

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

- (f) *Deemed interest by virtue of the interest of Dr Abu's interest in EkoHati and Anjakan Evolusi pursuant to Section 6A of the Act.*
- (g) *Deemed interest by virtue of the interest of Dr Abu and Dr Abu's interest in EkoHati and Sigma Dedikasi pursuant to Section 6A of the Act.*
- (h) *Deemed interest by virtue of the interest of Dr Abu's interest in EkoHati and Sigma Dedikasi pursuant to Section 6A of the Act.*
- (i) *Deemed interest by virtue of its interest in KMP pursuant to Section 6A of the Act.*
- (j) *Deemed interest by virtue of his interest in Sigma Dedikasi pursuant to Section 6A of the Act.*
- (k) *Deemed interest by virtue of the interest of her spouse, Dr Abu, and Dr Abu's interest in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.*
- (l) *Deemed interest by virtue of the interest of her spouse, Dr Abu in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.*
- (m) *Deemed interest by virtue of the interest of her sibling, Dr Abu, and Dr Abu's interest in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.*
- (n) *Deemed interest by virtue of the interest of her sibling, Dr Abu in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.*

Save for Dr Abu, our Directors are not aware of any persons who, directly or indirectly, exercise control over our Company.

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.1.2 Profiles Of Promoters

(i) **Dr Abu**

The profile of Dr Abu is disclosed in Section 5.2.2(ii) of this Prospectus.

(ii) **EkoHati**

EkoHati was incorporated in Malaysia under the Act on 8 November 2010 as a private limited company. As at the LPD, EkoHati's authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of EkoHati is investment holding.

The directors and substantial shareholders of EkoHati and their respective shareholdings in EkoHati as at the LPD are as follows:-

| Name                                      | Direct                                |       | Indirect                              |       |
|---|---------------------------------------|-------|---------------------------------------|-------|
|   | No. of Ordinary Shares of RM1.00 Held | %     | No. of Ordinary Shares of RM1.00 Held | %     |
| <b>Directors/Substantial Shareholders</b> |                                       |       |                                       |       |
| Dr Abu                                    | 99                                    | 99.00 | 1 <sup>(a)</sup>                      | 1.00  |
| Shahirul Azian                            | 1                                     | 1.00  | 99 <sup>(a)</sup>                     | 99.00 |

Note:-

(a) *Deemed interest by virtue of the spouse's interest in the company pursuant to Section 6A of the Act.*

(iii) **Sigma Dedikasi**

Sigma Dedikasi was incorporated in Malaysia under the Act on 9 November 2010 as a private limited company. As at the LPD, Sigma Dedikasi's authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of Sigma Dedikasi is investment holding.

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

The directors and substantial shareholders of Sigma Dedikasi and their respective shareholdings in Sigma Dedikasi as at the LPD are as follows:-

| Name                                      | Direct                                |       | Indirect                              |       |
|---|---------------------------------------|-------|---------------------------------------|-------|
|   | No. of Ordinary Shares of RM1.00 Held | %     | No. of Ordinary Shares of RM1.00 Held | %     |
| <b>Directors/Substantial Shareholders</b> |                                       |       |                                       |       |
| Dr Abu                                    | 99 <sup>(a)</sup>                     | 99.00 | 1 <sup>(b)</sup>                      | 1.00  |
| Shahirul Azian                            | 1 <sup>(a)</sup>                      | 1.00  | 99 <sup>(b)</sup>                     | 99.00 |

Notes:-

- (a) Upon completion of the Renouncement to Sigma Dedikasi detailed in Section 4.2 of this Prospectus, Dr Abu sold and transferred 21.00% equity interest in Sigma Dedikasi to Datuk Ahmad Fikri ("Sale and Transfer to Datuk Ahmad Fikri"). The Sale and Transfer to Datuk Ahmad Fikri was completed on 2 June 2011. In conjunction with this, Dr Abu acquired from his spouse, Shahirul Azian, her 1.00% equity interest in Sigma Dedikasi, on 2 June 2011. Datuk Ahmad Fikri was appointed as a director of Sigma Dedikasi on 3 June 2011. On the same date, Shahirul Azian resigned as a director of Sigma Dedikasi.
- (b) Deemed interest by virtue of the spouse's interest in the company pursuant to Section 6A of the Act.

### (iv) Anjakan Evolusi

Anjakan Evolusi was incorporated in Malaysia under the Act on 20 September 2010 as a private limited company. As at the LPD, Anjakan Evolusi's authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of Anjakan Evolusi is investment holding.

The directors and substantial shareholders of Anjakan Evolusi and their respective shareholdings in Anjakan Evolusi as at the LPD are as follows:-

| Name                                      | Direct                                |       | Indirect                              |       |
|---|---------------------------------------|-------|---------------------------------------|-------|
|   | No. of Ordinary Shares of RM1.00 Held | %     | No. of Ordinary Shares of RM1.00 Held | %     |
| <b>Directors/Substantial Shareholders</b> |                                       |       |                                       |       |
| Dr Abu                                    | 99                                    | 99.00 | 1 <sup>(a)</sup>                      | 1.00  |
| Zubaidah Binti Ismail                     | 1                                     | 1.00  | 99 <sup>(a)</sup>                     | 99.00 |

Note:-

- (a) Deemed interest by virtue of the sibling's interest in the company pursuant to Section 6A of the Act.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

### 5.1.3 Profiles Of Substantial Shareholders

The profile of Dr Abu is disclosed in Section 5.2.2(ii) of this Prospectus.

The profiles of EkoHati, Sigma Dedikasi and Anjakan Evolusi are disclosed in Section 5.1.2(ii), Section 5.1.2(iii) and Section 5.1.2(iv) of this Prospectus respectively.

The profiles of the other substantial shareholders of our Company are as set out below:-

#### (i) KMP

KMP was incorporated in Malaysia under the Act on 16 May 2001 as a subsidiary of the Minister of Finance, Incorporated with the objective to assist technology development for Malaysia via venture capital investments.

KMP is mandated to handle the following programmes:-

- (a) managing venture capital for technology acquisition; and
- (b) establishing and managing IC microchip design and training center.

KMP's authorised share capital is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each, of which 30,000,003 ordinary shares of RM1.00 each have been issued and fully paid-up.

The Minister of Finance, Incorporated owns 30,000,002 shares of RM1.00 each in KMP and the remaining one (1) share of RM1.00 each in KMP is held by Pesuruhjaya Tanah Persekutuan.

#### (ii) Datuk Ahmad Fikri

Datuk Ahmad Fikri, a Malaysian, aged 49, is a substantial shareholder of our Company by virtue of his interest in Sigma Dedikasi pursuant to Section 6A of the Act.

He obtained his Diploma in Civil Engineering from Institut Teknologi MARA in 1982 and Bachelor of Science, also in Civil Engineering from New England College, New Hampshire, US, in 1984. Subsequently, in 1986 and 1994, he obtained his Master's degree and PhD degree, both in Civil Engineering as well, from the University of Lowell, Massachusetts, US and the University of Leeds, United Kingdom, respectively. He is a Corporate Member of Board of Engineers Malaysia and The Institution of Engineers, Malaysia.

He started his career as a Civil Engineer with Bethel, Duncan and Associates in the United Kingdom in 1986. In 1987, he returned to Malaysia and joined Universiti Teknologi Malaysia as a lecturer and became an Associate Professor in 1996. He was promoted to Director-Institute in the same year and held the post until 1997. He then left the university and took up the position as Managing Director of Maju Integrated Engineers Sdn Bhd. He was with the company for approximately 5½ years. In 2003, he set up an engineering consulting firm, namely Dr Fikri and Associates Sdn Bhd.

He is currently a director in a few companies including, among others, Strateq Sdn Bhd (formerly known as Kompakar Inc Sdn Bhd), Strateq Systems Sdn Bhd (formerly known as Kompakar eSystems Sdn Bhd) and Dr Fikri and Associates Sdn Bhd.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### (iii) Shahirul Azian

Shahirul Azian, a Malaysian aged 47, is the spouse of Dr Abu. She does not have any direct shareholding in our Company and she is not involved in the business operations of our Group, save for her directorship in LSB. As set out in Section 5.1.1 of this Prospectus, she is deemed interested in our Shares by virtue of Dr Abu's deemed interest in our Shares.

### (iv) Zubaidah Binti Ismail

Zubaidah Binti Ismail, a Malaysian aged 48, is a sibling of Dr Abu. She does not have any direct shareholding in our Company and she is not involved in the business operations of our Group. As set out in Section 5.1.1 of this Prospectus, she is deemed interested in our Shares by virtue of Dr Abu's deemed interest in our Shares.

### 5.1.4 Significant Changes In the Direct or Indirect Shareholding During the Past Three (3) Years

The shareholdings of our Promoters and substantial shareholders for the past three (3) years prior to the date of this Prospectus were as follows:-

| Name                                    | No. Of Shares Held Before The Acquisition <sup>(a)</sup> |       | No. Of Shares Held After Acquisition <sup>(b)</sup> |     |                           |       |                            |       |
|---|--|-------|---|-----|---------------------------|-------|----------------------------|-------|
|   | Direct   | (%)   | Indirect  | (%) | Direct                    | (%)   | Indirect                   | (%)   |
| Taufiq Bin Abdul Khalid                 | 10 <sup>(c)</sup>  | 50.00 | -   | -   | -                         | -     | -                          | -     |
| Nor Shafahana Binti Shaik Abdul Shukkor | 10 <sup>(c)</sup>  | 50.00 | -   | -   | -                         | -     | -                          | -     |
| Dr Abu                                  | -  | -     | -   | -   | 77,000,000                | 38.89 | 90,650,700 <sup>(d)</sup>  | 45.78 |
| EkoHati                                 | -  | -     | -   | -   | 50,000,900 <sup>(c)</sup> | 25.25 | 117,649,800 <sup>(e)</sup> | 59.42 |
| Sigma Dedikasi                          | -  | -     | -   | -   | 31,409,800                | 15.86 | 136,240,900 <sup>(f)</sup> | 68.81 |
| Anjakan Evolusi                         | -  | -     | -   | -   | 9,240,000                 | 4.67  | 158,410,700 <sup>(g)</sup> | 80.00 |
| KMP                                     | -  | -     | -   | -   | 20,849,300                | 10.53 | -                          | -     |
| Minister of Finance, Incorporated       | -  | -     | -   | -   | -                         | -     | 20,849,300 <sup>(h)</sup>  | 10.53 |
| Datuk Ahmad Fikri                       | -  | -     | -   | -   | -                         | -     | 31,409,800 <sup>(i)</sup>  | 15.86 |
| Shahirul Azian                          | -  | -     | -   | -   | -                         | -     | 167,650,700 <sup>(j)</sup> | 84.67 |
| Zubaidah Binti Ismail                   | -  | -     | -   | -   | -                         | -     | 167,650,700 <sup>(k)</sup> | 84.67 |

**Notes:-**

(a) Based on the issued and paid-up share capital of 20 Shares prior to the Acquisition.

(b) Based on the Issued and paid-up share capital of 198,000,000 Shares after the Acquisition.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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- (c) 20 subscribers' shares transferred to EkoHati pursuant to the Acquisition.
- (d) Deemed interest by virtue of his interest in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.
- (e) Deemed interest by virtue of the interest of Dr Abu and Dr Abu's interest in Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.
- (f) Deemed interest by virtue of the interest of Dr Abu and Dr Abu's interest in EkoHati and Anjakan Evolusi pursuant to Section 6A of the Act.
- (g) Deemed interest by virtue of the interest of Dr Abu and Dr Abu's interest in EkoHati and Sigma Dedikasi pursuant to Section 6A of the Act.
- (h) Deemed interest by virtue of its interest in KMP pursuant to Section 6A of the Act.
- (i) Deemed interest by virtue of his interest in Sigma Dedikasi pursuant to Section 6A of the Act.
- (j) Deemed interest by virtue of the interest of her spouse, Dr Abu, and Dr Abu's interest in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.
- (k) Deemed interest by virtue of the interest of her sibling, Dr Abu, and Dr Abu's interest in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

## 5.2 DIRECTORS

## 5.2.1 Particulars And Shareholdings

The details of our Directors and their shareholdings before and after the IPO are as follows:-

| Name                                | Designation                            | No. Of Shares Held Before The IPO <sup>(a)</sup> |                                 | No. Of Shares Held After The IPO |                                 |
|-------------------------------------|--|--|---------------------------------|----------------------------------|---------------------------------|
|                                     |  | Direct (%)                                       | Indirect (%)                    | Direct (%)                       | Indirect (%)                    |
| Dato' Mohamed Yunus Ramli Bin Abbas | Non-Independent Non-Executive Chairman | -  | -                               | 250,000 <sup>(c)</sup>           | -                               |
| Dr Abu                              | Non-Independent Executive Director     | 77,000,000 38.89                                 | 90,650,700 <sup>(b)</sup> 45.78 | -                                | 90,650,700 <sup>(b)</sup> 41.20 |
| Raja Azmi Bin Adam Nadarajan        | Non-Independent Executive Director     | -  | -                               | 250,000 <sup>(c)</sup>           | -                               |
| Dato' Jaffar Indot                  | Independent Non-Executive Director     | -  | -                               | 250,000 <sup>(c)</sup>           | -                               |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | Independent Non-Executive Director     | -  | -                               | 250,000 <sup>(c)</sup>           | -                               |
| Dato' Loy Teik Ngan                 | Independent Non-Executive Director     | -  | -                               | 250,000 <sup>(c)</sup>           | -                               |
| Chan Wan Siew                       | Independent Non-Executive Director     | -  | -                               | 250,000 <sup>(c)</sup>           | -                               |

Notes:-

(a) Based on shareholdings after the Acquisition.

(b) Deemed interest by virtue of his interest in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.

(c) Including his entitlements for Pink Form Shares.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

**5.2.2 Profiles Of Directors**

**(i) Dato' Mohamed Yunus Ramli Bin Abbas**

Dato' Mohamed Yunus Ramli Bin Abbas, a Malaysian aged 62, was appointed as a Non-Independent Non-Executive Chairman of our Company on 18 November 2010. He obtained his BA. Hons (Economics) from Universiti Malaya in 1972. He received his Master of Business Administration from Nova South Eastern University in Fort Lauderdale, Florida in 1989. He also attended an Executive Programme in Business Management at the University of Michigan, US in 1988.

He started his career at Motorola, Penang in 1978 to assist in the start up of the Motorola Penang plant. He then moved on to be the Director of Human Resource of Motorola South Asia where he was responsible for Motorola plants in Malaysia, Singapore, Philippines, Indonesia, Thailand and Vietnam. Between 1980 and 1985 he held the post of Director for Asia Pacific during which time he managed the activities in several countries including Japan, China, Hong Kong, Taiwan, Korea, India, South East Asia, Australia and New Zealand. Between 1985 and 1988 Dato' Ramli was Director Corporate Planning/Leadership for Motorola Communication Division in Ford Lauderdale FLA. Subsequently, in 1989 he became the first Malaysian to hold a Vice President position in Motorola Florida, US. He held the post until 1995. He returned home in 1995 to become the first Malaysian Country Manager for Motorola Malaysia until he left the position in 2001.

After he left Motorola, he was appointed the Chief Executive Officer for the Encorp Group responsible for restructuring the management and direction of the Encorp Group, from 2001 to 2002. He was appointed as the Chief Executive Officer for CELCOM (Malaysia) Berhad from 2002 to 2005. In 2003, he was appointed by the MOE as the Chairman for the Board of Directors of Universiti Malaysia Perlis (formerly known as Northern Malaysia University College of Engineering).

He is currently the Executive Director and Chief Executive Officer of NuSuara Technologies Sdn Bhd, a company that develops voice recognition software. He holds directorships in several private companies. He has also been appointed by the Government of Malaysia as Non-Executive Chairman for the Board of Directors of KMP since 2008.

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**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)****(ii) Dr Abu**

Dr Abu, a Malaysian aged 50, was appointed as a Non-Independent Executive Director of our Company on 18 November 2010. He is also a Promoter, substantial shareholder and Chief Executive Officer of our Group and a Director of PSSB and PR&D.

He obtained his Diploma in Architecture from Universiti Teknologi Malaysia in 1982, Bachelor of Science in Architecture in 1984 and Bachelor of Architecture in 1986 both from the University of Strathclyde, Glasgow, as well as Master of Philosophy in 1988, and Doctor of Philosophy in 1996 both from the University of Sheffield, United Kingdom.

He started his career in 1982 with Universiti Teknologi Malaysia as an Assistant Lecturer and became an Associate Professor in 1992. He left Universiti Teknologi Malaysia in 1997 to assume the post as the first Dean at the newly created Faculty of Creative Multimedia, Multimedia University.

Subsequently in 2000, he left and joined FSBM Holdings Bhd where he was appointed as Executive Director. He held the post until 2003. In 2004, he became an Executive Director of PSSB. Since then, he has made a concerted effort to grow the company as a reputable provider of ICT training and certification, and software licence distribution and management.

As the Chief Executive Officer, he is currently involved in charting the Group's overall direction and strategy, R&D, developing new products and services, and managing the overall business operations of our Group.

He continues to be involved in academic advisory work and is currently a Council Member at Taylor's University, an Adjunct Professor at Universiti Teknologi MARA and a Visiting Professor at Universiti Teknologi Malaysia. He also sits as a Board Member of Uni-Technologies Sdn Bhd and on the Board of Trustees of Institute Sultan Iskandar of Urban Habitat & High Rise of Universiti Teknologi Malaysia. In addition, he holds directorship in several private limited companies.

**(iii) Raja Azmi Bin Adam Nadarajan**

Raja Azmi bin Adam Nadarajan, a Malaysian aged 39, was appointed as a Non-Independent Executive Director of our Company on 18 November 2010. He is also the Chief Operating Officer of our Group. He obtained his Diploma in Engineering and Bachelor of Engineering Second Upper Honours Degree in Electrical Engineering from Universiti Teknologi Malaysia in 1993 and 1997 respectively. He also completed the 16<sup>th</sup> Senior Management Development Program organised by the Harvard Business School Alumni Club of Malaysia in 2010.

He started his career in 1997 when he joined Maxis Sdn Bhd as Field Engineer – Fixed Network. In 1999, he left to join SPS Corporation Sdn Bhd as Project Manager – Civil Work, Fiber and Copper Network. In 2001, Raja Azmi joined 3M Malaysia Sdn Bhd as Senior Account and Technical Specialist. In 2003, he left the organization and joined ACD Krone Pte Ltd in Singapore as Country Manager. He held this post until 2005.

In 2005, he took up the position as Industry Partner Account Manager with Microsoft (Malaysia) Sdn Bhd and was promoted to Service Sales Director in 2008. His responsibilities included customer relationship management focusing on territory account planning and reviews.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

Subsequently he joined PSSB in 2009 as Senior Vice President of the Sales Department. This position has been renamed Chief Operating Officer. He is mainly responsible for overseeing the development and management of sales operations of our Group and is also involved in the development of pricing policy for our Group's products and services.

### (iv) Dato' Jaffar Indot

Dato' Jaffar Indot, a Malaysian aged 77, was appointed as an Independent Non-Executive Director of our Company on 18 November 2010. He was educated at Victoria Institution, Kuala Lumpur from 1947 to 1952 and the Malay College, Kuala Kangsar, from 1952 to 1953. He also attended the Harvard Business School International Senior Manager's Programme in Vevey, Switzerland, in 1983.

He started his career in 1953, when he joined the Rural Industrial Development Authority as an Assistant Rural Development Officer. In 1956, he joined Shell and retired in 1989 after 33 years of service. During this time, he worked for Shell in Tokyo, Japan and London, United Kingdom, where he served in various capacities in international oil trading, business development and public affairs. In 1980, he returned to Malaysia as Executive Director and Director of Public Affairs for Shell Malaysia and in 1983 was appointed the Managing Director of Shell Malaysia Trading Sdn Bhd and Shell Timur Sdn Bhd. He was the Non-Executive Chairman of Shell Timur Sdn Bhd from August 1989 to December 1997.

Since his retirement from Shell, he served as an Independent Non-Executive Director of several public listed companies, namely Shell Refining Company (Fed of Malaya) Berhad (1981-2010), FSBM Holdings Berhad (1990-2009), Guinness Anchor Berhad (1999-2010), M3nergy Berhad (2004-2009) and Malaysian Merchant Marine Berhad (2006-2007).

He is currently an Independent Non-Executive Director of two (2) public listed companies in Malaysia i.e. Sycal Ventures Berhad and Melewar Industrial Group Berhad. He is the Chairman of the Risk Management Committee and Member of the Nomination, Audit and Remuneration Committees of Melewar Industrial Group Berhad as well as a Member of the Audit and Nomination Committees of Sycal Ventures Berhad. He is also a director of several private companies. In addition, he is the Founding Member and President of the Malaysian Alliance of Corporate Directors, a not-for-profit company limited by guarantee with the purpose of, among others, improving the expertise, professionalism and status of corporate directors as well as promoting sound corporate governance.

### (v) Dato' Gan Nyap Liou @ Gan Nyap Liow

Dato' Gan Nyap Liou @ Gan Nyap Liow, a Malaysian aged 56, was appointed as an Independent Non-Executive Director of our Company on 24 November 2010. He is a chartered accountant and a certified management consultant.

He started his career with Accenture, the world's leading consulting firm, in 1979 and became a partner in 1988. Throughout his 26 years with Accenture, he held many global leadership roles, consulted on strategic projects for multinational corporations, and worked with innovative technologies around the world. Among others, he was the Managing Partner for ASIA from 1996 to 1999 and, between 1999 to 2003, he managed the firm's multibillion dollar Venture Fund in Asia Pacific and concluded investments in China, Japan, Australia and Singapore. He served on the Global Management Council from 1997 to 2004. He retired from Accenture in December 2004.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

He had previously served as Chairman of the Association of Computer Industry Malaysia (PIKOM) and the Vice-President of the Association of Asian Oceania Computer Industry Organisation. He was also a Member of the Minister of Science & Technology Think Tank, Copyright Tribunal, Labuan International Financial Exchange Committee, MIMOS Berhad (Government Technology Research) and the Malaysia US Business Council.

