/(loss) per share (sen)	(0.97)	1.42	0.11	2.77



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

b. Diluted

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter 31 Dec 2013 RM '000 (unaudited)	Preceding Period Corresponding Quarter 31 Dec 2012 ** RM '000 (audited)	Current Period to-date 31 Dec 2013 RM '000 (unaudited)	Preceding Period Corresponding Period 31 Dec 2012 ** RM '000 (audited)
Total comprehensive Income/(Loss) attributable to owners of the Company (RM'000)	(3,420)	4,607	404	9,327
Impact on Income Statement upon conversion of warrant and placement (RM'000)	(579)	-	(579)	-
Total	(3,999)	4,607	(175)	9,327
Weighted average number of ordinary shares in issue ('000)	354,210	344,200	354,210	344,200
Adjustment for dilutive effect on Conversion of Warrants ('000)	29,495	-	29,495	-
Adjustment for dilutive effect on Private Placement ('000)	18,723	-	18,723	-
Total	402,428	344,200	402,428	344,200
Diluted earnings/ (loss) per share (sen)	(0.99)	1.42	(0.04)	2.77

**the share price upon approval of the warrant in July 2012 was below the exercise price of 0.46 sen and the approval for Private Placement were obtained in July 2013. Hence the 2 exercises are not applicable for dilution computation purposes for the preceding quarter ended September 2012.



CENSOF HOLDINGS BERHAD (Company No. 828269-A)
Incorporated in Malaysia under the Companies Act, 1965
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

17. Authorisation for issue

The interim financial statements were authorised for release by the Board of Directors as per the Board Meeting held on 26 February 2014.