Presently, he is Chairman of Cuscapi Berhad, and a Board Member of Tanjong Plc, AmBank (M) Berhad, AmIslamic Bank Berhad, Amcorp Properties Berhad, Saujana Resort (M) Berhad and Tien Wah Press Holdings Berhad. He is also a Board Member of the Minority Shareholder Watchdog Group and Deputy Chairman of the British Malaysian Chamber of Commerce.

**(vi) Dato' Loy Teik Ngan**

Dato' Loy Teik Ngan, a Malaysian aged 50, was appointed as an Independent Non-Executive Director of our Company on 18 November 2010. He obtained his Bachelor of Arts Degree in Economics from McMaster University, Ontario, Canada in 1983.

He started his career in 1983 as a loans officer in MBf Finance Berhad. He left in 1985 to work as a Marketing Executive in Carte Blanche Sdn Bhd and stayed on until 1986. Over the years, he had gained invaluable insight into the business world and a variety of exposure working in various industries such as the credit card, finance, fast food, hospitality and timeshare industries and held different positions including Chief Executive Officer of MBfFastfood Division (from 1989 to 1992).

In 1987, he started a property timeshare company, Leisure Holidays Berhad and is currently the Managing Director of the company, which rapidly grew to become the largest in South East Asia. When the Malaysia Holiday Timeshare Developers' Federation was formed on 8 March 1993, he served as its first Chairman until 1995. In this capacity, he played a role in advising the government on what eventually became the legislation of the vacation timeshare industry.

In 2003, he became the head of the Taylor's Education Group and in the ensuing years, built it into not only the largest private education group in Malaysia but also widely regarded as the premier education group in the country with investments in schools, college and university. He is currently the Group Chief Executive Officer of Taylor's Education Group.

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**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)****(vii) Chan Wan Siew**

Chan Wan Siew, a Malaysian aged 60, was appointed as an Independent Non-Executive Director of our Company on 18 November 2010. He first obtained his professional designations from the Association of Chartered Certified Accountants (UK), and Institute of Chartered Secretaries and Administrators (UK) in 1979, followed by other specialised designations over his professional careers.

He is a Chartered Accountant under the Malaysian Institute of Accountants (MIA), Certified Financial Planner® as well as Chartered Financial Consultant (US), and a member of National Association of Personal Financial Advisors (NAPFA) US, National Association of Corporate Directors (NACD) US and International Corporate Governance Network (ICGN) UK. He is also a fellow member of Association of Chartered Certified Accountants (UK), CPA Australia (Certified Practising Accountant), Institute of Chartered Secretaries and Administrators (UK), Chartered Tax Institute of Malaysia (FCTIM) and Financial Planning Association (FPA), US.

He started his career in Lim Ali & Co, Chartered Accountants, as an Audit Assistant in 1975. Since then, he has accumulated over 35 years of professional and business experience in Accounting, Auditing, Corporate, Financial and Business Advisory services, assisting clients to manage their corporate and personal financial resources.

He had previously served as President of ACCA Malaysia (Association of Chartered Certified Accountants) (1999-2002); President of MAICSA (Malaysian Institute of Chartered Secretaries and Administrators) (2002-2003); EXCO Member of MIA (Malaysian Institute of Accountants) (2005-2008); Founding Board Member (1999-2007) and Vice President (1999-2003) of FPAM (Financial Planning Association of Malaysia); Member of Global Advisory Council, Financial Planning Association, US (2004-2006); Chairman of Asia Pacific Geographic Focus Group, Financial Planning Association, US (2004); Chairman of ISO/TC222 Committee for Malaysia in a global initiative that developed ISO 22222 Personal Financial Planning Standard (2001-2007); International Council Member of Institute of Chartered Secretaries and Administrators (UK) (2002-2007); and Founding CEO and Chairman of IFPA Resources (2000-2004), the developer and education provider for CFP (Certified Financial Planner) education programmes.

An active contributor to the corporate and professional sectors, he currently serves as the Founding Board Member and Deputy President of MACD (Malaysian Alliance of Corporate Directors); Secretary General of MICG (Malaysian Institute of Corporate Governance); EXCO Member of FPLC (Federation of Public Listed Companies); and Founding Board Member/Secretary of Malaysian Mergers & Acquisitions Association.

In addition, he is currently an Independent Non-Executive Director of two (2) public listed companies in Malaysia i.e. Mycron Steel Berhad and Luxchem Corporation Berhad. He is the Chairman of the Risk Management Committee, a Member of the Audit, Nomination and Remuneration Committees, and a Senior Independent Director. He is currently also the President of Business Transitions Asia Sdn Bhd that offers business advisory services to businesses in transition, and S&P NetWorth Advisors that offers independent business, financial and wealth management advisory services to the business-owners community and selected market segments.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.2.3 Principal Directorships In Other Corporations For The Past Five (5) Years And Principal Business Activities Performed Outside Our Group

Save as disclosed below, our Directors do not have any other principal directorship in other corporations for the past five (5) years prior to the LPD or any principal business activities performed outside our Group as at the LPD:-

| Name                                   | Directorship  | Involvement In Business Activities Other Than As A Director As At The LPD   |
|--|---|---|
| Dato' Mohamed Yunus<br>Ramli Bin Abbas | <p><b><u>Present directorship:</u></b></p> <ul style="list-style-type: none"> <li>• Akses Defence Industries Sdn Bhd</li> <li>• Akses Karya (M) Sdn Bhd</li> <li>• Akses Karya Elektrik Sdn Bhd</li> <li>• Aras Infiniti Sdn Bhd</li> <li>• Aya-Sofia Karya Sdn Bhd</li> <li>• KMP</li> <li>• NuSuara Technologies Sdn Bhd</li> <li>• Platinum Energy Sdn Bhd</li> <li>• Plug&amp;Play Technology Holdings Sdn Bhd</li> <li>• Space Generation Sdn Bhd</li> <li>• Suria Puri Sdn Bhd</li> <li>• V Trading Resources Sdn Bhd</li> <li>• UTM Holdings Sdn Bhd</li> </ul>  | <p><b><u>Shareholder:</u></b></p> <ul style="list-style-type: none"> <li>• Akses Defence Industries Sdn Bhd</li> <li>• Akses Karya Elektrik Sdn Bhd</li> <li>• Aras Infiniti Sdn Bhd</li> <li>• Aya-Sofia Karya Sdn Bhd</li> <li>• NuSuara Technologies Sdn Bhd</li> <li>• Suria Puri Sdn Bhd</li> </ul>      |
|  | <p><b><u>Directorship for the past five (5) years prior to the LPD:</u></b></p> <ul style="list-style-type: none"> <li>• Airbroadband Communication (M) Sdn Bhd<br/><i>(Resigned on 24 August 2009)</i></li> <li>• Encorp Utilities Sdn Bhd<br/><i>(Resigned on 13 April 2009)</i></li> <li>• Nervesis Sdn Bhd<br/><i>(Resigned on 10 August 2006)</i></li> <li>• Malaysia Debt Ventures Bhd<br/><i>(Resigned on 30 October 2010)</i></li> <li>• Malaysia Venture Capital Management Bhd<br/><i>(Resigned on 19 September 2006)</i></li> <li>• Plug&amp;Play Technology Management Sdn Bhd<br/><i>(Resigned on 7 April 2011)</i></li> </ul> |   |
| Dr Abu                                 | <p><b><u>Present directorship:</u></b></p> <ul style="list-style-type: none"> <li>• Anjakan Evolusi</li> <li>• EkoHati</li> <li>• KMI Systems Sdn Bhd</li> <li>• Remapuri Sdn Bhd</li> <li>• Prestariang Education Sdn Bhd</li> <li>• Prestariang Holdings Sdn Bhd</li> <li>• Prestariang Solutions Sdn Bhd</li> </ul>  | <p><b><u>Shareholder:</u></b></p> <ul style="list-style-type: none"> <li>• Anjakan Evolusi</li> <li>• EkoHati</li> <li>• KMI Systems Sdn Bhd</li> <li>• Remapuri Sdn Bhd</li> <li>• Prestariang Education Sdn Bhd</li> <li>• Prestariang Holdings Sdn Bhd</li> <li>• Prestariang Solutions Sdn Bhd</li> </ul> |

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

| Name               | Directorship  | Involvement In Business Activities Other Than As A Director As At The LPD  |
|--------------------|---|--|
|                    | <ul style="list-style-type: none"> <li>• Prestariang Training &amp; Simulation Sdn Bhd</li> <li>• Sigma Dedikasi</li> <li>• Uni-Technologies Sdn Bhd</li> <li>• Institut Sultan Iskandar of Urban Habitat and High Rise (<i>He is a member of the Board of Trustees</i>)</li> </ul> <p><b><u>Directorship for the past five (5) years prior to the LPD:</u></b></p> <ul style="list-style-type: none"> <li>• Edasia Worldwide Sdn Bhd (<i>Resigned on 3 December 2007</i>)</li> <li>• Strateq Sdn Bhd (<i>formerly known as Kompakar Inc Sdn Bhd</i>) (<i>Resigned on 13 May 2006</i>)</li> <li>• Yayasan Pendidikan Tun Siti Hasmah (<i>Resigned on 25 February 2010</i>)</li> </ul>   | <ul style="list-style-type: none"> <li>• Prestariang Training &amp; Simulation Sdn Bhd</li> <li>• Sigma Dedikasi</li> </ul>  |
| Dato' Jaffar Indot | <p><b><u>Present directorship:</u></b></p> <ul style="list-style-type: none"> <li>• Alafas Sdn Bhd</li> <li>• Capital DK Consulting Sdn Bhd</li> <li>• F3 Strategies Bhd</li> <li>• Hawapi Engineering Sdn Bhd</li> <li>• Inoilco Safety Consultant Sdn Bhd</li> <li>• Jaya Sarana Engineering (JB) Sdn Bhd</li> <li>• Jaya Sarana Engineering (KL) Sdn Bhd</li> <li>• Jaya Sarana Engineering Sdn Bhd</li> <li>• Jepamajosa Sdn Bhd</li> <li>• Laser Sports Sdn Bhd<sup>(a)</sup></li> <li>• M &amp; F Distributors Sdn Bhd</li> <li>• M &amp; F Engineering Construction Sdn Bhd</li> <li>• M &amp; F Sdn Bhd</li> <li>• M &amp; F Trading &amp; Leasing Sdn Bhd</li> <li>• Malaysian Alliance Of Corporate Directors</li> <li>• Malaysian Dutch Business Council</li> <li>• Melewar Gas Technologies Sdn Bhd</li> <li>• Melewar Industrial Group Bhd</li> <li>• MFQ Asia Sdn Bhd</li> <li>• Opera Technology Solutions Sdn Bhd</li> <li>• PNC Shipping &amp; Forwarding Sdn Bhd</li> <li>• Saporiti (Malaysia) Sdn Bhd</li> <li>• Sarana Mori Sdn Bhd</li> <li>• Sycal Berhad</li> <li>• Sycal Ventures Bhd</li> </ul> | <p><b><u>Shareholder:</u></b></p> <ul style="list-style-type: none"> <li>• Alafas Sdn Bhd</li> <li>• Inoilco Safety Consultant Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Jaya Sarana Engineering (JB) Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Jaya Sarana Engineering (KL) Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Jaya Sarana Engineering Sdn Bhd</li> <li>• Jepamajosa Sdn Bhd</li> <li>• Laser Sports Sdn Bhd<sup>(a)</sup></li> <li>• M &amp; F Distributors Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• M &amp; F Engineering Construction Sdn Bhd</li> <li>• M &amp; F Sdn Bhd</li> <li>• M &amp; F Trading &amp; Leasing Sdn Bhd</li> <li>• PNC Shipping &amp; Forwarding Sdn Bhd</li> <li>• Saporiti (Malaysia) Sdn Bhd</li> <li>• Sarana Mori Sdn Bhd (<i>Indirect shareholding</i>)</li> </ul> |

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

| Name                                | Directorship   | Involvement In Business Activities Other Than As A Director As At The LPD   |
|-------------------------------------|--|---|
|                                     | <ul style="list-style-type: none"> <li>• The Shell Marketing Company of Borneo Ltd</li> <li>• Yayasan Proton</li> </ul> <p><b><u>Directorship for the past five (5) years prior to the LPD:-</u></b></p> <ul style="list-style-type: none"> <li>• Asdec Global Sdn Bhd<br/>(Resigned on 9 September 2006)</li> <li>• FSM Holdings Bhd<br/>(Resigned on 14 January 2009)</li> <li>• Guinness Anchor Bhd<br/>(Resigned on 4 November 2010)</li> <li>• Inoilco Marine Sdn Bhd<br/>(Resigned on 18 May 2010)</li> <li>• M3nergy Bhd<br/>(Resigned on 27 August 2010)</li> <li>• Malaysian Merchant Marine Bhd<br/>(Resigned on 25 October 2007)</li> <li>• Pan Pacific Asia Bhd<br/>(Resigned on 1 May 2006)</li> <li>• Proton Commerce Sdn Bhd<br/>(Resigned on 30 September 2005)</li> <li>• Shell Refining Company (Fed of Malaya) Bhd<br/>(Resigned on 12 May 2010)</li> </ul> |   |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | <p><b><u>Present directorship:</u></b></p> <ul style="list-style-type: none"> <li>• Ambank (M) Berhad</li> <li>• Amcorp Properties Berhad (formerly AMDB Berhad)</li> <li>• Amlslamic Bank Berhad</li> <li>• Badan Pengawas Pemegang Saham Minoriti Berhad</li> <li>• British Malaysia Chamber of Commerce</li> <li>• Carikar (M) Sdn Bhd</li> <li>• Catcha Media Berhad</li> <li>• Centre of South East Asia Architecture Heritage (He serves as an Advisor)</li> <li>• Cuscapi Berhad</li> <li>• Cuscapi Consulting Services Sdn Bhd</li> <li>• Cuscapi Hopitality Solutions Sdn Bhd</li> <li>• Cuscapi Innovation Lab Sdn Bhd</li> <li>• Cuscapi International Sdn Bhd</li> <li>• Cuscapi Malaysia Sdn Bhd</li> <li>• Cuscapi Network Solutions Sdn Bhd</li> <li>• Cuscapi Solutions Sdn Bhd</li> <li>• Eiro Sdn Bhd</li> <li>• ET2 Sdn Bhd</li> </ul>                      | <p><b><u>Shareholder:</u></b></p> <ul style="list-style-type: none"> <li>• Carikar (M) Sdn Bhd (Indirect shareholding)</li> <li>• Catcha Media Berhad</li> <li>• Cuscapi Berhad</li> <li>• Cuscapi Consulting Services Sdn Bhd (Indirect shareholding)</li> <li>• Cuscapi Hopitality Solutions Sdn Bhd (Indirect shareholding)</li> <li>• Cuscapi Innovation Lab Sdn Bhd (Indirect shareholding)</li> <li>• Cuscapi International Sdn Bhd (Indirect shareholding)</li> <li>• Cuscapi Malaysia Sdn Bhd (Indirect shareholding)</li> <li>• Cuscapi Network Solutions Sdn Bhd (Indirect shareholding)</li> <li>• Cuscapi Solutions Sdn Bhd (Indirect shareholding)</li> <li>• Eiro Sdn Bhd</li> <li>• ET2 Sdn Bhd</li> <li>• Heritage Factory Sdn Bhd</li> <li>• IPGA Limited</li> </ul> |

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

| Name | Directorship  | Involvement In Business Activities Other Than As A Director As At The LPD  |
|------|---|--|
|      | <ul style="list-style-type: none"> <li>• Heritage Factory Sdn Bhd</li> <li>• JIA Associates Sdn Bhd</li> <li>• JIA Holdings Sdn Bhd</li> <li>• Kindergolf (M) Sdn Bhd</li> <li>• Kindergolf Pte Ltd</li> <li>• LaraG Sdn Bhd</li> <li>• Larry Gan Capital Sdn Bhd</li> <li>• Littledrops Sdn Bhd</li> <li>• Macroscope Sdn Bhd</li> <li>• Saujana Resort (M) Berhad</li> <li>• Tadika Cita Cita Sdn Bhd</li> <li>• Tanjong Plc</li> <li>• The Hill F&amp;B Group Sdn Bhd</li> <li>• The House Projects Sdn Bhd</li> <li>• Tien Wah Press Holdings Berhad</li> <li>• Uma Sdn Bhd</li> <li>• Wei Le Capital Sdn Bhd</li> <li>• Wei Xian Capital Sdn Bhd</li> <li>• Yayasan Tuanku Nur Zahirah</li> <li>• Hong Leong Assurance Berhad</li> <li>• Yakimbi Sdn Bhd</li> </ul> <p><b><u>Directorship for the past five (5) years prior to the LPD:</u></b></p> <ul style="list-style-type: none"> <li>• AmlInvestment Bank Berhad<br/>(Resigned on 2 March 2007)</li> <li>• AmlInvestment Group Berhad<br/>(Resigned on 31 March 2008)</li> <li>• Digicert Sdn Bhd<br/>(Resigned on 31 July 2008)</li> <li>• Group Lotus Plc<br/>(Resigned on 31 July 2010)</li> <li>• IPGA Limited<br/>(Resigned on 1 October 2009)</li> <li>• Longan FC Sdn Bhd<br/>(Resigned on 31 May 2006)</li> <li>• Lotus Body Engineering Ltd<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Cars Australia Pty Ltd<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Cars Limited<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Cars USA Inc<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Engineering Co Ltd, Shanghai<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Engineering Inc<br/>(Resigned on 31 July 2010)</li> </ul> | <ul style="list-style-type: none"> <li>• JIA Associates Sdn Bhd</li> <li>• JIA Holdings Sdn Bhd</li> <li>• Kindergolf (M) Sdn Bhd</li> <li>• Kindergolf Pte Ltd</li> <li>• LaraG Sdn Bhd</li> <li>• Larry Gan Capital Sdn Bhd</li> <li>• Littledrops Sdn Bhd</li> <li>• Longan FC Sdn Bhd</li> <li>• Macroscope Sdn Bhd</li> <li>• Noble Builders Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Saujana Resort (M) Berhad</li> <li>• Tadika Cita Cita Sdn Bhd</li> <li>• Tanjong Plc</li> <li>• The Hill F&amp;B Group Sdn Bhd</li> <li>• The House Projects Sdn Bhd</li> <li>• Uma Sdn Bhd</li> <li>• Wei Le Capital Sdn Bhd</li> <li>• Wei Xian Capital Sdn Bhd</li> </ul> |



**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

| Name                | Directorship   | Involvement In Business Activities Other Than As A Director As At The LPD  |
|---------------------|--|--|
|                     | <ul style="list-style-type: none"> <li>• Lotus Engineering Ltd<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Engineering Malaysia Sdn Bhd<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Group International Ltd<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Holdings Inc<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Lightweight Structures Holdings Ltd<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Lightweight Structures Ltd<br/>(Resigned on 31 July 2010)</li> <li>• Lotus Motorsport Ltd<br/>(Resigned on 31 July 2010)</li> <li>• Macro Acquisition Corporation<br/>(Terminated on 11 September 2008)</li> <li>• Mimos Berhad<br/>(Resigned on 31 July 2008)</li> <li>• Noble Builders Sdn Bhd<br/>(Resigned on 17 September 2010)</li> <li>• REDtone International Berhad<br/>(Resigned on 28 October 2009)</li> </ul>   |  |
| Dato' Loy Teik Ngan | <p><b><u>Present directorship:-</u></b></p> <ul style="list-style-type: none"> <li>• 3 Face Sdn Bhd</li> <li>• Australia International School Sdn Bhd</li> <li>• Educrest Sdn Bhd</li> <li>• Flexible Food Packaging Sdn Bhd</li> <li>• Garden International School Sdn Bhd</li> <li>• Holiday Tours &amp; Travel (MM2H) Sdn Bhd</li> <li>• Holiday Tours &amp; Travel Sdn Bhd</li> <li>• Ibarat Duta Sdn Bhd</li> <li>• Interpress Printers Sdn Bhd</li> <li>• Leisure Commerce Square Sdn Bhd</li> <li>• Leisure Holidays Bhd</li> <li>• Leisure Holidays Holdings Sdn Bhd</li> <li>• Leisure Holidays Marketing Sdn Bhd</li> <li>• Leisure Holidays Resorts Management Sdn Bhd</li> <li>• Maxwell Assets Sdn Bhd</li> <li>• MBf Corporation Bhd</li> <li>• MBF Northern Sdn Bhd<sup>(b)</sup></li> <li>• MBf Premier Bhd</li> <li>• MBF Unit Trust Management Bhd</li> <li>• Nexus International School Sdn Bhd</li> <li>• Ocean Shores Properties Sdn Bhd<sup>(c)</sup></li> <li>• Pronical Sdn Bhd<sup>(c)</sup></li> </ul> | <p><b><u>Shareholder:</u></b></p> <ul style="list-style-type: none"> <li>• 3 Face Sdn Bhd (Indirect shareholding)</li> <li>• Australia International School Sdn Bhd (Indirect shareholding)</li> <li>• Educrest Sdn Bhd (Indirect shareholding)</li> <li>• Flexible Food Packaging Sdn Bhd</li> <li>• Garden International School Sdn Bhd (Indirect shareholding)</li> <li>• Holiday Tours &amp; Travel (MM2H) Sdn Bhd (Indirect shareholding)</li> <li>• Holiday Tours &amp; Travel Sdn Bhd (Indirect shareholding)</li> <li>• Interpress Printers Sdn Bhd (Indirect shareholding)</li> <li>• Leisure Holidays Holdings Sdn Bhd (Indirect shareholding)</li> <li>• Maxwell Assets Sdn Bhd (Indirect shareholding)</li> <li>• MBf Corporation Bhd (Indirect shareholding)</li> <li>• Nexus International School Sdn Bhd (Indirect shareholding)</li> <li>• Quantum Education Sdn Bhd (Indirect shareholding)</li> <li>• Reumz Hotel Sdn Bhd (Indirect</li> </ul> |

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

| Name          | Directorship  | Involvement In Business Activities Other Than As A Director As At The LPD   |
|---------------|---|---|
|               | <ul style="list-style-type: none"> <li>• Quantum Education Sdn Bhd</li> <li>• RAP Asia Sdn Bhd</li> <li>• Reumz Hotel Sdn Bhd</li> <li>• Summerset Resort Sdn Bhd</li> <li>• Taiping United Mining Sdn Bhd<sup>(c)</sup></li> <li>• Taylor's College Sdn Bhd</li> <li>• Taylor's Consultancy Sdn Bhd</li> <li>• Taylor's Education Group Foundation (Board Trustees)</li> <li>• Taylor's Education Sdn Bhd</li> <li>• Taylor's International Sdn Bhd</li> <li>• Taylor's Malaysia Sdn Bhd</li> <li>• Taylor's University Sdn Bhd</li> <li>• TEG Assets Sdn Bhd</li> <li>• TEG Facility Management Sdn Bhd</li> <li>• TN Holdings Sdn Bhd<sup>(c)</sup></li> <li>• TN Trading Sdn Bhd<sup>(c)</sup></li> <li>• Vesper Resources Sdn Bhd</li> <li>• Wonderful Sunrise Sdn Bhd</li> <li>• Yayasan Badminton Malaysia</li> <li>• Tian Assets Sdn Bhd</li> <li>• Taylor's International Group Sdn Bhd</li> <li>• Taylor's Unigroup Sdn Bhd</li> <li>• Taylor's K-12 Division Sdn Bhd</li> </ul> <p><b><u>Directorship for the past five (5) years prior to the LPD:-</u></b></p> <ul style="list-style-type: none"> <li>• Kip Land Sdn Bhd<br/>(Resigned on 6 October 2006)</li> <li>• MBF Leasing Sdn Bhd<br/>(Resigned on 7 November 2008)</li> <li>• Sekolah Sri Garden Sdn Bhd<br/>(Resigned on 4 March 2010)</li> <li>• Taylor's Enterprise Corridor Sdn Bhd<br/>(Resigned on 4 May 2010)</li> <li>• Malaysia Sport Science Academy Sdn Bhd<br/>(Resigned 24 January 2011)</li> </ul> | <p><i>shareholding</i>)</p> <ul style="list-style-type: none"> <li>• Taylor's College Sdn Bhd(<i>Indirect shareholding</i>)</li> <li>• Taylor's Consultancy Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Taylor's Education Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Taylor's International Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Taylor's Malaysia Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Taylor's University Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• TEG Assets Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• TEG Facility Management Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Vesper Resources Sdn Bhd (<i>Indirect shareholding</i>)</li> <li>• Wonderful Sunrise Sdn Bhd (<i>Indirect shareholding</i>)</li> </ul> |
| Chan Wan Siew | <p><b><u>Present directorship:-</u></b></p> <ul style="list-style-type: none"> <li>• Asia Money Managers Sdn Bhd</li> <li>• Business Transitions Asia Sdn Bhd</li> <li>• Federation of Pubic Listed Companies Bhd</li> <li>• Luxchem Corporation Bhd</li> </ul>   | <p><b><u>Shareholder:-</u></b></p> <ul style="list-style-type: none"> <li>• AMMB Holdings Berhad</li> <li>• Business Transitions Asia Sdn Bhd</li> <li>• CN Asia Corporation Bhd</li> <li>• Dialog Group Berhad</li> <li>• GHL Systems Bhd</li> </ul>   |

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

| Name | Directorship   | Involvement In Business Activities Other Than As A Director As At The LPD  |
|------|--|--|
|      | <ul style="list-style-type: none"> <li>• Mycron Steel Bhd</li> <li>• S&amp;P Network Advisors Sdn Bhd</li> <li>• Sengang Asia Sdn Bhd</li> <li>• Malaysian Institute of Corporate Governance</li> <li>• Malaysian Alliance of Corporate Directors</li> </ul> <p><b><u>Directorship for the past five (5) years prior to the LPD:</u></b></p> <ul style="list-style-type: none"> <li>• IFPN Sdn Bhd<br/>(Resigned on 30 April 2009)</li> <li>• Quest Wealth Advisors Sdn Bhd<br/>(Resigned on 14 October 2008)</li> <li>• Malaysian Alliance of Corporate Directors Sdn Bhd<br/>(Struck-off)</li> </ul> | <ul style="list-style-type: none"> <li>• IJM Corporation Bhd</li> <li>• JAKS Resources Berhad</li> <li>• Luxchem Corporation Berhad</li> <li>• Minho (M) Berhad</li> <li>• Mulpha International Berhad</li> <li>• MISC Berhad</li> <li>• Puncak Niaga Holdings Berhad</li> <li>• Ramunia Holdings Berhad</li> <li>• Signature International Berhad</li> <li>• TA Enterprise Berhad</li> <li>• TA Global Berhad</li> <li>• Tebrau Teguh Berhad</li> <li>• WCT Berhad</li> </ul> <p><b><u>Interest in other business entity:-</u></b></p> <ul style="list-style-type: none"> <li>• S&amp;P Network Advisors</li> <li>• S&amp;P Network Advisors Ltd (BVI)</li> </ul> |

**Notes:-**

- (a) *In the midst of being struck off*  
 (b) *In creditors' voluntary winding-up*  
 (c) *In voluntary liquidation*

Based on the declarations by:-

- (i) Dato' Mohamed Yunus Ramli Bin Abbas - his involvement in the other corporations outside our Group does not require a significant amount of his time as those corporations are either dormant or they are managed by experienced personnel. Accordingly, his involvement in other corporations does not affect his contribution to our Group or negatively impact his ability to act as the Non-Executive Chairman of our Group. In addition, the Non-Executive Chairman position does not require a significant amount of his time.
- (ii) Dr Abu - he is not involved in the day-to-day activities and operations of the other corporations outside our Group as the corporations are either dormant or investment holding. Accordingly, his involvement in those corporations does not affect his contribution to our Group or negatively impact his ability to act as a director of our Group;
- (iii) Dato' Gan Nyap Liou @ Gan Nyap Liow - his involvement in the other corporations outside our Group does not require a significant amount of his time as he is a Non-Executive Director in those corporations. Accordingly, his involvement in those corporations does not affect his contribution to our Group or negatively impact his ability to act as a Non-Executive Director of our Group. In addition, the Non-Executive Director position does not require a significant amount of his time;

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (iv) Dato' Jaffar Indot - he is not involved in the day-to-day activities and operations of the other corporations outside our Group. Accordingly, his involvement in those corporations does not affect his contribution to our Group or negatively impact his ability to act as a Non-Executive Director of our Group. In addition, the Non-Executive Director position does not require a significant amount of his time;
- (v) Dato' Loy Teik Ngan - his involvement in the other corporations outside our Group does not require a significant amount of his time as those corporations are mostly managed by experienced personnel and in many instances, he is merely providing advisory/supervisory roles in the management of those corporations. Some of the corporations are dormant or in the process of voluntary liquidation. Accordingly, his involvement in those corporations does not affect his contribution to our Group or negatively impact his ability to act as a Non-Executive Director of our Group. In addition, the Non-Executive Director position does not require a significant amount of his time; and
- (vi) Chan Wan Siew - his involvement in the other corporations outside our Group does not require a significant amount of his time as:-
- (1) he is not involved in the day-to-day activities and operations of the corporations;
  - (2) the corporations are managed by experienced personnel and he merely provides advisory/supervisory roles in the management of the company; or
  - (3) the corporations are dormant.

Accordingly, his involvement in those corporations does not affect his contribution to our Group or negatively impact his ability to act as a Non-Executive Director of our Group. In addition, the Non-Executive Director position does not require a significant amount of his time.

### 5.2.4 Directors' Remuneration And Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to the Directors of our Company for services rendered in all capacities to our Group for FYE 2010 and FYE 2011 are as follows:-

| Director                               | FYE 2010 <sup>(a)</sup><br>Remuneration Band (RM) | FYE 2011<br>Remuneration Band (RM) |
|--|---|------------------------------------|
| Dato' Mohamed Yunus Ramli Bin Abbas    | 0 - 50,000  | 100,000 - 150,000                  |
| Dr Abu                                 | 500,000 - 550,000                                 | 500,000 - 550,000                  |
| Raja Azmi Bin Adam Nadarajan           | 300,000 - 350,000                                 | 300,000 - 350,000                  |
| Dato' Jaffar Indot                     | 0 - 50,000  | 50,000 - 100,000                   |
| Dato' Gan Nyap Liou<br>@ Gan Nyap Liow | 0 - 50,000  | 100,000 - 150,000                  |
| Dato' Loy Teik Ngan                    | 0 - 50,000  | 100,000 - 150,000                  |
| Chan Wan Siew                          | 0 - 50,000  | 50,000-100,000                     |

Note:-

(a) Actual

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.3 BOARD PRACTICES

#### 5.3.1 Directors' Term Of Office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office and the date of expiration of their respective term of office are as follows:-

| Name                                | Length Of Service In Our Group | Length Of Service As Director Of Prestariang As At The LPD | Date Of Expiration Of Current Term Of Office |
|-------------------------------------|--------------------------------|--|--|
| Dato' Mohamed Yunus Ramli Bin Abbas | 2 years and 4 months           | Less than a year   | (a)  |
| Dr Abu                              | 7 years                        | Less than a year   | (a)  |
| Raja Azmi Bin Adam Nadarajan        | 1 year and 5 months            | Less than a year   | (a)  |
| Dato' Jaffar Indot                  | Less than a year               | Less than a year   | (a)  |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | Less than a year               | Less than a year   | (a)  |
| Dato' Loy Teik Ngan                 | Less than a year               | Less than a year   | (a)  |
| Chan Wan Siew                       | Less than a year               | Less than a year   | (a)  |

Note:-

(a) All our Directors were re-elected on 6 May 2011 being the date of our first annual general meeting. In accordance with Article 95 of our Articles of Association, one-third (1/3) of our Directors shall retire from office at each annual general meeting after the first annual general meeting, and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

#### 5.3.2 Audit Committee

Our Company's Audit Committee comprises the following members:-

| Name                                | Designation | Directorship                       |
|-------------------------------------|-------------|------------------------------------|
| Chan Wan Siew                       | Chairman    | Independent Non-Executive Director |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | Member      | Independent Non-Executive Director |
| Dato' Loy Teik Ngan                 | Member      | Independent Non-Executive Director |

Our Company's Audit Committee is principally responsible for the review of audit plan and audit report of the auditors, review of the internal control procedures, review of the auditors' evaluation of internal accounting controls, review of the financial statements and nomination of the auditors.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.3.3 Remuneration Committee

Our Company's Remuneration Committee comprises the following members:-

| Name                | Designation | Directorship                       |
|---------------------|-------------|------------------------------------|
| Dato' Loy Teik Ngan | Chairman    | Independent Non-Executive Director |
| Dato' Jaffar Indot  | Member      | Independent Non-Executive Director |
| Dr Abu              | Member      | Non-Independent Executive Director |
| Chan Wan Siew       | Member      | Independent Non-Executive Director |

Our Company's Remuneration Committee is principally responsible for reviewing and recommending to our Board the remuneration package and the terms of employment of our Directors.

### 5.3.4 Nomination Committee

Our Company's Nomination Committee comprises the following members:-

| Name                                | Designation | Directorship                       |
|-------------------------------------|-------------|------------------------------------|
| Dato' Gan Nyap Liou @ Gan Nyap Liow | Chairman    | Independent Non-Executive Director |
| Dato' Jaffar Indot                  | Member      | Independent Non-Executive Director |
| Chan Wan Siew                       | Member      | Independent Non-Executive Director |

Our Company's Nomination Committee is principally responsible for recommending to our Board, the appointment of new Directors of our Company and committee members. Our Board as a whole makes all decision on appointments after considering the recommendations of the Nomination Committee.

### 5.3.5 Risk Management Committee

Our Company's Risk Management Committee comprises the following members:-

| Name                                | Designation | Directorship                       |
|-------------------------------------|-------------|------------------------------------|
| Dato' Jaffar Indot                  | Chairman    | Independent Non-Executive Director |
| Dr Abu                              | Member      | Non-Independent Executive Director |
| Dato' Gan Nyap Liou @ Gan Nyap Liow | Member      | Independent Non-Executive Director |
| Dato' Loy Teik Ngan                 | Member      | Independent Non-Executive Director |

Our Company's Risk Management Committee is principally responsible for reviewing and recommending the risk management policies and strategies. It assists the Board to fulfil its corporate governance, risk management and statutory responsibilities in order to manage the overall risk exposure.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)****5.4 KEY MANAGEMENT****5.4.1 Particulars And Shareholdings**

The details of our key management and their shareholdings before and after the IPO are as follows:-

| Name                         | Designation  | No. Of Shares Held Before The IPO <sup>(a)</sup> |              | No. Of Shares Held After The IPO |              |                        |      |                           |       |
|------------------------------|--|--|--------------|----------------------------------|--------------|------------------------|------|---------------------------|-------|
|                              |  | Direct (%)                                       | Indirect (%) | Direct (%)                       | Indirect (%) |                        |      |                           |       |
| Dr. Abu                      | Non-Independent Executive Director and Chief Executive Officer | 77,000,000                                       | 38.89        | 90,650,700 <sup>(b)</sup>        | 45.78        | -                      | -    | 90,650,700 <sup>(b)</sup> | 41.20 |
| Raja Azmi Bin Adam Nadarajan | Non-Independent Executive Director and Chief Operating Officer | -  | -            | -                                | -            | 250,000 <sup>(c)</sup> | 0.11 | -                         | -     |
| Hazrin Bin Haji Hatim        | Chief Financial Officer  | -  | -            | -                                | -            | 180,000 <sup>(c)</sup> | 0.08 | -                         | -     |
| Abdul Hamid Bin Abdul Rahman | Chief Knowledge Officer  | -  | -            | -                                | -            | 180,000 <sup>(c)</sup> | 0.08 | -                         | -     |
| Rohaizam Binti Isahak        | Vice President of Services                                     | -  | -            | -                                | -            | 81,000 <sup>(c)</sup>  | 0.04 | -                         | -     |

Notes:-

(a) Based on shareholdings after the Acquisition.

(b) Deemed interest by virtue of his interest in EkoHati, Sigma Dedikasi and Anjakan Evolusi pursuant to Section 6A of the Act.

(c) Including the entitlements for Pink Form Shares

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

### 5.4.2 Profiles Of The Key Management

**(i) Dr Abu**

The profile of Dr Abu is as set out in Section 5.2.2(ii) of this Prospectus.

**(ii) Raja Azmi Bin Adam Nadarajan**

The profile of Raja Azmi Bin Adam Nadarajan is as set out in Section 5.2.2(iii) of this Prospectus.

**(iii) Hazrin Bin Haji Hatim**

Hazrin Bin Haji Hatim, a Malaysian aged 39, is the Chief Financial Officer of our Group. He is also a Director of PR&D and was a Director of PSSB until 29 October 2010. He obtained his Bachelor of Accounting (Honours) degree from Universiti Islam Antarabangsa Malaysia in 1995. He has been a member of Malaysian Institute of Accountants since 1999.

He started his career in 1995 with Arthur Andersen & Co. as a Staff Assistant in Audit and Business Advisory, before being promoted to a Senior Auditor in 1997. In 1999, he joined Putrajaya Holdings Sdn Bhd as Assistant Manager, Planning and Special Task of the CEO Office, before being promoted to Manager of the Finance and Business Planning Department of the Commercial Development Division.

In 2004, he joined PSSB as Vice President, Finance and Business Planning before being promoted as the Chief Financial Officer and Senior Vice President- Corporate in 2006. He is mainly responsible for overseeing and managing our Group's finance and accounting functions and the implementation of policies and procedures to support our daily operations. He also holds directorship in several private limited companies.

**(iv) Abdul Hamid Bin Abdul Rahman**

Abdul Hamid Bin Abdul Rahman, a Malaysian aged 55, is the Chief Knowledge Officer of our Group. He is also a Director of LSB. He obtained his Diploma in Science and Education from Universiti Pertanian Malaysia in 1979 and his Bachelor of Education with Second Upper Class Honours in Biology Education and Educational Technology from Universiti Sains Malaysia in 1987. He also obtained his Master of Education (Computer in Education) from Universiti Malaya in 1994 and Diploma in Academic Writing from Linguistic Association of Malaysia in 1995. He is also a Certified Training Professional and received this certification from the Institute of Training and Development, Malaysia in 2010.

He started his career as a Science teacher in 1979. In 1990, he left his teaching profession and joined Computer Technology Laboratory, the MOE as Research Officer. In 1992, he was offered an MOE scholarship and went on a study leave to continue his studies for a Masters Degree in Education, at Universiti Malaya and graduated in 1994. Between 1994 and 1997, he was posted to the Islamic Teachers College, the MOE in Bangi as Lecturer in the IT Department. Between 1997 and 2003, he joined MIMOS Bhd and held several positions in the company including Project Manager, Senior Research Officer and Manager. In 2003, he joined FSBM Holdings Bhd as Senior Manager-Training but left in the same year to join LSB as Senior Manager for Training and also as an Assistant Project Manager for the BPPT Programme for a period of one (1) year.



**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

During his tenure with LSB, he was promoted to Vice President – Training in 2004, and further promoted to Senior Vice President under the Training Department in 2006. Since 2006, he has assumed a higher position as Senior Vice President- Product Development of PSSB. This position is now renamed as Chief Knowledge Officer. He is mainly involved in the development of training programmes and management of the overall training team and deployment of professional trainers.

He is currently also a Developer and Committee Member of Information Technology Dictionary: e-Learning MABBIM of Dewan Bahasa dan Pustaka and a Charter Member of Behaviour Online by Mental Health and Applied Behaviour Science Professionals. He is also a member of International Society of Ethics and Information Technology, a member of International Society of Technology in Education and American Educational Research Association. In addition, he is also a member of Positive Usage of Internet Programme and National Steering Committee of the Ministry of Energy, Communication and Multimedia.

**(v) Rohaizam Binti Isahak**

Rohaizam Binti Isahak, a Malaysian aged 44, is the Vice President of Services of our Group. She obtained her Diploma in Business Administration from the University of Maryland College, Malaysian Campus in 1988 and Bachelor of Business Administration in Management Information Systems from University of Toledo, US in 1990.

She is a Certified Project Management Professional and received this certification from Project Management Institute (PMI), US, in 2005.

She started her career in 1990 with Seasoft Computer Services Sdn Bhd as a Programmer. In 1992, she left to join Sapura Advanced Systems Sdn Bhd where she held several positions in the company between 1992 and 2005, including Systems Engineer and Project Manager for several projects such as Student Information System, Sapura Intranet Portal, Executive Information System and Telekom Smart Schools Sdn Bhd as well as Universiti Malaysia Sarawak.

In 2006, she joined PSSB as Senior Project Manager and was promoted to Vice President – Services in 2010. With close to 20 years of experience in the IT industry in the area of Project Management, Contract Negotiation and Business Development, her main responsibilities in our Group include the implementation of the 3P Programme and RBTCS Programme.

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.5 INVOLVEMENT OF EXECUTIVE DIRECTORS/KEY MANAGEMENT IN OTHER BUSINESSES/ CORPORATIONS OUTSIDE OUR GROUP

For the involvement of our Executive Directors in other businesses/corporations outside our Group, please refer to Section 5.2.3 of this Prospectus.

As at the LPD, and save as disclosed below, none of our other key management is involved in other businesses or corporations outside our Group:-

| Name                  | Directorship   | Involvement In Business Activities Other Than As A Director As At The LPD   |
|-----------------------|--|---|
| Hazrin Bin Haji Hatim | <p><b><u>Present directorship:</u></b></p> <ul style="list-style-type: none"> <li>• Prestariang Education Sdn Bhd</li> <li>• Prestariang Solutions Sdn Bhd</li> <li>• Prestariang Training &amp; Simulation Sdn Bhd</li> <li>• Remapuri Sdn Bhd</li> </ul> | <p><b><u>Shareholder:</u></b></p> <ul style="list-style-type: none"> <li>• Prestariang Education Sdn Bhd</li> <li>• Prestariang Solutions Sdn Bhd</li> <li>• Prestariang Training &amp; Simulation Sdn Bhd</li> </ul> |
| Rohaizam Binti Isahak | <p><b><u>Present directorship:</u></b></p> <ul style="list-style-type: none"> <li>• None</li> </ul>  | <p><b><u>Shareholder:</u></b></p> <ul style="list-style-type: none"> <li>• Sapura Crest Petroleum Bhd</li> </ul>  |

Based on the declarations by:-

- (i) Hazrin Bin Haji Hatim - he is not involved in the day-to-day activities and operations of the other businesses or corporations mentioned above. Accordingly, his directorships and shareholdings in those corporations do not affect his contribution to our Group; and
- (ii) Rohaizam Binti Isahak - she is merely an investor in Sapura Crest Petroleum Bhd and this would not affect her contribution to our Group nor negatively impact her ability to act as a Vice President of Services of our Group.

### 5.6 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management is or has been involved in any of the following events:-

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Charged and / or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

- (v) The subject of any order, judgment or ruling of any court, Government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

**5.7 FAMILY RELATIONSHIPS**

As at the LPD, there is no family relationship or association between our substantial shareholders, Promoters, Directors and key management save for the following:-

- (a) Shahirul Azian is the spouse of Dr Abu; and  
(b) Zubaidah Binti Ismail is the sister of Dr Abu.

**5.8 SERVICE AGREEMENTS**

As at the date of this Prospectus, we do not have any existing or proposed service agreements with our Directors and key management personnel save for the service agreement dated 8 June 2011 entered into between our Company and Dr Abu for the employment of Dr Abu as our Group's Chief Executive Officer. The salient terms of the service agreement include, among others, the following:-

- (i) The agreement shall be effective from the date of our Company's listing and continue for a period of three (3) years ("**Effective Period**") and thereafter automatically renewed on an annual basis subject to the same terms and conditions contained in the agreement or mutually to be agreed by the parties, unless otherwise terminated by our Company in the event of default by Dr Abu as set out in the agreement.
- (ii) Dr Abu undertakes to our Company that during the Effective Period, he must not do, and must ensure that none of his related companies, such companies to be determined in accordance with description of "related corporation" under the Act, does any of the following without first obtaining the written consent of our Company:-
- (a) Directly or indirectly carry on (whether alone or in partnership or joint venture with anyone else) or otherwise be concerned with or interested in (whether as trustee, principal, agent, shareholder, unit holder or in any other capacity) any business similar to or in competition with any business as then conducted by any company within our Group ("**Business**") in Malaysia and/or in any country in which any company within our Group has a physical presence or incorporated joint venture arrangement. For the avoidance of doubt, Dr Abu shall be allowed to take part in any business which is not competitive with the Business.
- (b) Solicit or persuade any person or corporation which is a customer or client of our Group, to cease doing business with our Group or in respect of the Business or reduce the amount of business which the customer or client would normally do with our Group or in respect of the Business or solicit or entice away or attempt to solicit or entice away from our Group, the custom of any person, firm or company who is or who was a distributor or agent of our Group, or in the habit of dealing with our Group.
- (c) Accept from a customer or client referred to in this Clause any business of the kind ordinarily forming part of the Business.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (d) At any time induce or attempt to induce any person who is during the Effective Period an employee of our Group to terminate his or her employment with our Group.
- (e) In relation to any trade, business or company other than for a trade business or company already disclosed to our Company, use any name in such a way as to be capable of or likely to be confused with the name of our Group and shall use all reasonable endeavours to procure that no such name shall be used by any other person, firm or company; and
- (f) By any means and at any time use any information whatsoever which Dr Abu may obtain or possess in the course of Dr Abu's dealing with our Group or in connection with Dr Abu's shareholding in our Group or Dr Abu's appointment in any capacity in our Group in any manner which may cause loss or injury to our Group, as the case may be.

### 5.9 PROMOTERS, DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS' BENEFIT

Save for the remuneration, benefits-in-kind and dividend paid or payable by our Group to our Promoters, Directors and substantial shareholders, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

### 5.10 EMPLOYEES

As at the LPD, we have a total workforce of 50 employees, comprising 48 permanent employees and two (2) contractual employees. The breakdown of our employee as at 31 December 2008, 2009, 2010 and as at the LPD is as follows:-

| Category                      | Number Of Employees    |                        |                        |                   |
|-------------------------------|------------------------|------------------------|------------------------|-------------------|
|                               | As At 31 December 2008 | As At 31 December 2009 | As At 31 December 2010 | As at the LPD     |
| Managerial and professional   | 5                      | 5                      | 8                      | 8                 |
| Sales and Marketing           | 5                      | 4                      | 8 <sup>(a)</sup>       | 8 <sup>(a)</sup>  |
| Finance personnel             | 2                      | 4                      | 4                      | 4                 |
| Product development personnel | 6                      | 6                      | 11                     | 11 <sup>(a)</sup> |
| Technical personnel           | 7                      | 8                      | 4                      | 4                 |
| Clerical and administrative   | 4                      | 5                      | 5                      | 5                 |
| Services                      | 8                      | 7                      | 10                     | 10                |
| <b>Total</b>                  | <b>37</b>              | <b>39</b>              | <b>50</b>              | <b>50</b>         |

Note:-

(a) Comprising of one (1) contract employee with a two (2)-year contract.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

The increase in our employees from 37 to 50 for the past three (3) years up to the LPD was in line with our business expansion. The increase in our product development personnel in FYE 2010 was mainly due to the development of our in-house "IC CITIZEN" training and certification programme.

None of our employees belong to any labour union. The relationship and cooperation between our management and employees have always been good and this is expected to continue. As at the LPD, there has been no major labour and/or industrial dispute taken against the Group.

### Training and Development

Our employees play a pivotal role in ensuring the smooth running of our operations and in driving continuous growth and success for our Group. As such, it is important for us to motivate them and constantly provide general and technical training to improve and upgrade their skill sets which are relevant to their job functions. We believe that a motivated and well-trained workforce will increase our productivity and operational efficiencies, which ultimately will enhance our service quality from time to time.

Some of the past courses attended by our employees are as follows:-

| Year | Course  | Organiser   |
|------|---|---|
| 2008 | Autodesk Conference   | Autodesk  |
|      | Clerical Skill Development for Administration Clerks and Assistant  | Headway Training & Development Centre                                       |
|      | Effective Writing Skill for Managers  | Malaysian Institute of Management   |
|      | English communication skill building for employees  | Headway Training & Development Centre                                       |
|      | Filing Management and Record Keeping  | Quality Dynamic Consultancy Sdn Bhd   |
|      | Financial Management for Public Sector  | Bridge Knowle (M) Sdn Bhd   |
|      | International Conference on Technology in Islamic World   | Center for Teaching and Learning, International Islamic University Malaysia |
|      | Managing by Project   | BridgIT Sdn Bhd   |
|      | Partners in the Development of ICT in Education Conference, 43 <sup>rd</sup> South East Asian Ministers of Education Conference (SEAMAC'08) | South East Asian Ministers of Education Organization and MOE                |
|      | Practical Application of Malaysia Private Entities Reporting Standards  | Malaysian Institute of Accountants  |
|      | Project Management Professional Preparation   | BridgIT Sdn Bhd   |
|      | Training-Outsourcing.com International Conference, on "The Managed Learning Services", Florida, US  | Training-Outsourcing.com  |
|      | World Congress on ICT   | WCIT 2008 Sdn Bhd   |
| 2009 | Certified Training Professional Programme   | Institute of Training and Development                                       |
|      | Certiport Training on Item Development for Certification, Salt Lake City, Utah, US  | Certiport   |

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

| Year | Course   | Organiser  |
|------|--|--|
|      | CompTIA EMEA member conference<br>Financial and Management Accounting Skills<br>Flying Start training programme, Birmingham & Liverpool, United Kingdom<br>Project Management Professional   | CompTIA<br>Executive Training<br>National Council of Graduate Entrepreneurship<br>BridgIT Sdn Bhd  |
| 2010 | 1 <sup>st</sup> World conference on Riba-Islamic Monetary and Economic Systems as a Solution to Global Economic Crisis<br>2011 Budget and Tax Planning<br>Autodesk One Team Conference 2010, Las Vegas, US<br>Certiport Global Partner Summit (GPS) 2010, Park City, Utah, US<br>Employment Act 1955 – Examining the Legal Loopholes<br>FRS 139 Financial Instruments: Recognition and Measurement<br>Imagine Cup 2010 - Warsaw, Poland<br>Other New and Revised FRSs and Interpretations Effective 2010<br>Seminar on Emotional and Spiritual Quotients | Thinker Trend Resources<br>Crowe Horwath CPE Sdn Bhd<br>Autodesk<br>Certiport<br>EminentzGrez Consulting<br>MEF Academy Sdn Bhd<br>U.S. Tech<br>MEF Academy Sdn Bhd<br>ESQ Leadership Center |

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**6. APPROVALS AND CONDITIONS****6.1 APPROVALS AND CONDITIONS**

The listing of our Company on the Main Market of Bursa Securities was approved by the relevant authorities as follows:-

| Authority        | Date             |
|------------------|------------------|
| SC               | 12 May 2011      |
| MITI             | 8 February 2011  |
| Bursa Securities | 30 May 2011      |
| SAC              | 11 February 2011 |

The SC has, via its letter dated 12 May 2011, approved the listing of our Company on the Main Market of Bursa Securities pursuant to Section 212(5) of the CMA and the equity requirement for public companies. The conditions imposed by the SC and the status of compliance with the conditions are as follows:-

| Conditions Imposed By SC   | Status Of Compliance |
|--|----------------------|
| (i) The Shares held by Loet Holding Inc ("Loet") are to be placed under moratorium for a period of six (6) months from the date of listing on Bursa Malaysia   | To be complied       |
| (ii) Prestariang/AmInvestment Bank must comply with the relevant requirements pertaining to the implementation of the proposed listing as stipulated under the SC's Equity Guidelines and Prospectus Guidelines. | To be complied       |
| (iii) Prestariang/AmInvestment Bank is to provide the SC with the status of compliance in relation to the MOF's condition upon completion of the proposed listing.   | To be complied       |

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**6. APPROVALS AND CONDITIONS (Cont'd)**

The SC has noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of our listing proposal, as follows:-

| Category of Shareholders | Before Proposal (%) <sup>(a)</sup> | After Proposal (%)   |
|--------------------------|------------------------------------|----------------------|
| Malaysian:               |                                    |                      |
| Bumiputera               | 100.00                             | 58.02 <sup>(b)</sup> |
| Government Agencies      | -                                  | 9.48                 |
| <b>Total Bumiputera</b>  | <b>100.00</b>                      | <b>67.50</b>         |
| Non-Bumiputera           | -                                  | 28.18                |
| <b>Total Malaysian</b>   | <b>100.00</b>                      | <b>95.68</b>         |
| Foreigners               | -                                  | 4.32                 |
| <b>Total</b>             | <b>100.00</b>                      | <b>100.00</b>        |

Notes:-

(a) As at 3 December 2010.

(b) Assuming full subscription by the Bumiputera investors for the following:-

- (i) 15,000,000 Shares set aside for Bumiputera investors, representing 50.00% of the 30,000,000 Shares to be allocated to the Malaysian public via balloting under the Public Issue and Offer for Sale; and
- (ii) 22,000,000 Shares to be placed out to Bumiputera investors approved by the MITI under the Offer for Sale.

The SC has also, via its letter dated 12 May 2011, granted its approval-in-principle for the registration of our Prospectus. The conditions imposed by the SC and the status of compliance with the conditions are as follows:-

| Conditions Imposed By SC  | Status Of Compliance  |
|---|---|
| The following disclosures pertaining to Dr Abu are made in the "Risk Factors" section of the Prospectus:-   |   |
| (i) Dependency on Dr Abu as the promoter and main driver of Prestariang in building the business and securing Government contracts for the company;   | Complied. Please refer to Section 3.1.4 (ii) of this Prospectus |
| (ii) The significant dilution in Dr Abu's controlling shareholding in Prestariang to 41% upon listing arising from the Offer for Sale and sale of shares to Loet;   | Complied. Please refer to Section 3.1.4(ii) of this Prospectus  |
| (iii) The importance of Dr Abu's commitment to remain in Prestariang and continue to grow its business as well as maximise shareholder value, and the potential impact on Prestariang's business and performance should Dr Abu leave the company; and | Complied. Please refer to Section 3.1.4 (ii) of this Prospectus |
| (iv) Dr Abu's undertaking to remain as promoter and main driver of Prestariang and to stay committed to growing Prestariang's business for the long term, in line with the objectives of Skim Jejak Jaya Bumiputera.                                  | Complied. Please refer to Section 3.1.4(ii) of this Prospectus. |

The SC has, via its letter dated 10 March 2011, approved certain exemptions sought by us from having to comply with certain requirements under the SC's Prospectus Guidelines – Equity and



**6. APPROVALS AND CONDITIONS (Cont'd)**

Debt. The details of the approved exemptions sought and the accompanying conditions imposed by the SC are as follows:-

| Paragraph under the SC's Prospectus Guidelines – Equity and Debt for which waiver was sought | Details of the waiver granted   |
|--|---|
| Paragraph 8.02(m)  | Waiver from having to disclose certain salient terms of some of the contracts/agreements which we are highly dependent on.<br><br>Approved without conditions.  |
| Paragraph 18.01(c)   | Waiver from having to make available the said salient terms for public inspection for a period of at least 12 months from the date of the issue of our Prospectus. In this regard, we will make available the contracts/agreements which we are highly dependent on, for public inspection, except for certain salient terms being blanked out from the contracts/agreements.<br><br>Approved without conditions. |

Our Company has voluntarily submitted an application to the SAC for a Shariah compliance review to be carried out. The SAC has, via its letter dated 11 February 2011, classified our Shares as Shariah-compliant based on our proforma audited financial information for the financial year ended 31 December 2009.

The MITI has, via its letter dated 8 February 2011, taken note and has no objection to the listing of our Company on the Main Market of Bursa Securities. There were no conditions imposed by the MITI.

Bursa Securities has, via its letter dated 30 May 2011, approved our Admission and Listing on the "Trading/Services" sector of the Main Market of Bursa Securities, and has, via its letter dated 14 June 2011, re-affirmed our Company's sectorial classification in the said sector.

The conditions imposed by Bursa Securities and the status of compliance with the conditions are as follows:-

| Conditions Imposed By Bursa Securities   | Status Of Compliance |
|--|----------------------|
| Prestariang and AmInvestment Bank are required to comply with the following:-  |                      |
| (a) Make relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements.  | To be complied       |
| (b) Furnish Bursa Securities on the first day of Listing, a copy of the schedule of distribution showing compliance to the public share spread requirements based on the entire issued and paid up share capital of Prestariang. | To be complied       |
| Prestariang is required to ensure full compliance of all the requirements as provided under the Listing Requirements at all times.   | To be complied       |

**6. APPROVALS AND CONDITIONS (Cont'd)****6.2 MORATORIUM ON SHARES**

In accordance with Paragraph 5.29 of the SC Guidelines, a moratorium shall be placed on the sale of 90,650,700 Shares, representing approximately 41.20% of the enlarged issued and paid-up capital of Prestariang after the IPO, by the following Promoters for a period of six (6) months from the date of our Admission:-

| Name            | No. Of Shares | %     |
|-----------------|---------------|-------|
| EkoHati         | 50,000,900    | 22.73 |
| Sigma Dedikasi  | 31,409,800    | 14.27 |
| Anjakan Evolusi | 9,240,000     | 4.20  |

In addition, pursuant to a condition imposed by the SC via its letter dated 12 May 2011, a moratorium shall be placed on the sale of 9,500,000 Shares, representing approximately 4.32% of the enlarged issued and paid-up capital of Prestariang after the IPO, by Loet Holding Inc ("Loet") for a period of six (6) months from the date of our Admission.

The moratorium is specifically endorsed on the share certificates representing the shareholdings of our Promoters and Loet to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of these Shares are not permitted in the moratorium period.

The shareholders of EkoHati (namely Dr Abu and Shahirul Azian), Sigma Dedikasi (namely Dr Abu and Datuk Ahmad Fikri), Anjakan Evolusi (namely Dr Abu and Zubaidah Binti Ismail) and the beneficiary owner of the share in Loet (namely Yeow Kheng Chew) have also provided undertaking letters to the SC that they will not sell, transfer or assign their respective shareholdings in EkoHati, Sigma Dedikasi, Anjakan Evolusi and Loet during the six (6) – month moratorium period.

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**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST****7.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

Related party transactions are defined in the Listing Requirements. Save as disclosed below, we do not have any existing and/or proposed material related party transactions (where the value of each of the transaction is RM250,000 or more) in the past three (3) FYEs 2008 to 2010:-

| Transacting Parties                            | Interested Promoter/Director/ Substantial Shareholder/ Key Management | Nature Of Transactions   | Nature of Interest  | Transaction Value (RM'000) |          |          |
|--|---|--|---|----------------------------|----------|----------|
|  |   |  |   | FYE 2008                   | FYE 2009 | FYE 2010 |
| PSSB and Symmid Corporation Sdn Bhd ("Symmid") | KMP   | Symmid supplied materials i.e. books, trainer and exam vouchers to PSSB in 2009. | As at the LPD, Symmid is a wholly owned subsidiary of KMP and KMP in turn is a substantial shareholder of PSSB. | -                          | 277      | -        |

Our Directors are of the view that all the above related party transactions were conducted on arm's length basis and on terms not more favourable to the related parties than those generally available to the public.

Our Group will transact all future related party transactions, at arm's length and based on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of our Company's minority shareholders. Our audit committee will supervise the terms of such related party transactions, and we will report future related party transactions, if any, annually in our annual report.

Subject to the provisions of the Listing Requirements, our Company may seek shareholders' mandate in respect of the related party transactions involving recurrent transactions of revenue or trading nature which are necessary for our Group's day-to-day operations. Transactions that do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of the Listing Requirements.

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**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)****7.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors have confirmed that, to the best of their knowledge and belief that there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or any of our subsidiaries was a party in respect of the past three (3) FYEs 2008 to 2010 and the subsequent financial period up to the LPD.

**7.3 OUTSTANDING LOANS MADE TO/FOR THE BENEFIT OF RELATED PARTIES**

There are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the past three (3) years up to FYE 2010 and the subsequent financial period up to the LPD.

**7.4 INTERESTS IN SIMILAR BUSINESS**

To the best of the knowledge and belief of our Directors, none of our Directors and substantial shareholders is interested, directly or indirectly, in businesses or corporations carrying on a similar trade as our Group as at the LPD.

**7.5 INTERESTS IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP**

To the best of the knowledge and belief of our Directors, save as disclosed below, none of our Directors and substantial shareholders is interested directly and/or indirectly in any other businesses or corporations which are customers or suppliers of our Group as at the LPD:-

**(i) Dato' Mohamed Yunus Ramli Bin Abbas**

| Name Of Company                          | Nature Of Business   | Position  | Direct Interest | Indirect Interest |
|--|--|---|-----------------|-------------------|
| NuSuara Technologies Sdn Bhd ("NuSuara") | Development of application software, system integration services and provision of hardware and software maintenance services | Director, Chief Executive Officer and shareholder | 80.00%          | -                 |

There is no conflict of interest arises from the involvement of Dato' Mohamed Yunus Ramli Bin Abbas in NuSuara and our business dealings with NuSuara based on the following:-

- NuSuara is operating in a distinctly different segment from our Group whereby the company focuses on customers from telecommunications related fields. In addition, the purchase of our software licences by NuSuara in FYE 2010 was transacted under the normal commercial terms in the ordinary course of our business. Furthermore, the transaction amount was immaterial, i.e. RM0.08 million, which accounted for only 0.14% of our total revenue in FYE 2010.

All our future business dealings with NuSuara, if any, will be carried out on an arm's length basis and not based on terms which are not favourable to our Group.

**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)****(ii) KMP**

| <b>Name Of Company</b>                         | <b>Nature Of Business</b>   | <b>Position</b> | <b>Direct Interest</b> | <b>Indirect Interest</b> |
|--|---|-----------------|------------------------|--------------------------|
| SymmId   | IC design and training services   | Shareholder     | 100.00%                | -                        |
| Plug&Play Technology Holdings Sdn Bhd ("PPTH") | Undertake investment activities and management of the Plug & Play Technology Garden ("PPTG") for the purpose of building technology eco-system for effective commercialisation and technology transfer initiative | Shareholder     | 100.00%                | -                        |

- (a) There is no conflict of interest arises from the involvement of KMP in Symmid and our Company as-
- both the companies are governed by different board and the associations between Symmid and our Company are purely based on market needs; and
  - as a provider of microchip design training to university graduates and industrial trainees, Symmid is not competing with our Group but complementing in a special area of microchip design training specialisation. Furthermore, Symmid is not our major supplier, of which the service provided by Symmid to our Group in FYE 2009 (as detailed in Section 7.1 of this Prospectus) amounted to RM0.28 million, which represented 1.19% of our total purchases during that financial year.
- (b) There is no conflict of interest arises from the involvement of KMP in PPTH and our Company as-
- both the companies are governed by different board and the associations between PPTH and our Company are purely based on business need of our Company; and
  - PPTG, the locale which is managed by PPTH, houses many start-ups and growth investee companies of KMP for business and market incubation/acceleration programme. The rental rate incurred by all paid residents of PPTG is standardised.
  - In addition, the rental which we pay to PPTH, as detailed in Section 8.1 of this Prospectus, is immaterial. For FYE 2010, the amount of rental paid to PPTH was RM0.02 million only.

All our future business dealings with Symmid and/or PPTH, if any, will be carried out on an arm's length basis and not based on terms which are not favourable to our Group.

**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**

**(iii) Minister of Finance, Incorporated**

Minister of Finance, Incorporated is our substantial shareholder by virtue of its interest in KMP pursuant to Section 6A of the Act. As detailed in Section 4 of this Prospectus, we secured contracts from the Government of Malaysia, through the various Ministries and agencies. In this regard, the Government of Malaysia is our substantial shareholder as well as major customer.

Nevertheless, as provided for in paragraph 10.08(11)(i) of the Listing Requirements, a contract that is awarded by or on behalf of the Government of Malaysia to a listed issuer or its subsidiary is not normally regarded as a related party transaction, provided that the listed issuer immediately announces the contract to Bursa Securities and includes the information set out in Appendices 10A and 10C of the Listing Requirements in the announcement.

In this regard, we will comply with the requirement of paragraph 10.08(11)(i) of the Listing Requirements pertaining to our future contracts with the Government of Malaysia subsequent to our Listing, where applicable.

**7.6 DECLARATION BY THE ADVISERS**

AmlInvestment Bank has confirmed that there are no existing or potential conflicts of interest in respect of its capacity as the Adviser to our Group for the IPO.

AmlInvestment Bank is the Sole Underwriter and Sole Placement Agent for the IPO Shares, AmlInvestment Bank hereby confirms that, as at the date of this Prospectus, there is no conflict of interest with respect to its capacity as the Sole Underwriter and Sole Placement Agent for the IPO Shares. The Underwriting Agreement, which certain details are as set out in Section 2.10 of this Prospectus, was entered into an arms-length basis and on market terms.

Messrs. Abdullah Chan has confirmed that there are no existing or potential conflicts of interest in respect of their capacity as the Solicitors to our Group for the IPO and due diligence respectively.

Messrs. Crowe Horwath has confirmed that there are no existing or potential conflicts of interest in respect of their capacity as the Reporting Accountants to our Group for the IPO.

Vital Factor has confirmed that there are no existing or potential conflicts of interest in respect of its capacity as the Independent Business and Market Research Consultants to our Group for the IPO.

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**8. PROPERTY, PLANT AND EQUIPMENT****8.1 INFORMATION ON LAND AND BUILDINGS****8.1.1 Owned Properties**

As at the LPD, the details of the properties owned by our Group, are as follows:-

| Property Address   | Beneficial Owner | Description / Existing Use  | Tenure / Approximate Age of Building | Built Up Area (square feet) | Audited Net Book Value As At 31.12.2010 (RM) | Major Encumbrances   |
|--|------------------|---|--------------------------------------|-----------------------------|--|--|
| J-70-G, NeoCyber<br>Lingkaran Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan | PSSB             | Ground floor unit of a two (2) storey strata shop office (intermediate lot) / head/management office of our Group | Freehold / one (1) year              | 1,446                       | 510,286                                      | Unit No. J-70-1, J-71-1, J-72-G, J-72-1, J-73-G and J-73-1 are currently assigned to CIMB Islamic Bank Berhad via Deed of Assignment dated 18 January 2008. The Form 34 of the Act in respect of the said Deed of Assignment is dated 11 February 2008 and the Form 40 of the Act is dated 14 February 2008. |
| J-70-1, NeoCyber<br>Lingkaran Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan | PSSB             | First floor unit of a two (2) storey strata shop office (intermediate lot) / head/management office of our Group  | Freehold / one (1) year              | 1,710                       | 260,233                                      | Unit No. J-73A-G and J-73A-1 are currently assigned to CIMB Islamic Bank Berhad via Deed of Assignment dated 14 March 2011. The Form 34 of the Act in respect of the said Deed of Assignment is dated 14 March 2011 and the Form 40 of the Act is dated 21 March 2011.                                       |
| J-71-G, NeoCyber<br>Lingkaran Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan | PSSB             | Ground floor unit of a two (2) storey strata shop office (intermediate lot) / head/management office of our Group | Freehold / one (1) year              | 1,446                       | 510,286                                      |  |
| J-71-1 NeoCyber<br>Lingkaran Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan  | PSSB             | First floor unit of a two (2) storey strata shop office (intermediate lot) / head/management office of our Group  | Freehold / one (1) year              | 1,710                       | 260,233                                      |  |

## 8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| Property Address   | Beneficial Owner | Description / Existing Use  | Tenure / Approximate Age of Building | Built Up Area (square feet) | Audited Net Book Value As At 31.12.2010 (RM) | Major Encumbrances |
|--|------------------|---|--------------------------------------|-----------------------------|--|--------------------|
| J-72-G, NeoCyber<br>Lingkar Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan                 | PSSB             | Ground floor unit of a two (2) storey strata shop office (intermediate lot) / head/management office of our Group | Freehold / one (1) year              | 1,446                       | 495,079                                      |                    |
| J-72-1, NeoCyber<br>Lingkar Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan                 | PSSB             | First floor unit of a two (2) storey strata shop office (intermediate lot) / head/management office of our Group  | Freehold / one (1) year              | 1,710                       | 260,233                                      |                    |
| J-73-G, NeoCyber<br>Lingkar Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan                 | PSSB             | Ground floor unit of a two (2) storey strata shop office (corner lot) / head/management office of our Group       | Freehold / one (1) year              | 2,440                       | 782,697                                      |                    |
| J-73-1, NeoCyber<br>Lingkar Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan                 | PSSB             | First floor unit of a two (2) storey strata shop office (corner lot) / head/management office of our Group        | Freehold / one (1) year              | 1,847                       | 313,191                                      |                    |
| J-73A-G, NeoCyber<br>Lingkar Cyber Point Barat<br>63000 Cyberjaya<br>Selang Darul Ehsan <sup>(b)</sup>   | PSSB             | Ground floor unit of a two (2) storey strata shop office (corner lot) / head/management office of our Group       | Freehold / one (1) year              | 2,440                       | (a)  |                    |
| J-73A-1, NeoCyber<br>Lingkar Cyber Point Barat<br>63000 Cyberjaya<br>Selangor Darul Ehsan <sup>(b)</sup> | PSSB             | First floor unit of a two (2) storey strata shop office (corner lot) / head/management office of our Group        | Freehold / one (1) year              | 1,847                       | (a)  |                    |
| <b>Total</b>   |                  |   |                                      |                             | <b>3,392,238</b>                             |                    |



**8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

**Notes:-**

- (a) Pursuant to the deeds of assignment for Lot 73A-G and Lot 73A-1, all rights, title, benefit and interest in the two (2) properties and under the respective principal agreements were assigned absolutely to us by the seller/ assignor on 11 March 2011. As such there is no net book value recorded as at 31 December 2010.
- (b) Our Group is in the midst of renovating Lot 73-G, 73-1, 73A-G and 73A-1 including building a roofed walkway between Lot 73-G, 73-1 and 73A-G and 73A-1. For the purpose of the renovation, PSSB has submitted the building plans to Sepang City Council (Majlis Perbandaran Sepang) for their approval. By notice dated 18 March 2011 and a letter of approval dated 29 April 2011 ("Letter of Approval"), the Sepang City Council has approved our building plans subject to the conditions as set out in the Letter of Approval. We have complied with all the conditions as set out in the Letter of Approval save and except the approval from Fire and Rescue Department. Our architect has submitted the application to the Fire and Rescue Department on 3 June 2011.

Additional information on all the above mentioned properties are as follows:-

- (i) We have obtained the necessary certificate of fitness on 3 June 2009 for all the above mentioned properties;
- (ii) The properties are held under the master title GRN 267134, Lot 44028, Mukim Dengkil, Daerah Sepang, Negeri Selangor (previously known as HSD 7812, PT 12176, Mukim Dengkil, Daerah Sepang, Negeri Selangor);
- (iii) The land, which measures approximately 85,504 square meters held under the master title by the developer, Laketown Sdn Bhd, contains express conditions that state that the category of land use is for commercial building. Furthermore, restrictions in interest on the land state that it shall not be transferred, leased or charged without the written approval of the State Authority;
- (iv) There is no valuation undertaken on the properties in respect of our listing exercise; and
- (v) Save as disclosed in note (b) above, our Group believes that it is in compliance with the relevant land rules and building regulations.

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**8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)****8.1.2 Rented Property**

As at the LPD, the details of our rented property based on the Facility and Tenancy Agreement dated 1 February 2011 are as follows:-

| Property Address  | Registered Owner / Tenant                    | Description / Existing Use   | Size of designated working space / Size of common space (Square Feet) | Tenancy Period                     | Monthly Rental (RM)  |
|---|--|--|---|------------------------------------|--|
| Suite 7.01, Level 7, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur | Plug&Play Technology Holdings Sdn Bhd / PSSB | A designated working space (unit T301) in Suite 7.01 at Level 7 of The Gardens South Tower / Ad-hoc working station with common space equipped with meeting rooms, presentation rooms, lounge, board room and etc. | 168 / 3,395   | 1 February 2011 to 31 January 2012 | 1,902 (from 1 February 2011 to 30 June 2011)<br><br>1,192.80 (from 1 July 2011 to 31 January 2012) |

Save for the following information, to the best of the knowledge of our Group, we are not aware of any breaches with the relevant land rules and building regulations with regards to our rented property:-

- (i) the temporary Certificate of Fitness had lapsed on 22 June 2010; and
- (ii) an application had been made on 21 June 2010 for renewal of the temporary Certificate of Fitness. As to date, this application is pending approval from Dewan Bandaraya Kuala Lumpur.

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**8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

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**8.2 MATERIAL PLANT AND EQUIPMENT**

As at the LPD, there are no material plant and equipment used and owned by our Group.

**8.3 REGULATORY AND ENVIRONMENTAL ISSUES**

Our Group believes that it is in compliance in respect to material regulatory requirements and environmental issues which may materially affect our Group's operations and/or utilisation of assets. As at the LPD, our Group is not aware of any environmental proceedings or investigations to which it is or might become a party to.

**8.4 MATERIAL PLANS TO CONSTRUCT, EXPAND OR IMPROVE FACILITIES**

As at the LPD, we have no immediate material plans to construct, expand or improve on existing facilities, saved as disclosed in Section 2.7 and Section 4.4 of this Prospectus.

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## 9. FINANCIAL INFORMATION

### 9.1 PROFORMA CONSOLIDATED FINANCIAL INFORMATION

#### 9.1.1 Proforma Historical Consolidated Financial Information

The following table sets out a summary of our proforma consolidated results for the past five (5) financial years up to FYE 2010, prepared on the assumption that our Group has been in existence throughout the financial years under review.

The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 9.5 of this Prospectus.

|  | FYE 2006 | FYE 2007 | FYE 2008 | FYE 2009 | FYE 2010 |
|--|----------|----------|----------|----------|----------|
|  | RM'000   | RM'000   | RM'000   | RM'000   | RM'000   |
| Revenue  | 63,846   | 48,436   | 46,358   | 39,425   | 58,520   |
| Cost of sales  | (53,263) | (32,546) | (27,385) | (22,790) | (34,709) |
| Gross profit   | 10,583   | 15,890   | 18,973   | 16,635   | 23,811   |
| Other income   | 308      | 47       | 233      | 551      | 878      |
|  | 10,891   | 15,937   | 19,206   | 17,186   | 24,689   |
| Administrative expenses  | (4,389)  | (6,372)  | (10,491) | (8,993)  | (8,312)  |
| Other expenses   | (768)    | (4,254)  | (638)    | (407)    | (940)    |
| Finance costs  | (318)    | (209)    | (254)    | (229)    | (292)    |
| PBT  | 5,416    | 5,102    | 7,823    | 7,557    | 15,145   |
| Income tax expense   | (96)     | (64)     | (368)    | (41)     | (32)     |
| PAT  | 5,320    | 5,038    | 7,455    | 7,516    | 15,113   |
| Attributable to:   |          |          |          |          |          |
| - Owners of our Company  | 5,320    | 5,038    | 7,455    | 7,516    | 15,113   |
| - Minority interests   | -        | -        | -        | -        | -        |
|  | 5,320    | 5,038    | 7,455    | 7,516    | 15,113   |
| Number of Shares had our Group been in existence ('000) <sup>(a)</sup> | 198,000  | 198,000  | 198,000  | 198,000  | 198,000  |
| EBITDA   | 6,321    | 6,759    | 8,073    | 7,752    | 15,755   |
| Gross profit margin (%)  | 16.58    | 32.81    | 40.93    | 42.19    | 40.69    |
| PBT margin (%)   | 8.48     | 10.53    | 16.88    | 19.17    | 25.88    |
| PAT margin (%)   | 8.33     | 10.40    | 16.08    | 19.06    | 25.83    |
| Gross EPS (sen) <sup>(b)</sup>   | 2.74     | 2.58     | 3.95     | 3.82     | 7.65     |
| Net EPS (sen) <sup>(c)</sup>   | 2.69     | 2.54     | 3.77     | 3.80     | 7.63     |
| Fully diluted EPS (sen) <sup>(d)</sup>                                 | 2.69     | 2.54     | 3.77     | 3.80     | 7.63     |

**Notes:-**

- Based on the issued and paid-up share capital of 198,000,000 Shares prior to the Public Issue.
- Calculated based on PBT attributed to owners of our Company for the respective financial years divided by the number of Shares had our Group been in existence.
- Calculated based on PAT attributed to owners of our Company for the respective financial years divided by the number of Shares had our Group been in existence.
- Calculated based on PAT attributed to owners of our Company for the respective financial years divided by the number of Shares had our Group been in existence. There are no dilutive effects.

**9. FINANCIAL INFORMATION (Cont'd)****9.2 CAPITALISATION AND INDEBTEDNESS**

The following table shows the cash, bank balances and fixed deposits, debts, and capitalisation of our Group as at 31 December 2010:-

|  | Proforma As At<br>FYE 2010 <sup>(a)</sup><br>RM'000 | After Adjusting<br>For The IPO And<br>Utilisation of<br>Proceeds<br>RM'000 |
|--|---|--|
| Cash, bank balances and fixed deposits                 | 18,143  | 24,343   |
| <b>Indebtedness (interest-bearing)</b>                 |   |  |
| <b>Short-term borrowings</b>                           |   |  |
| <u>Secured and guaranteed:</u>                         |   |  |
| Bank overdraft   | 1,043   | 1,043  |
| Hire purchase payables                                 | 250   | 250  |
| Term loans   | 269   | 269  |
| Total short-term borrowings                            | 1,562   | 1,562  |
| <b>Long-term borrowings</b>                            |   |  |
| <u>Secured and guaranteed:</u>                         |   |  |
| Hire purchase payables                                 | 953   | 953  |
| Term loans   | 2,461   | 861  |
| Total long-term borrowings                             | 3,414   | 1,814  |
| Total indebtedness (interest-bearing)                  | 4,976   | 3,376  |
| Total proforma shareholders' equity/<br>capitalisation | 23,010  | 39,810   |
| <b>Total capitalisation and indebtedness</b>           | <b>27,986</b>                                       | <b>43,186</b>  |

Note:-

(a) After the Dividend Payment and Acquisition.

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**9. FINANCIAL INFORMATION (Cont'd)****9.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

The following discussion of our results of operations for the financial years under review should be read in conjunction with the proforma consolidated financial information and the related notes included in Section 9.5 of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and the discussion on risk factors included in Section 3 of this Prospectus.

**9.3.1 Overview Of Revenue And Expenses****(i) Revenue**

Our core revenue streams are derived from ICT training and certification as well as software licence distribution and management.

Our revenue from the sale of goods is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts. Our revenue from services is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

The segmental analysis of our revenue by business segment and by company is set out in Section 9.3.2 of this Prospectus. For the financial years under review, all our revenue streams were derived from Malaysia. In this regard, there is no segmental analysis based on geographical location.

**(ii) Cost Of Sales, Gross Profit And Gross Profit Margin**

Our cost of sales mainly consists of purchases of software licences from our partners such as Microsoft and Autodesk, fees paid to third party trainers, and purchase of examination vouchers and courseware. Our cost of sales accounted for approximately 83.42%, 67.19%, 59.07%, 57.81% and 59.31% of our total revenue for FYE 2006, FYE 2007, FYE 2008, FYE 2009 and FYE 2010 respectively.

|                                     | FYE 2006              | FYE 2007              | FYE 2008 | FYE 2009 | FYE 2010 |
|-------------------------------------|-----------------------|-----------------------|----------|----------|----------|
| Cost of Sales                       | RM'000                | RM'000                | RM'000   | RM'000   | RM'000   |
| Software licences                   | 11,064                | 12,299                | 13,160   | 12,493   | 24,061   |
| Third party trainers' fees          | 2,319                 | 3,548                 | 3,045    | 4,322    | 4,216    |
| Examination vouchers and courseware | 691                   | 3,480                 | 4,896    | 4,496    | 4,871    |
| Others <sup>(a)</sup>               | 39,189 <sup>(b)</sup> | 13,219 <sup>(b)</sup> | 6,284    | 1,479    | 1,561    |
|                                     | 53,263                | 32,546                | 27,385   | 22,790   | 34,709   |

Notes:-

(a) Include services rendered, travelling and accommodation and temporary staff

(b) Include payment for services rendered for BPPT Programme

## 9. FINANCIAL INFORMATION (Cont'd)

Save for the slight decline in FYE 2010, our gross profit margin has increased over these years under review, mainly due to economies of scale and improved efficiency in project management. The economies of scale was achieved through the gradual increase in the number of programmes we offered and in effect we were able to deploy our resources more optimally. This lowered our fixed costs per programme as more participants could be trained with the existing resources and facilities. In addition, as we constantly tried to streamline our processes, our employees also became more capable and experienced in project management, which has enabled us to improve our efficiency over the years. We have also focused more on higher margin programmes such as the 3P Programme and the RBTCS Programme as compared to the BPPT Programme which had relatively low margin for ICT training and certification segment. As for the licensed software distribution and management segment, our margins were fairly consistent except for FYE 2008 where the newly secured ICMS Programme had allowed us to enjoy higher margin.

The main factors that affect our cost of sales include fluctuations in the exchange rate, trainers' fee, examination fee and courseware which include training materials, as well as the economies of scale on bulk purchase. The timeliness in completing our projects also affects our cost of sales.

### (iii) Other Income

Other income, which mainly comprise interest income from placement of fixed deposits, fair value gain on investments, dividend income from unit trust fund and realised gains on foreign exchange, is relatively low as compared to our core revenue.

### (iv) Administrative And Other Expenses

Our administrative and other expenses comprise mainly salary and staff related expenses, professional fees, marketing expenses and travelling and accommodation expenses as shown below:-

|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>Administrative and other expenses</u></b> |                    |                    |                    |                    |                    |
| Staff employment expenses                       | 2,116              | 2,632              | 3,875              | 3,242              | 2,998              |
| Travelling and Accommodation                    | 308                | 538                | 1,232              | 810                | 996                |
| Marketing expenses                              | 236                | 1,097              | 1,246              | 615                | 859                |
| Professional services                           | 584                | 829                | 2,351              | 2,025              | 1,463              |
| Depreciation of property and equipment          | 766                | 1,666              | 233                | 219                | 572                |
| Property and equipment written off              | 3                  | 2,448              | -                  | 149                | -                  |
| Others <sup>(a)</sup>                           | 1,144              | 1,416              | 2,192              | 2,340              | 2,364              |
|   | <u>5,157</u>       | <u>10,626</u>      | <u>11,129</u>      | <u>9,400</u>       | <u>9,252</u>       |

Note:-

(a) Includes general and administrative expenses, operating expenses, bad debts written off, impairment loss on receivables and allowance for diminution in value of short term investment.

**9. FINANCIAL INFORMATION (Cont'd)****(v) Finance Costs**

Our finance costs comprise interest expenses incurred on commitment fees, term loan and hire purchase as shown below:-

|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Bank charges                              | 9                  | 3                  | 21                 | 21                 | 21                 |
| Commitment fees                           | 136                | 177                | 151                | 135                | 63                 |
| Interest payable to<br>former shareholder | 145                | -                  | -                  | -                  | -                  |
| Bank overdraft interest                   | 1                  | -                  | 42                 | 9                  | 75                 |
| Term loan interest                        | -                  | -                  | 20                 | 54                 | 99                 |
| Hire purchase interest                    | 27                 | 29                 | 20                 | 10                 | 34                 |
|   | <u>318</u>         | <u>209</u>         | <u>254</u>         | <u>229</u>         | <u>292</u>         |

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**9. FINANCIAL INFORMATION (Cont'd)****9.3.2 Segmental Analysis**

The segmental analysis below is based on the audited financial statements of PSSB and LSB for FYE 2006, FYE 2007, FYE 2008, FYE 2009 and FYE 2010 for illustration purposes. Our segmental analysis does not include PR&D as the company did not generate any revenue during the financial years under review.

In addition, since PSSB was granted the MSC Status and the Pioneer Status in 2005, our Group's operations have been mainly carried out by PSSB so that it could enjoy the incentives which include tax incentives provided by the Government to companies with Pioneer Status. However, LSB continued to carry out the BPPT Programme until its completion in 2007 since the programme was awarded to LSB in 2004. After completion of the BPPT Programme, LSB did not undertake any programmes for FYE 2008 and FYE 2009. Beginning from the second half of FYE 2010, LSB has started to market itself as a provider of short period basic ICT training.

**Revenue**

|  | FYE 2006      |               | FYE 2007      |               | FYE 2008      |               | FYE 2009      |               | FYE 2010      |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | RM'000        | %             | RM'000        | %             | RM'000        | %             | RM'000        | %             | RM'000        | %             |
| <b>Revenue By Business Segment</b>           |               |               |               |               |               |               |               |               |               |               |
| ICT Training and Certification               | 48,080        | 75.31         | 29,340        | 60.57         | 15,083        | 32.54         | 20,313        | 51.52         | 23,065        | 39.41         |
| Software Licence Distribution and Management | 15,766        | 24.69         | 19,096        | 39.43         | 31,275        | 67.46         | 19,112        | 48.48         | 35,455        | 60.59         |
| <b>Total Group Revenue</b>                   | <b>63,846</b> | <b>100.00</b> | <b>48,436</b> | <b>100.00</b> | <b>46,358</b> | <b>100.00</b> | <b>39,425</b> | <b>100.00</b> | <b>58,520</b> | <b>100.00</b> |

|                            | FYE 2006      |               | FYE 2007      |               | FYE 2008      |               | FYE 2009      |               | FYE 2010      |               |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                            | RM'000        | %             | RM'000        | %             | RM'000        | %             | RM'000        | %             | RM'000        | %             |
| <b>Revenue By Company</b>  |               |               |               |               |               |               |               |               |               |               |
| PSSB                       | 25,071        | 39.27         | 34,336        | 70.89         | 46,358        | 100.00        | 39,425        | 100.00        | 58,441        | 99.86         |
| LSB                        | 43,545        | 68.20         | 14,425        | 29.78         | -             | -             | -             | -             | 1,451         | 2.48          |
| Consolidation adjustment   | 68,616        | 107.47        | 48,761        | 100.67        | 46,358        | 100.00        | 39,425        | 100.00        | 59,892        | 102.34        |
|                            | (4,770)       | (7.47)        | (325)         | (0.67)        | -             | -             | -             | -             | (1,372)       | (2.34)        |
| <b>Total Group Revenue</b> | <b>63,846</b> | <b>100.00</b> | <b>48,436</b> | <b>100.00</b> | <b>46,358</b> | <b>100.00</b> | <b>39,425</b> | <b>100.00</b> | <b>58,520</b> | <b>100.00</b> |

## 9. FINANCIAL INFORMATION (Cont'd)

Gross Profit And Gross Profit Margin

|  | FYE 2006      | FYE 2007      | FYE 2008      | FYE 2009      | FYE 2010      |
|--|---------------|---------------|---------------|---------------|---------------|
|  | RM'000        | RM'000        | RM'000        | RM'000        | RM'000        |
|  | %             | %             | %             | %             | %             |
| <b>Gross Profit By Business Segment</b>      |               |               |               |               |               |
| ICT Training and Certification               | 6,168         | 9,501         | 6,499         | 10,312        | 13,194        |
| Software Licence Distribution and Management | 4,415         | 6,389         | 12,474        | 6,323         | 10,617        |
|  | 58.28         | 59.79         | 34.25         | 61.99         | 55.41         |
|  | 41.72         | 40.21         | 65.75         | 38.01         | 44.59         |
| <b>Total Group Gross Profit</b>              | <b>10,583</b> | <b>15,890</b> | <b>18,973</b> | <b>16,635</b> | <b>23,811</b> |
|  | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

|  | FYE 2006     | FYE 2007     | FYE 2008     | FYE 2009     | FYE 2010     |
|--|--------------|--------------|--------------|--------------|--------------|
|  | %            | %            | %            | %            | %            |
| <b>Gross Profit Margin By Business Segment</b> |              |              |              |              |              |
| ICT Training and Certification                 | 12.83        | 32.38        | 43.09        | 50.77        | 57.20        |
| Software Licence Distribution and Management   | 28.00        | 33.46        | 39.88        | 33.08        | 29.95        |
| <b>Overall Gross Profit Margin</b>             | <b>16.58</b> | <b>32.81</b> | <b>40.93</b> | <b>42.19</b> | <b>40.69</b> |

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9. FINANCIAL INFORMATION (Cont'd)

|                                 | FYE 2006<br>RM'000 | %             | FYE 2007<br>RM'000 | %             | FYE 2008<br>RM'000 | %             | FYE 2009<br>RM'000 | %             | FYE 2010<br>RM'000 | %             |
|---------------------------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| <b>Gross Profit By Company</b>  |                    |               |                    |               |                    |               |                    |               |                    |               |
| PSSB                            | 7,935              | 74.98         | 13,791             | 86.79         | 18,973             | 100.00        | 16,635             | 100.00        | 23,732             | 99.67         |
| LSB                             | 2,648              | 25.02         | 2,099              | 13.21         | -                  | -             | -                  | -             | 79                 | 0.33          |
| <b>Total Group Gross Profit</b> | <b>10,583</b>      | <b>100.00</b> | <b>15,890</b>      | <b>100.00</b> | <b>18,973</b>      | <b>100.00</b> | <b>16,635</b>      | <b>100.00</b> | <b>23,811</b>      | <b>100.00</b> |

|                                       | FYE 2006<br>% | FYE 2007<br>% | FYE 2008<br>% | FYE 2009<br>% | FYE 2010<br>% |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Gross Profit Margin By Company</b> |               |               |               |               |               |
| PSSB                                  | 31.65         | 40.16         | 40.93         | 42.19         | 40.61         |
| LSB                                   | 6.08          | 14.55         | -             | -             | 5.44          |
| <b>Overall Gross Profit Margin</b>    | <b>16.58</b>  | <b>32.81</b>  | <b>40.93</b>  | <b>42.19</b>  | <b>40.69</b>  |

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**9. FINANCIAL INFORMATION (Cont'd)****9.3.3 Commentary Of Past Performance****FYE 2007 As Compared To FYE 2006****(i) Revenue**

Our revenue decreased by RM15.41 million or 24.13% from RM63.85 million in FYE 2006 to RM48.44 million in FYE 2007. The lower revenue from the ICT training and certification segment was a result of the completion of the BPPT Programme in June 2007. During the same year, our Company has embarked fully into the 3P Programme as a result of the successful pilot project launched in FYE 2006.

The increase in revenue from the software licence distribution and management segment by RM3.33 million or 21.12% was mainly due to the increase in sales volume of Autodesk and Microsoft SELECT as the MUSE Programme, which is in parallel with the 3P Programme, rolled into its second year of the contract period.

**(ii) Cost Of Sales, Gross Profit And Gross Profit Margin**

Our cost of sales decreased by RM20.71 million or 38.88% from RM53.26 million in FYE 2006 to RM32.55 million in FYE 2007. As a result, our gross profit increased by RM5.31 million or 50.19% from RM10.58 million in FYE 2006 to RM15.89 million in FYE 2007 mainly due to the higher margin from the 3P Programme as compared to the BPPT Programme which was completed in June 2007. The 3P Programme managed to yield higher margin as a result of our improved efficiency and better project management after gaining the experience from the BPPT Programme which was the first project during our early stage of operation.

The improvement in our overall gross profit margin from 16.58% in FYE 2006 to 32.81% in FYE 2007 was attributed to the increase in the gross profit margin of both of our ICT training and certification segment as well as software licence distribution and management segment from 12.83% and 28.00% in FYE 2006 to 32.38% and 33.46% in FYE 2007 respectively.

The increase recorded by the ICT training and certification segment was mainly due to the higher margin for the 3P programme. In FYE 2007, the 3P Programme was fully carried out by our project team members. This had directly contributed to a higher margin. The increase in the gross profit recorded by the software licence distribution and management segment was mainly due to favourable exchange rates for the purchase of the Microsoft software of which the exchange rate has declined by approximately 6.23% from FYE 2006 (USD1.00 : RM3.53) to FYE 2007 (USD1.00 : RM3.31).

**(iii) Other Income**

Our other income decreased by RM0.26 million from RM0.31 million in FYE 2006 to RM0.05 million in FYE 2007 mainly due to the one-off income from the sales of computer related products amounting to RM0.25 million in FYE 2006.

**9. FINANCIAL INFORMATION (Cont'd)****(iv) Administrative And Other Expenses**

Our administrative and other expenses increased by RM5.47 million or 106.01% from RM5.16 million in FYE 2006 to RM10.63 million in FYE 2007 mainly due to the following:-

- (a) Write-off of property and equipment of RM2.45 million comprising office renovation of RM0.27 million and computer systems and equipment of RM2.18 million. The computer systems and equipment were customised for a specific project, relating to an e-learning system with the MOE, but the project did not materialise.
- (b) Increase in staff costs by RM0.52 million as a result of the increase in manpower and its related expenses in supporting the on-going 3P and MUSE Programmes.
- (c) Increase in marketing expenses by RM0.86 million as more promotional activities on the on-going projects; and
- (d) Increase in depreciation charges by RM0.90 million mainly due to the property and equipment acquired in second half of FYE 2006 and written-off in end of FYE 2007 as mentioned in paragraph (a) above.

**(v) Finance Costs**

Our finance costs decreased from RM0.32 million in FYE 2006 to RM0.21 million in FYE 2007 as we incurred interest payable of RM0.14 million in FYE 2006 to a former shareholder of PSSB, i.e. Kencana Capital Sdn Bhd.

**(vi) PBT And PAT**

There was no significant fluctuation in our PBT and PAT of RM5.10 million and RM5.04 million in FYE 2007 as compared to RM5.42 million and RM5.32 million in FYE 2006 respectively, despite the decline in our revenue mainly due to contribution from higher gross profit margin projects, namely the 3P and MUSE Programmes. Our tax expense was insignificant whereby our effective tax rate was only 1.25% for FYE 2007 (1.77% for FYE 2006) in view of the entitlement for tax exemption under the Pioneer Status granted to PSSB.

**FYE 2008 As Compared To FYE 2007****(i) Revenue**

Our revenue decreased by RM2.08 million or 4.29% from RM48.44 million in FYE 2007 to RM46.36 million in FYE 2008. This was attributed to the decrease in revenue from ICT training and certification segment by RM14.26 million. However, this decrease was cushioned by the increase of RM12.18 million in the revenue from software licence distribution and management segment during the same year.

The decrease in ICT training and certification segment by RM14.26 million was mainly due to the completion of the BPPT Programme during FYE 2007.

The increase in revenue from software licence distribution and management segment by RM12.18 million was mainly due to the new contract secured from the MOH for the ICMS Programme as well as the new contract from the Ministry of Rural and Regional Development, Malaysia, as part of the Microsoft MLA.

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


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**(ii) Cost Of Sales, Gross Profit And Gross Profit Margin**

Our cost of sales decreased by RM5.16 million or 15.86% from RM32.55 million in FYE 2007 to RM27.39 million in FYE 2008 mainly due to the completion of the BPPT Programme in FYE 2007. This percentage of reduction was more than the decrease in our revenue of 4.29% for FYE 2008 as compared to FYE 2007 as the BPPT Programme recorded a lower margin. As a result, our gross profit increased by RM3.08 million or 19.40% from RM15.89 million in FYE 2007 to RM18.97 million in FYE 2008.

The improvement in our overall gross profit margin from 32.81% in FYE 2007 to 40.93% in FYE 2008 was attributed to the increase in gross profit margin of both our ICT training and certification segment as well as the software licence distribution and management segment from 32.38% and 33.46% in FYE 2007 to 43.09% and 39.88% in FYE 2008 respectively.

The improvement of the gross profit margin in the ICT training and certification segment was mainly due to higher margins for the 3P Programme compared to BPPT Programme. The improvement of gross profit margin in the software licence distribution and management segment was mainly contributed by the ICMS Programme.

**(iii) Other Income**

Our other income for FYE 2008 was mainly contributed by dividend income amounting to RM0.22 million from our new investments in unit trust funds.

**(iv) Administrative And Other Expenses**

There was no significant fluctuation in our administrative and other expenses which increased by RM0.50 million or 4.70% from RM10.63 million in FYE 2007 to RM11.13 million in FYE 2008. The marginal increase was the effect of, among others, the following factors:-

- (a) Increase in staff costs by RM1.24 million as a result of the increase in manpower and higher bonus payout.
- (b) Increase in travelling and accommodation expenses by RM0.69 million in relation to the ICMS Programme which was carried out at three (3) nursing colleges located in Kuala Lumpur, Port Dickson and Alor Setar;
- (c) Increase in professional services by RM1.52 million mainly incurred for consultancy services paid to support the increase in projects undertaken by our Group;
- (d) No write-off of property and equipment in FYE 2008 compared to the write-off of RM2.45 million in FYE 2007; and
- (e) Decrease in depreciation charges by RM1.43 million mainly as a result of the property and equipment written off.

**(v) Finance Costs**

Our finance costs increased by RM0.04 million from RM0.21 million in FYE 2007 to RM0.25 million in FYE 2008. This was mainly due to interest incurred on bank overdraft facility and interest incurred on drawdown of a term loan for the purchase of our strata shop office units.

**9. FINANCIAL INFORMATION (Cont'd)****(vi) PBT And PAT**

Our PBT increased by RM2.72 million or 53.33% from RM5.10 million in FYE 2007 to RM7.82 million in FYE 2008. Correspondingly, our PAT also increased by RM2.42 million or 48.02% from RM5.04 million in FYE 2007 to RM7.46 million in FYE 2008 mainly due to the higher profit margin from the 3P Programme as we managed to reduce our cost of sales due to the economies of scale achieved during the course of our business despite recording a lower level of revenue for FYE 2008. In addition, the increase in our profitability was also contributed by the ICMS Programme. Our tax expense was insignificant in view of the entitlement for tax exemption under the Pioneer Status granted to PSSB. Nevertheless, in FYE 2008, there was an under provision in taxation for LSB amounting to RM0.37 million. This resulted in an effective tax rate of 4.70% recorded for FYE 2008.

**FYE 2009 As Compared To FYE 2008****(i) Revenue**

Our revenue decreased by RM6.93 million or 14.95% from RM46.36 million in FYE 2008 to RM39.43 million in FYE 2009. This was attributed to the decrease in revenue from software licence distribution and management segment by RM12.16 million. However, this decreased was cushioned by the increase in revenue of RM5.23 million from ICT training and certification segment during the same year.

The decrease in revenue from our software licence distribution and management segment by RM12.16 million was mainly due to the completion of the ICMS Programme in FYE 2008.

The increase in revenue from our ICT training and certification segment by RM5.23 million was mainly due to the increase in the 3P Programme as well as the commencement of the RBTCS Programme in FYE 2009.

**(ii) Cost Of Sales, Gross Profit And Gross Profit Margin**

Our cost of sales decreased by RM4.60 million or 16.79% from RM27.39 million in FYE 2008 to RM22.79 million in FYE 2009 due to the completion of the ICMS Programme in FYE 2008. Our gross profit decreased by RM2.33 million or 12.28% from RM18.97 million in FYE 2008 to RM16.64 million in FYE 2009 in line with the drop in our revenue during the same year.

Our gross profit margin from the ICT training and certification segment increased from 43.09% in FYE 2008 to 50.77% in FYE 2009 due to higher contribution from the 3P Programme, while our gross profit margin from software licence distribution and management segment decreased to 33.08% in FYE 2009 from 39.88% in FYE 2008 due to the completion of the ICMS Programme. In this regard, our overall gross profit margin only recorded a marginal increase from 40.93% in FYE 2008 to 42.19% in FYE 2009.

**(iii) Other Income**

Our other income increased by RM0.32 million from RM0.23 million in FYE 2008 to RM0.55 million in FYE 2009 which was mainly due to the write back of allowance for diminution in value of our short term investment of RM0.20 million.

**9. FINANCIAL INFORMATION (Cont'd)****(iv) Administrative And Other Expenses**

Our administrative and other expenses decreased by RM1.73 million or 15.54% from RM11.13 million in FYE 2008 to RM9.40 million in FYE 2009. The decrease was the effect of, among others, the following factors:-

- (a) Decrease in staff costs by RM0.63 million as a result of lower amount of bonus payout in FYE 2009 as compared to FYE 2008; and
- (b) Decrease in travelling and accommodation as well as marketing expenses by RM0.42 million and RM0.63 million respectively as our Group mainly focused on our ongoing projects.

**(v) Finance Costs**

Our finance costs remained relatively unchanged in FYE 2009 as compared to FYE 2008.

**(vi) PBT And PAT**

There was no significant fluctuation in our PBT whereby our PBT decreased by RM0.26 million or 3.32% from RM7.82 million in FYE 2008 to RM7.56 million in FYE 2009. Nevertheless, we managed to record a slightly higher PAT whereby it increased by RM0.06 million or 0.80% from RM7.46 million in FYE 2008 to RM7.52 million in FYE 2009 due to the decrease in income tax expense by RM0.33 million from RM0.37 million in FYE 2008 to RM0.04 million in FYE 2009. Our tax expense was negligible whereby our effective tax rate was only 0.54% for FYE 2009 in view of the entitlement for tax exemption under the Pioneer Status granted to PSSB.

**FYE 2010 As Compared To FYE 2009****(i) Revenue**

Our revenue increased by RM19.09 million or 48.41% from RM39.43 million in FYE 2009 to RM58.52 million in FYE 2010. This was attributed to the increase in revenue from software licence distribution and management segment and ICT training and certification segment of RM16.34 million and RM2.75 million respectively.

The increase in revenue from software licence distribution and management segment by RM16.34 million was mainly due to the increase in sales volume of Microsoft licences under Microsoft CASA and Microsoft MLA.

The increase in ICT training and certification segment by RM2.75 million was contributed by the RBTCS Programme as well as the training fees and administrator charges on the management of the reinvestment fund under the Partnership for Technology Access Initiative by the MOHE and the Malaysian Broadband PC Initiative sponsored by the Ministry of Information Communications and Culture, Malaysia.

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**9. FINANCIAL INFORMATION (Cont'd)****(ii) Cost Of Sales, Gross Profit And Gross Profit Margin**

Our cost of sales increased by RM11.92 million or 52.30% from RM22.79 million in FYE 2009 to RM34.71 million in FYE 2010. However our gross profit increased by RM7.17 million or 43.09% from RM16.64 million in FYE 2009 to RM23.81 million in FYE 2010 which is in line with the increased revenue.

Our gross profit margin from ICT training and certification segment increased from 50.77% in FYE 2009 to 57.20% in FYE 2010 while our gross profit margin from software licence distribution and management segment decreased to 29.95% in FYE 2010 from 33.08% in FYE 2009. In this regard, our overall gross profit margin declined slightly from 42.19% in FYE 2009 to 40.69% in FYE 2010, mainly due to higher sales volume of Microsoft licences under Microsoft CASA and Microsoft MLA which yielded lower margin.

**(iii) Other Income**

Our other income increased by RM0.33 million from RM0.55 million in FYE 2009 to RM0.88 million in FYE 2010, mainly due to the following:-

- (a) Increase in fair value gain on short term investment of approximately RM0.20 million; and
- (b) Realised foreign exchange gain of approximately RM0.22 million.

**(iv) Administrative And Other Expenses**

There was no significant fluctuation in our administrative and other expenses which decreased by RM0.15 million or 1.60% from RM9.40 million in FYE 2009 to RM9.25 million in FYE 2010. The marginal decrease was the effect of, among others, the following factors:-

- (a) Decrease in professional fee by RM0.56 million;
- (b) Decrease in staff cost by RM0.24 million as a result of lower bonus payout in FYE 2010 as compared to FYE 2009;
- (c) Increase in depreciation charges by RM0.35 million mainly as a result of new motor vehicles purchased during the year; and
- (d) Increase in marketing expenses by RM0.24 million relating to our IC CITIZEN training and certification programme.

**(v) Finance Costs**

Our finance costs increased from RM0.23 million in FYE 2009 to RM0.29 million in FYE 2010 was mainly due to the increase in bank overdraft and term loan and hire purchase interests, partly offset by lower commitment fees.

**(vi) PBT And PAT**

Our PBT increased by RM7.59 million or 100.40% from RM7.56 million in FYE 2009 to RM15.15 million in FYE 2010 and our PAT increased by RM7.59 million or 100.93% from RM7.52 million in FYE 2009 to RM15.11 million in FYE 2010 which is in line with the significant increase in our revenue for the corresponding year. Our tax expense for FYE 2010 was insignificant in view of the entitlement for tax exemption under the Pioneer Status granted to PSSB.

**9. FINANCIAL INFORMATION (Cont'd)****9.3.4 Significant Factors Materially Affecting Our Group's Revenue And Profits**

Our Group's financial condition and results of operations have been, and will continue to be affected by, amongst others, the following key factors:-

- (i) Demand and supply conditions for our products and services as set out in Section 11 of this Prospectus, where our demand dependencies include, amongst others, the number of people engaged in the ICT industry, the number of students in public tertiary education institutions, the Government's recognition on the importance of ICT and the budget allocated to promote the use of ICT while our supply dependencies include the Government expenditure on education and the distribution of proprietary software licensing services;
- (ii) Our existing contracts for ICT training and certification as well as software licence distribution and management as disclosed in Section 4.3.13 of this Prospectus and the fulfilment of our obligations under the contracts;
- (iii) Our ability to secure new contracts and the materialisation of our future plans and strategies, which include, amongst others, the development of new certification programmes such as the English language learning and certification, Islamic finance training and certification and Green IT certification, as disclosed in Section 4.4 of this Prospectus; and
- (iv) Our ability to maintain:-
  - (a) the licences as disclosed in Section 4.3.3 of this Prospectus, which include the MOF Contractor licence, the Bumiputera Status granted by the MOF, the registration of training provider certificate granted by Pembangunan Sumber Manusia Berhad as well as the MSC Status and Pioneer Status granted by the Government of Malaysia;
  - (b) good relationship with our partners such as Microsoft, Autodesk, CompTIA, Prometric, and Certiport, which in turn will affect the continuous supplies of material for our core activities; and
  - (c) the Pioneer Status granted to PSSB, which in turn will affect our tax consideration.

In the past five (5) financial years up to FYE 2010, there was no occurrence of any unusual or infrequent events.

**9.3.5 Material Changes In Sales Or Revenue**

A discussion on the reasons on material changes in our revenue for the past five (5) years up to FYE 2010 is set out in Section 9.3.3 of this Prospectus.

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

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**9.3.6 Impact Of Foreign Exchange/Interest Rates/Commodity Prices On Our Group's Operations**

Our Group is exposed to risks in foreign exchange fluctuations as some of our purchases and sales are transacted in USD. For FYE 2010, approximately 75.38% of our Group's purchases and 5.18% of our revenue were transacted in USD. As such, any appreciation or depreciation of USD against RM will result in us incurring foreign currency exchange gains or losses.

Risk related to foreign exchange which may materially affect our operations, are as set out in Section 3 of this Prospectus.

As at the LPD, our Group's total outstanding borrowings of RM4.37 million are all interest-bearing. Hence, any fluctuation in interest rate will affect our Group's profitability. However, there was no material impact of the fluctuations of interest rates on our historical profits for the past five (5) years up to FYE 2010.

As our Group is involved in the provision of services, we are not directly affected by the fluctuation in commodity prices.

Save for the above, there were no other material impacts of fluctuations of foreign currency, interest rates or commodity prices on the operating profits of our Group in the financial years under review.

**9.3.7 Impact Of Inflation On Our Group's Operations**

There was no material impact of inflation on our historical profit for the past five (5) years up to FYE 2010.

**9.3.8 Impact Of Government, Economic, Fiscal Or Monetary Policies On Our Group's Operations**

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, are as set out in Section 3 of this Prospectus.

Save for the above and as disclosed in Section 9.3.3 of this Prospectus, there is no material impact of government, economic, fiscal or monetary policies or factors on our historical profits for the past five (5) years up to FYE 2010.

**9.3.9 Liquidity And Capital Resources**

**(i) Working Capital**

Our business growth has been financed through a combination of shareholders' equity, cash generated from our operations and external borrowings mainly from financial institutions. Cash generated from operations is mainly from collection from customers. Our principal uses of cash have been for trade payments to suppliers, operating, administrative and financial expenses.

As at 31 December 2010, after incorporating the effects of the Listing Scheme, our Group's proforma cash, bank balances and fixed deposits is RM24.34 million, short term borrowings is RM1.56 million and debt to equity ratio is 0.08 times.

Our Directors are of the opinion that, after taking into account of our Group's current cash flow position, the banking facilities available, our Group's capacity to obtain further institutional financing, and the net cash envisaged to be generated from our Group's operations, our Group will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

**9. FINANCIAL INFORMATION (Cont'd)****(ii) Proforma Consolidated Cash Flows**

A summary of our Group's proforma cash flow for FYE 2010 is set out below:-

|  | (RM'000) | After Adjusting<br>For Dividend<br>Payment, IPO And<br>Utilisation of<br>Proceeds<br>(RM'000) |
|--|----------|---|
| Net cash from operating activities                           | 8,343    | 8,343   |
| Net cash from/(for) investing activities                     | 2,862    | (6,138)   |
| Net cash (for)/from financing activities                     | (4,909)  | 2,291   |
| Net increase in cash and cash equivalents                    | 6,296    | 4,496   |
| Cash and cash equivalents at beginning of the financial year | 18,804   | 18,804  |
| Cash and cash equivalents at end of the financial year       | 25,100   | 23,300  |

There are no legal or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends. Our bankers, however, require us to seek their prior approval for dividend payments. We do not expect such approval to be unreasonably withheld by our bankers. Therefore, we are confident that we can meet our cash obligations.

**Net Cash From Operating Activities**

For FYE 2010, we generated operating cash flows before working capital changes amounting to RM15.59 million. After adjusting for net outflow of RM6.97 million from working capital changes, interest paid of RM0.21 million and income tax paid of RM0.07 million, we generated net cash from operating activities of RM8.34 million. Working capital changes arose mainly from the following:-

- (a) Increase in inventories amounting to RM0.92 million in line with higher sales volume for software licence distribution and management segment;
- (b) Increase in receivables amounting to RM5.19 million in line with the increase in sales volume for software licence distribution and management segment; and
- (c) Decrease in payables amounting to RM0.86 million mainly due to settlement of payables at the end of the financial year.

**Net Cash From/(For) Investing Activities**

For FYE 2010, we generated net cash from investing activities amounting to RM2.86 million, as a result of the following:-

- (a) Reinvestment fund received of RM6.45 million;
- (b) Proceeds from disposal of other investments and short-term investments of RM3.40 million;
- (c) Dividend received amounting to RM0.02 million;
- (d) Interest received amounting to RM0.17 million;
- (e) Reinvestment fund paid amounting to RM4.43 million;

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

- (f) Payment of development costs amounting to RM1.14 million;
- (g) Purchase of short-term investments of RM0.95 million; and
- (h) Purchase of property and equipment of RM0.66 million.

For proforma purposes (after adjusting for Dividend Payment, IPO and utilisation of proceeds), our net cash for investing activities has been adjusted to take into account the RM9.00 million that we are expected to incur for the purchase of property and equipment and development cost as set out in Section 2.7 of this Prospectus. Upon completion of our IPO, our net cash for investing activities would be RM6.14 million.

**Net Cash (For)/From Financing Activities**

For FYE 2010, we utilised net cash for financing activities amounting to RM4.91 million, as a result of the following:-

- (a) Payment of dividend of RM5.70 million;
- (b) Repayment of term loan and hire purchase obligations of RM0.09 million and RM0.12 million respectively; and
- (c) Drawdown of term loan of RM1.00 million.

For proforma purposes (after adjusting for Dividend Payment, IPO and utilisation of proceeds), our net cash from financing activities has been adjusted to take into account the following:-

- (a) The Dividend Payment of RM8.00 million;
- (b) Gross proceeds raised via Public Issue of RM19.80 million and the utilisation of RM3.00 million to defray the estimated listing expenses; and
- (c) Repayment of term loan of RM1.60 million.

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**9. FINANCIAL INFORMATION (Cont'd)****(iii) Borrowings**

As at the LPD, we had total outstanding borrowings of RM4.37 million, details of which are set out below:-

|  | Amount<br>RM'000    |
|--|---------------------|
| <u>Interest bearing short-term borrowings</u>                              |                     |
| Hire purchase payables   | 299                 |
| Term loans   | 204                 |
|  | <u>503</u>          |
| <u>Interest bearing long-term borrowings:</u>                              |                     |
| Hire purchase payables   | 1,062               |
| Term loans   | 2,802               |
|  | <u>3,864</u>        |
| <b>Total interest-bearing borrowings</b>                                   | <b><u>4,367</u></b> |
| Gearing ratio as at the LPD (times) <sup>(a)</sup>                         | 0.19                |
| Gearing ratio after IPO and utilisation of proceeds (times) <sup>(b)</sup> | 0.11                |

Notes:-

(a) Based on total interest-bearing borrowings divided by proforma shareholders' funds as at 31 December 2010 of RM23,010,000 upon completion of the Dividend Payment and Acquisition.

(b) Based on total interest-bearing borrowings divided by proforma shareholders' fund as at 31 December 2010 of RM39,810,000 upon completion of the Public Issue and after the utilisation of proceeds.

There has been no default or any known event that could give rise to a default of payments of either interest and/or principal sums in relation to any borrowings of our Group throughout the past three (3) years up to the LPD, which our Directors are aware of.

**9.3.10 Breach Of Terms And Conditions/Covenants Associated With Credit Arrangement/ Bank Loan**

To the best of our Directors' knowledge, as at the LPD, neither we nor any of our subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangement or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

**9.3.11 Financial Instruments Used**

As at the LPD, we do not use any financial instrument for hedging purposes but we will monitor foreign currency risk closely and manage it to an acceptable level. We may consider using certain hedging mechanism in the future when the need arises.

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## 9. FINANCIAL INFORMATION (Cont'd)

### 9.3.12 Treasury Policy And Objectives

We have been financing our operations through a combination of shareholders' equity, cash generated from our operations and external source of funds. Our external source of funds mainly comprises credit terms of 60 days by our suppliers. Details of the borrowings are provided in Section 9.3.9 (iii) of this Prospectus.

The decision to either utilise internally generated funds or banking facilities for our operations depends on, among others, our cash reserve, expected cash inflows or receipts from customers, future working capital requirements, future capital expenditure requirements and the interest rates of the banking facilities.

Our minimum cash reserves at any point in time is dependent on, among others, the expected cash inflows or receipts from customers, liquidity of our short term investments and our future working capital requirements.

### 9.3.13 Material Commitment For Capital Expenditures

As at the LPD, we do not have any material commitments for capital expenditure, which upon becoming enforceable, may have a material effect on the financial position of our Group.

### 9.3.14 Material Litigation/Arbitration

As at the LPD, neither we nor our subsidiaries are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect and/or adverse effect on our financial position or business.

### 9.3.15 Contingent Liabilities

As at the LPD, we do not have any contingent liabilities which have become enforceable or likely to become enforceable, which in the opinion of our Directors, will or may substantially affect our ability to meet our obligations as and when they fall due.

### 9.3.16 Key Financial Ratios

|   | FYE<br>2006 | FYE<br>2007 | FYE<br>2008 | FYE<br>2009 | FYE<br>2010 |
|---|-------------|-------------|-------------|-------------|-------------|
| Trade receivables' turnover period <sup>(a)</sup><br>(days) | 10.69       | 1.36        | 3.16        | 9.42        | 25.91       |
| Trade payables' turnover period <sup>(b)</sup> (days)       | 63.61       | 26.21       | 24.80       | 81.31       | 33.90       |
| Inventory turnover period <sup>(c)</sup> (days)             | -           | -           | 4.11        | 11.39       | 16.29       |

Notes:-

- (a) Calculated based on the consolidated trade receivables' balances as at the respective balance sheet date over revenue for the respective financial year multiply with 365 days.
- (b) Calculated based on the consolidated trade payables' balances as at the respective balance sheet date over cost of sales for the respective financial year multiply with 365 days.
- (c) Calculated based on the consolidated inventory balances as at the respective balance sheet date over cost of sales for the respective financial year multiply with 365 days.

#### (i) Trade Receivables

The normal credit terms granted to our customers range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis. Our trade receivables turnover period, which ranges from a low of 1.36 days in FYE 2007 to a high of 25.91 days in FYE 2010, has been consistently within the normal credit period.

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

The ageing analysis of our trade receivables as at 31 December 2010 is as follows:-

|   | Within Credit Period   |                         | Exceeding Credit Period |                        | Total<br>RM'000 |
|---|------------------------|-------------------------|-------------------------|------------------------|-----------------|
|   | 0-30<br>Days<br>RM'000 | 31-60<br>Days<br>RM'000 | 61-90<br>Days<br>RM'000 | > 90<br>Days<br>RM'000 |                 |
| <b>As at 31 December 2010</b>             |                        |                         |                         |                        |                 |
| Trade receivables                         | 3,108                  | 1,002                   | -                       | 44                     | 4,154           |
| Percentage of total trade receivables (%) | 74.82                  | 24.12                   | -                       | 1.06                   | 100.00          |

During the period between 1 January 2011 and the LPD, we have collected approximately RM0.01 million or 22.73% of the amount exceeding credit period. Our Directors are of the opinion that the remaining amount of approximately RM0.03 million or 77.27% of the amount exceeding credit period are collectable taking into consideration the long term relationship between the customers and us, and the credit control measures being implemented by us to minimise customer default.

**(ii) Trade Payables**

The normal credit period granted by our trade creditors is 60 days. However, in practice, this may extend up to 120 days. Our trade payables turnover period has been within its normal credit period except for FYE 2009. The higher trade payables turnover period recorded for FYE 2009 was mainly attributed to the purchase of Autodesk software licences from ACA Pacific Technology (M) Sdn Bhd made towards the end of FYE 2009. The software licences were used in FYE 2009 for our Group's project.

The ageing analysis of our trade payables as at 31 December 2010 is as follows:-

|  | 0-30<br>Days<br>RM'000        | 31-60<br>Days<br>RM'000 | 61-90<br>Days<br>RM'000 | > 90<br>Days<br>RM'000 | Total<br>RM'000 |
|--|-------------------------------|-------------------------|-------------------------|------------------------|-----------------|
|  | <b>As at 31 December 2010</b> |                         |                         |                        |                 |
| Trade payables                         | 2,396                         | 747                     | 81                      | -                      | 3,224           |
| Percentage of total trade payables (%) | 74.32                         | 23.17                   | 2.51                    | -                      | 100.00          |

As at the LPD, no legal or other action has been taken against us due to our non-payment or late payment in the amount owed to our suppliers.

**(iii) Inventories**

Our inventories mainly comprise software licences. The increase in our inventory turnover period in FYE 2009 and FYE 2010 was mainly due to purchases of software licences towards the end of the FYE, of which the purchases were made for projects undertaken by our Group.

We are of the opinion that there is no material slow or obsolete inventories as at the LPD.

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

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**9.3.17 Trend Information**

**(i) Business And Financial Prospects**

As at the LPD, to the best of our Directors' knowledge and belief, our conditions 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 this section and Section 3 and Section 4 of this Prospectus;
- (b) material commitment for capital expenditures;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and in Section 3 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's revenue and/or profits save for those that have been disclosed in this section and in Section 4.4, Section 4.5 and Section 11 of this Prospectus.
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 3 of this Prospectus; and
- (f) 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 liquidity and capital resources, other than those discussed in this section and in Section 3 and Section 4 of this Prospectus.

Our Board is optimistic about our future prospect given the favourable outlook as set out in Section 11 of this Prospectus, our competitive advantages and key strengths set out in Section 4.3.1(iii) of this Prospectus and our dedication to implement the business strategies and future plans set out in Section 4.4 of this Prospectus.

**(ii) Order Book**

As at the LPD, our order book amounted to approximately RM145.29 million. Our orders in hand for our two (2) business segments are however subject to cancellation, deferral or rescheduling by our customers. Accordingly, our order book as at any particular date cannot be indicative of our revenue for any succeeding period.

Moving forward, we are confident that our order book will remain strong as we have earned the confidence and recognition of the customers due to our track record of delivering quality services/products in a consistent and prompt manner as well as our ability to meet the requirements of our customers.

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

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**9.4 DIVIDEND POLICY**

The declaration of interim dividends and the recommendation of final dividends are subject to discretion of our Directors and any final dividends for the financial year are subject to our shareholders' approval. It is our Directors' intention to recommend and distribute dividends of up to 50.00% of our PAT for at least three (3) financial years after the IPO. However, such recommendation and payments of dividends will depend upon a number of factors as follows:-

- (i) The availability of adequate distributable reserves and cash flows;
- (ii) Our operating cash flow requirements and financial commitments;
- (iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) Any material impact of tax laws and other regulatory requirements.

Actual dividends proposed and declared in the future may vary depending on the financial performance and cash flow of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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## 9. FINANCIAL INFORMATION (Cont'd)

### 9.5 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in the Prospectus)



15 JUN 2011

The Board of Directors  
Prestariang Berhad  
Level 7, Menara Milenium,  
Jalan Damanela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur.

Dear Sirs

#### PRESTARIANG BERHAD ("PRESTARIANG" OR "THE COMPANY") PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the proforma consolidated financial information of Prestariang Berhad and its subsidiaries ("Prestariang Group" or "the Group") from the financial years ended 31 December 2006 to 2010, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only) prepared for illustrative purposes solely for the inclusion in the Prospectus of Prestariang to be dated **28 JUN 2011**

It is our responsibility to form an opinion on the proforma consolidated financial information as required by the Prospectus Guidelines issued by the Securities Commission Malaysia and to report our opinion to you.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the financial information with the audited financial statements, considering the evidence supporting the adjustments, and discussing the proforma consolidated financial information with the Directors of the Group.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual financial position, results and cash flows of the Group. Furthermore, such information does not purport to predict the future financial position, results and cash flows of the Group.

In our opinion,

- (a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma consolidated financial information and such bases are consistent with the accounting policies of Prestariang Group unless otherwise stated;
- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with Financial Reporting Standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

**Crowe Horwath AF 1018**  
Chartered Accountants  
Member Crowe Horwath International

Kuala Lumpur Office  
Level 16 Tower C, Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur, Malaysia  
Main +6 03 2166 0000  
Fax +6 03 2166 1000  
www.crowehorwath.com.my  
info@crowehorwath.com.my

9. FINANCIAL INFORMATION (Cont'd)



We understand that this letter will be used solely for the purpose stated above. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

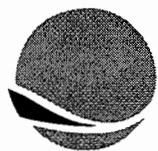
Yours faithfully

A handwritten signature in cursive script that reads "Crowe Horwath".

Crowe Horwath  
Firm No : AF 1018  
Chartered Accountants

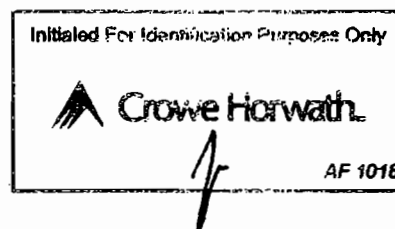
A handwritten signature in cursive script that reads "James Chan Kuan Chee".

James Chan Kuan Chee  
Approval No : 2271/10/11 (J)  
Chartered Accountant

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

PRESTARIANG™

**Prestariang Berhad** (CO.922260-K)  
 70-73, NeoCyber, Lingkaran Cyber Point Barat,  
 63000 Cyberjaya, Selangor, Malaysia.  
 Tel: 603.8314.8400 Fax: 603.8318.9280

**PRESTARIANG BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

The proforma consolidated financial information of Prestariang Berhad ("Prestariang") and its subsidiaries ("Prestariang Group" or "the Group"), comprising the financial information of Prestariang Systems Sdn. Bhd. ("PSSB"), Logisys Sdn. Bhd. ("LSB") and Prestariang R&D Sdn. Bhd. ("PR&D") (formerly known as Prestariang Digital Sdn. Bhd.), are presented for the purpose of illustration only.

The relevant financial period for the purpose of this report ("Relevant Financial Period") is as follows:-

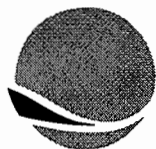
| <b>Company</b> | <b>Relevant Financial Period</b>   |
|----------------|--|
| Prestariang    | Financial period from 16 November 2010 (date of incorporation) to 31 December 2010 ("FPE 2010"). |
| PSSB           | Financial years ended ("FYE") 31 December 2006 to 2010.  |
| LSB            | Financial years ended ("FYE") 31 December 2006 to 2010.  |
| PR&D           | Financial years ended ("FYE") 31 December 2006 to 2010.  |

Prestariang was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 16 November 2010 under the name of Prestariang Sdn. Bhd. Prestariang was converted into a public limited company on 15 December 2010 and assumed its present name, Prestariang Berhad.

The proforma consolidated financial information of Prestariang Group is prepared on the assumption that Prestariang Group had been in existence throughout the Relevant Financial Period. The proforma consolidated financial information comprises the following:-

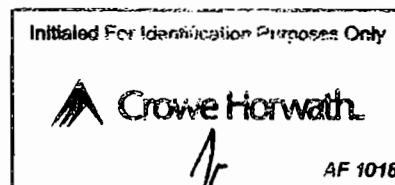
- Section 2 - Proforma Consolidated Statements of Comprehensive Income for the Relevant Financial Period;
- Section 3 - Proforma Consolidated Statements of Financial Position as at 31 December 2010; and
- Section 4 - Proforma Consolidated Statements of Cash Flows for the FYE 2010.

## 9. FINANCIAL INFORMATION (Cont'd)



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### PRESTARIANG BERHAD

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

##### 1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)

##### 1.2 Basis of Preparation

The proforma consolidated financial information is prepared using the audited financial statements of Prestariang, PSSB, LSB and PR&D for the Relevant Financial Period.

The financial statements of Prestariang, PSSB, LSB and PR&D for the Relevant Financial Period under review were not subject to any audit qualification or emphasis of matter.

The proforma consolidated financial information for the Relevant Financial Period has been prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia consistent with those previously adopted in the preparation of the audited financial statements of Prestariang and PSSB for the FYE 2010, and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information. The adoption of all the new and revised FRSs does not have any material effects on the financial statements of the Group throughout the Relevant Financial Period.

The proforma consolidated financial statements have been prepared using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the subsidiary is taken to the merger reserve or deficit, as appropriate.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The proforma statements of comprehensive income for the Relevant Financial Period and statements of cash flows for the FYE 2010 of Prestariang Group have been consolidated based on the assumption that the Group had been in existence throughout the Relevant Financial Period.

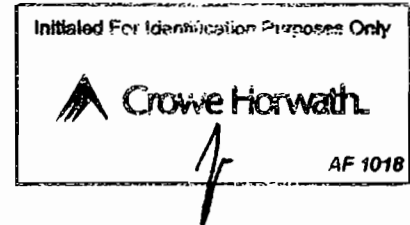
The proforma consolidated statements of financial position together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the following scheme had the scheme been implemented and completed on 31 December 2010:-

## 9. FINANCIAL INFORMATION (Cont'd)



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### PRESTARIANG BERHAD

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

##### 1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)

##### 1.2 Basis of Preparation (Cont'd)

###### The Listing Scheme

The Listing Scheme comprises the following transactions:-

###### (i) Dividend Payment

The declaration and payment of tax-exempt dividend of RM8.0 million by PSSB to its shareholders prior to the Acquisition as set out below.

(hereinafter referred to as the "Dividend Payment")

###### (ii) Acquisition

Acquisition by Prestariang of the entire issued and paid-up share capital of PSSB comprising 5,588,465 ordinary shares of RM1.00 each ("PSSB Shares") (after conversion of the 2,000,000 redeemable convertible preference shares of RM0.10 each in PSSB ("RCPS") held by Kumpulan Modal Perdana Sdn. Bhd. into 325,307 new PSSB Shares) for a purchase consideration of RM19,799,998 which was wholly satisfied by the issuance of 197,999,980 new ordinary shares of RM0.10 each in Prestariang ("Prestariang Shares"). The acquisition was completed on 2 June 2011.

(hereinafter referred to as the "Acquisition")

###### (iii) Initial Public Offering ("IPO")

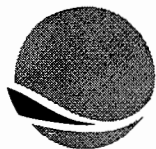
The IPO comprises both the Public Issue and Offer for Sale.

(hereinafter referred to as the "IPO")

###### (a) Public Issue

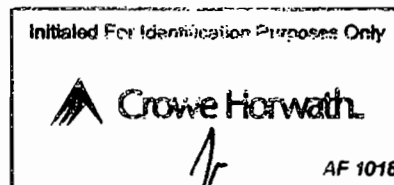
Public Issue of 22,000,000 new Prestariang Shares ("Public Issue Shares"), representing 10.00% of the enlarged issued and paid-up share capital of Prestariang (after the IPO) at the IPO price of RM0.90 per Prestariang Share, for application by Malaysian citizens, companies, societies, co-operatives and institutions ("Public Issue") to be allocated and allotted by way of balloting.

## 9. FINANCIAL INFORMATION (Cont'd)



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## PRESTARIANG BERHAD

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)

## 1.2 Basis of Preparation (Cont'd)

## (iii) Initial Public Offering ("IPO") (Cont'd)

## (b) Offer for Sale

Offer for sale of 77,000,000 Prestariang Shares ("Offer Shares"), representing 35.00% of the enlarged issued and paid-up share capital of Prestariang (after the IPO), at the IPO price of RM0.90 per Prestariang Share ("Offer for Sale"). The Offer Shares will be allocated and allotted in the following manner:-

- **Malaysian public via balloting**

8,000,000 Offer Shares, representing approximately 3.64% of the enlarged issued and paid-up share capital of Prestariang (after the IPO), will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions to be allocated and allotted by way of balloting.

- **Eligible directors, employees and business associates of the Prestariang Group**

7,000,000 Offer Shares, representing approximately 3.18% of the enlarged issued and paid-up share capital of Prestariang (after the IPO), will be made available for application by the eligible directors, employees and business associates of the Prestariang Group.

- **Bumiputera investors via placement**

22,000,000 Offer Shares, representing 10.00% of the enlarged issued and paid-up share capital of Prestariang (after the IPO), will be reserved for private placement to Bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI").

- **Selected investors via placement**

40,000,000 Offer Shares, representing approximately 18.18% of the enlarged issued and paid up share capital of Prestariang (after the IPO), will be made available for private placement to selected investors.

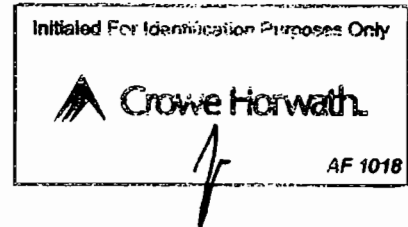


## 9. FINANCIAL INFORMATION (Cont'd)



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### PRESTARIANG BERHAD

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

##### 1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)

##### 1.2 Basis of Preparation (Cont'd)

##### (iii) Initial Public Offering ("IPO") (Cont'd)

##### (c) Listing of and Quotation for Prestariang Shares

Upon completion of the IPO, Prestariang shall list its entire enlarged issued and fully paid-up share capital of RM22,000,000 comprising 220,000,000 Prestariang Shares, on the Main Market of Bursa Malaysia Securities Berhad.

(hereinafter collectively referred to as the "Listing Scheme")

## 9. FINANCIAL INFORMATION (Cont'd)



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**Prestariang Berhad** (CO-922260-K)  
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## PRESTARIANG BERHAD

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR PRESTARIANG GROUP

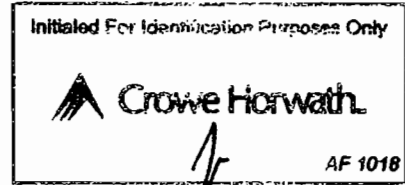
|   | ← AUDITED →        |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| Revenue   | 63,846             | 48,436             | 46,358             | 39,425             | 58,520             |
| Cost of sales   | (53,263)           | (32,546)           | (27,385)           | (22,790)           | (34,709)           |
| Gross profit ("GP")   | 10,583             | 15,890             | 18,973             | 16,635             | 23,811             |
| Other income  | 308                | 47                 | 233                | 551                | 878                |
|   | 10,891             | 15,937             | 19,206             | 17,186             | 24,689             |
| Administrative expenses                                       | (4,389)            | (6,372)            | (10,491)           | (8,993)            | (8,312)            |
| Other expenses  | (768)              | (4,254)            | (638)              | (407)              | (940)              |
| Finance costs   | (318)              | (209)              | (254)              | (229)              | (292)              |
| Profit before taxation ("PBT")                                | 5,416              | 5,102              | 7,823              | 7,557              | 15,145             |
| Depreciation  | 766                | 1,666              | 233                | 219                | 572                |
| Interest expense  | 173                | 29                 | 82                 | 73                 | 208                |
| Interest income   | (34)               | (38)               | (65)               | (97)               | (170)              |
| Earnings before interest, depreciation and taxation ("EBITA") | 6,321              | 6,759              | 8,073              | 7,752              | 15,755             |
| Depreciation  | (766)              | (1,666)            | (233)              | (219)              | (572)              |
| Interest expense  | (173)              | (29)               | (82)               | (73)               | (208)              |
| Interest income   | 34                 | 38                 | 65                 | 97                 | 170                |
| PBT   | 5,416              | 5,102              | 7,823              | 7,557              | 15,145             |
| Income tax expense  | (96)               | (64)               | (368)              | (41)               | (32)               |
| Profit after taxation ("PAT")                                 | 5,320              | 5,038              | 7,455              | 7,516              | 15,113             |
| Other comprehensive income                                    | -                  | -                  | -                  | -                  | -                  |
| Total comprehensive income                                    | 5,320              | 5,038              | 7,455              | 7,516              | 15,113             |

## 9. FINANCIAL INFORMATION (Cont'd)



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## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR PRESTARIANG GROUP (CONT'D)

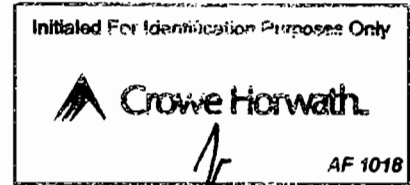
|  | ← AUDITED →        |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| TOTAL COMPREHENSIVE<br>INCOME ATTRIBUTABLE<br>TO:-   |                    |                    |                    |                    |                    |
| Owners of the Company  | 5,320              | 5,038              | 7,455              | 7,516              | 15,113             |
| <i>GP margin (%)</i>   | 16.58              | 32.81              | 40.93              | 42.19              | 40.69              |
| <i>EBITA margin (%)</i>  | 9.90               | 13.95              | 17.41              | 19.66              | 26.92              |
| <i>PBT margin (%)</i>  | 8.48               | 10.53              | 16.88              | 19.17              | 25.88              |
| <i>PAT margin (%)</i>  | 8.33               | 10.40              | 16.08              | 19.06              | 25.83              |
| <i>Effective tax rate (%)</i>  | 1.77               | 1.25               | 4.70               | 0.54               | 0.21               |
| <i>Interest coverage<br/>(times)</i>   | 32.31              | 176.93             | 96.40              | 104.52             | 73.81              |
| <i>Assumed number of<br/>ordinary shares in<br/>issue of RM0.10<br/>each ('000) *</i>                      | 198,000            | 198,000            | 198,000            | 198,000            | 198,000            |
| <i>Gross earnings per<br/>share ("EPS") based<br/>on assumed number<br/>of shares in issue<br/>(sen) ^</i> | 2.74               | 2.58               | 3.95               | 3.82               | 7.65               |
| <i>Net EPS based on<br/>assumed number<br/>of shares in issue<br/>(sen) ^</i>                              | 2.69               | 2.54               | 3.77               | 3.80               | 7.63               |
| <i>Enlarged number<br/>of ordinary shares<br/>of RM0.10 each in<br/>issue ('000)^^</i>                     | 220,000            | 220,000            | 220,000            | 220,000            | 220,000            |
| <i>Gross EPS based<br/>on enlarged number<br/>of ordinary shares<br/>(sen) #</i>                           | 2.46               | 2.32               | 3.56               | 3.44               | 6.88               |
| <i>Net EPS based<br/>on enlarged number<br/>of ordinary shares<br/>(sen) #</i>                             | 2.42               | 2.29               | 3.39               | 3.42               | 6.87               |

## 9. FINANCIAL INFORMATION (Cont'd)



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### PRESTARIANG BERHAD

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

#### 2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR PRESTARIANG GROUP (CONT'D)

Notes:-

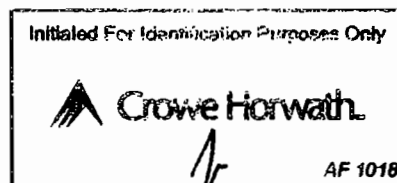
- (i) \* - Assumed number of ordinary shares in issue arrived at based on issued and fully paid-up share capital after Dividend Payment and Acquisition but before IPO.
- (ii) ^ - The Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the assumed number of ordinary shares in issue during the Relevant Financial Period.
- (iii) ^^ - Enlarged number of ordinary shares in issue after IPO.
- (iv) # - The Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the enlarged number of shares during the Relevant Financial Period.

## 9. FINANCIAL INFORMATION (Cont'd)



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## PRESTARIANG BERHAD

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010

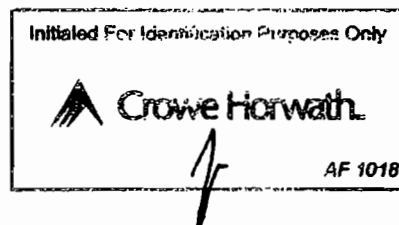
|   | NOTE | As at 31<br>December<br>2010<br>RM'000 | Proforma I<br>Dividend<br>Payment and<br>Acquisition<br>RM'000 | Proforma II<br>IPO<br>RM'000 | Proforma III<br>Utilisation<br>of Proceeds<br>RM'000 |
|---|------|--|--|------------------------------|--|
| <b>ASSETS</b>                               |      |  |  |                              |  |
| <b>NON-CURRENT ASSETS</b>                   |      |  |  |                              |  |
| Property and equipment                      | 3.4  | -                                      | 7,414  | 7,414                        | 9,914  |
| Development costs                           | 3.5  | -                                      | 1,385  | 1,385                        | 7,885  |
|   |      | -                                      | 8,799  | 8,799                        | 17,799   |
| <b>CURRENT ASSETS</b>                       |      |  |  |                              |  |
| Inventories                                 |      | -                                      | 1,549  | 1,549                        | 1,549  |
| Trade receivables                           |      | -                                      | 4,154  | 4,154                        | 4,154  |
| Other receivables, deposits and prepayments |      | -                                      | 2,351  | 2,351                        | 2,351  |
| Short-term investments                      |      | -                                      | 1,055  | 1,055                        | 1,055  |
| Deposits with licensed banks                |      | -                                      | 16,248   | 16,248                       | 16,248   |
| Cash and bank balances                      | 3.6  | #                                      | 1,895  | 21,695                       | 8,095  |
|   |      | #                                      | 27,252   | 47,052                       | 33,452   |
| <b>TOTAL ASSETS</b>                         |      | #                                      | 36,051   | 55,851                       | 51,251   |

## 9. FINANCIAL INFORMATION (Cont'd)



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## PRESTARIANG BERHAD

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010 (CONT'D)

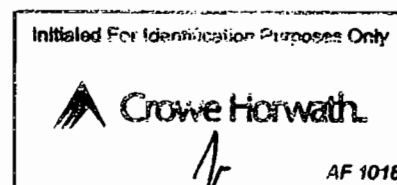
|   | NOTE | As at 31<br>December<br>2010<br>RM'000 | Proforma I<br>Dividend<br>Payment and<br>Acquisition<br>RM'000 | Proforma II<br>IPO<br>RM'000 | Proforma III<br>Utilisation<br>of Proceeds<br>RM'000 |
|---|------|--|--|------------------------------|--|
| <b>EQUITY AND LIABILITIES</b>           |      |  |  |                              |  |
| <b>EQUITY</b>                           |      |  |  |                              |  |
| Share capital                           | 3.7  | #                                      | 19,800   | 22,000                       | 22,000   |
| Share premium                           | 3.8  | -                                      | 3,412  | 21,012                       | 20,094   |
| Merger deficit                          | 3.9  | -                                      | (14,212)   | (14,212)                     | (14,212)   |
| (Accumulated loss)/<br>Retained profits |      | (3)                                    | 14,010   | 14,010                       | 11,928   |
| <b>TOTAL EQUITY</b>                     |      | <b>(3)</b>                             | <b>23,010</b>  | <b>42,810</b>                | <b>39,810</b>  |
| <b>NON-CURRENT LIABILITIES</b>          |      |  |  |                              |  |
| Hire purchase payables                  |      | -                                      | 953  | 953                          | 953  |
| Term loans                              | 3.10 | -                                      | 2,461  | 2,461                        | 861  |
|   |      | -                                      | 3,414  | 3,414                        | 1,814  |

## 9. FINANCIAL INFORMATION (Cont'd)



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## PRESTARIANG BERHAD

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010 (CONT'D)

|   | NOTE | As at 31<br>December<br>2010<br>RM'000 | Proforma I<br>Dividend<br>Payment and<br>Acquisition<br>RM'000 | Proforma II<br>IPO<br>RM'000 | Proforma III<br>Utilisation<br>of Proceeds<br>RM'000 |
|---|------|--|--|------------------------------|--|
| <b>CURRENT LIABILITIES</b>                                      |      |  |  |                              |  |
| Trade payables  |      | -                                      | 3,224  | 3,224                        | 3,224  |
| Other payables and accruals                                     | 3    | 4,487                                  | 4,487  | 4,487                        | 4,487  |
| Hire purchase payables  |      | -                                      | 250  | 250                          | 250  |
| Term loans  |      | -                                      | 269  | 269                          | 269  |
| Bank overdraft  |      | -                                      | 1,043  | 1,043                        | 1,043  |
| Provision for taxation  |      | -                                      | 354  | 354                          | 354  |
|   |      | 3                                      | 9,627  | 9,627                        | 9,627  |
| <b>TOTAL LIABILITIES</b>  |      | 3                                      | 13,041   | 13,041                       | 11,441   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             |      |  |  |                              |  |
|   |      | #                                      | 36,051   | 55,851                       | 51,251   |
| <i>Number of ordinary shares of RM0.10 each in issue ('000)</i> |      |  |  |                              |  |
|   |      | ^                                      | 198,000  | 220,000                      | 220,000  |
| <i>Net (liabilities)/assets ("(NL)" / "NA") (RM'000)</i>        |      |  |  |                              |  |
|   |      | (3)                                    | 23,010   | 42,810                       | 39,810   |
| <i>(NL)/NA per ordinary share (RM)</i>                          |      |  |  |                              |  |
|   |      | (150)                                  | 0.12   | 0.19                         | 0.18   |

Notes:-

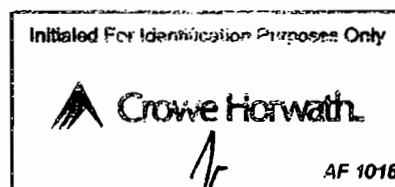
(i) # - RM2

(ii) ^ - 20 ordinary shares.

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

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**PRESTARIANG BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010 (CONT'D)****3.1 Proforma I**

Proforma I incorporates the effects of Dividend Payment and Acquisition.

**3.2 Proforma II**

Proforma II incorporates the effects of Proforma I and the IPO.

**3.3 Proforma III**

Proforma III incorporates the effects of Proforma II and the utilisation of proceeds. The proceeds will be utilised as follows:-

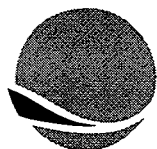
|   | RM'000 |
|---|--------|
| Capital expenditure on property and equipment | 2,500  |
| Research and development expenditure ^        | 6,500  |
| Working capital                               | 6,200  |
| Repayment of term loan                        | 1,600  |
| Estimated listing expenses *                  | 3,000  |
|   | 19,800 |

Notes:-

- (i) ^ - The research and development expenditure is assumed to be recognised under FRS 138 - Intangible Assets and is capitalised as development costs for presentation purposes in the Proforma Consolidated Statements of Financial Position.
- (ii) \* - The total estimated listing expenses for the issue of new Prestariang Shares is RM3,000,000 of which RM918,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965. The balance of the estimated listing expenses of RM2,082,000 will be expensed off against the statements of comprehensive income and this represents a one-off expenditure pursuant to the IPO.

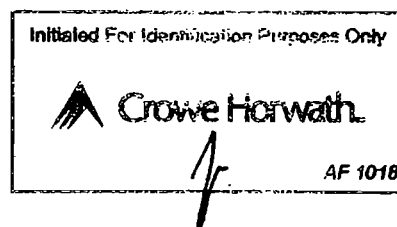


## 9. FINANCIAL INFORMATION (Cont'd)



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## PRESTARIANG BERHAD

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010 (CONT'D)

## 3.4 Property And Equipment

|                                | Cost<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Net Book<br>Value<br>RM'000 |
|--------------------------------|----------------|---------------------------------------|-----------------------------|
| Freehold buildings             | 3,461          | (69)                                  | 3,392                       |
| Computer systems and equipment | 400            | (290)                                 | 110                         |
| Furniture and fittings         | 659            | (92)                                  | 567                         |
| Office equipment               | 483            | (145)                                 | 338                         |
| Office renovation              | 1,455          | (133)                                 | 1,322                       |
| Motor vehicles                 | 2,019          | (334)                                 | 1,685                       |
| As per Proforma I/II           | 8,477          | (1,063)                               | 7,414                       |
| Utilisation of Proceeds        | 2,500          | -                                     | 2,500                       |
| As per Proforma III            | 10,977         | (1,063)                               | 9,914                       |

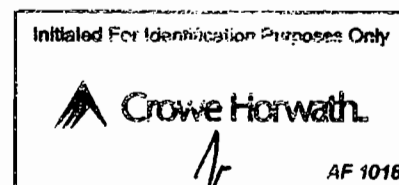
## 3.5 Development Costs

|                                  | RM'000 |
|----------------------------------|--------|
| As at 31 December 2010           | -      |
| Dividend Payment and Acquisition | 1,385  |
| As per Proforma I/II             | 1,385  |
| Utilisation of Proceeds          | 6,500  |
| As per Proforma III              | 7,885  |

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

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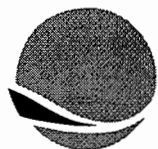
**PRESTARIANG BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010 (CONT'D)****3.6 Cash And Bank Balances**

|  | RM'000  |
|--|---------|
| As at 31 December 2010                 | #       |
| Dividend Payment and Acquisition       | 1,895   |
| As per Proforma I                      | 1,895   |
| Proceeds from IPO                      | 19,800  |
| As per Proforma II                     | 21,695  |
| Utilisation of Proceeds:               |         |
| - Purchase of property and equipment   | (2,500) |
| - Research and development expenditure | (6,500) |
| - Repayment of term loan               | (1,600) |
| - Estimated listing expenses           | (3,000) |
| As per Proforma III                    | 8,095   |

Note:-

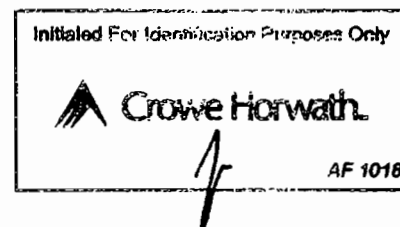
(i) # - RM2.

## 9. FINANCIAL INFORMATION (Cont'd)



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## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010 (CONT'D)

## 3.7 Share Capital

The movements in the issued and paid-up share capital of Prestariang are as follows:-

|  | Number of<br>Ordinary<br>Shares<br>( '000) | Share<br>Capital<br>RM'000 |
|--|--|----------------------------|
| Issued and fully paid-up ordinary shares<br>of RM0.10 each |  |                            |
| As at 31 December 2010                                     | ^  | #                          |
| Issuance of shares for Acquisition                         | 198,000                                    | 19,800                     |
| As per Proforma I  | 198,000                                    | 19,800                     |
| IPO  | 22,000                                     | 2,200                      |
| As per Proforma II/III                                     | 220,000                                    | 22,000                     |

Notes:-

(i) ^ - 20 ordinary shares

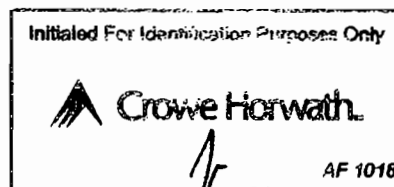
(ii) # - RM2.

## 9. FINANCIAL INFORMATION (Cont'd)



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## PRESTARIANG BERHAD

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010 (CONT'D)

## 3.8 Share Premium

The movements in the share premium account are as follows:-

|                                  | RM'000 |
|----------------------------------|--------|
| As at 31 December 2010           | -      |
| Dividend Payment and Acquisition | 3,412  |
|                                  | <hr/>  |
| As per Proforma I                | 3,412  |
| IPO                              | 17,600 |
|                                  | <hr/>  |
| As per Proforma II               | 21,012 |
| Estimated listing expenses *     | (918)  |
|                                  | <hr/>  |
| As per Proforma III              | 20,094 |
|                                  | <hr/>  |

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

Note:-

- (i) \* - *The total estimated listing expenses for the issue of new Prestariang Shares is RM3,000,000 of which RM918,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965. The balance of the estimated listing expenses of RM2,082,000 will be expensed off against the statements of comprehensive income and this represents a one-off expenditure pursuant to the IPO.*

## 3.9 Merger Deficit

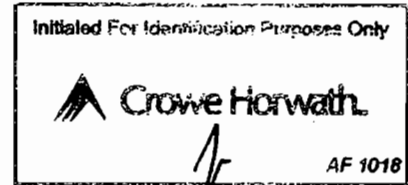
The merger deficit arose from the Acquisition using the merger method of accounting.

## 9. FINANCIAL INFORMATION (Cont'd)



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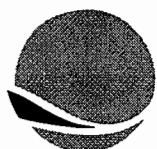
## PRESTARIANG BERHAD

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR PRESTARIANG GROUP AS AT 31 DECEMBER 2010 (CONT'D)

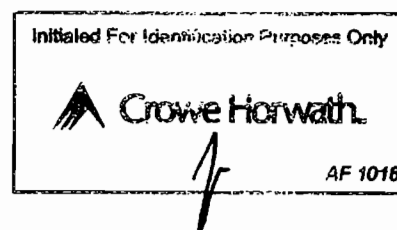
## 3.10 Term Loan - Non-Current Liability

|                                  | RM'000  |
|----------------------------------|---------|
| As at 31 December 2010           | -       |
| Dividend Payment and Acquisition | 2,461   |
| As per Proforma I/II             | 2,461   |
| Utilisation of Proceeds          | (1,600) |
| As per Proforma III              | 861     |

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

PRESTARIANG™

**Prestariang Berhad** (CO.922260-K)  
 70-73, NeoCyber, Lingkaran Cyber Point Barat,  
 63000 Cyberjaya, Selangor, Malaysia.  
 Tel: 603.8314.8400 Fax: 603.8318.9280

**PRESTARIANG BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR PRESTARIANG GROUP FOR THE FYE 31 DECEMBER 2010**

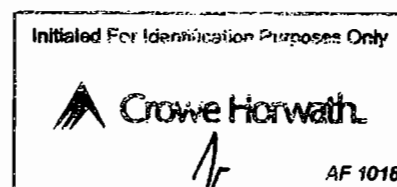
The proforma consolidated statement of cash flows of Prestariang Group has been prepared before taking into account the effects of Dividend Payment, proceeds from the IPO and its utilisation.

|   | Note | RM'000       |
|---|------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |      |              |
| Profit before taxation                                    |      | 15,145       |
| Adjustments for:-   |      |              |
| Allowance for impairment loss on trade receivables        |      | 219          |
| Bad debts written off                                     |      | 19           |
| Depreciation of property and equipment                    |      | 572          |
| Interest expense  |      | 208          |
| Inventories written off                                   |      | 76           |
| Loss on disposal of other investment                      |      | 14           |
| Dividend income   |      | (20)         |
| Fair value gain on short-term investments                 |      | (419)        |
| Gain on foreign exchange - unrealised                     |      | (58)         |
| Interest income   |      | (170)        |
| Operating profit before working capital changes           |      | 15,586       |
| Increase in inventories                                   |      | (914)        |
| Increase in trade and other receivables                   |      | (5,190)      |
| Decrease in trade and other payables                      |      | (860)        |
| <b>CASH FROM OPERATIONS</b>                               |      | <b>3,622</b> |
| Interest paid   |      | (208)        |
| Income tax paid   |      | (71)         |
| <b>NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD</b> |      | <b>8,343</b> |

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

PRESTARIANG™

**Prestariang Berhad** (CO:922260-K)  
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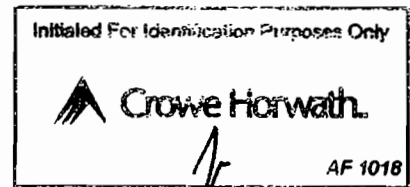
**PRESTARIANG BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR PRESTARIANG GROUP FOR THE FYE 31 DECEMBER 2010 (CONT'D)**

|   | Note | RM'000  |
|---|------|---------|
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                           |      |         |
| BROUGHT FORWARD   |      | 8,343   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |      |         |
| Dividend received   |      | 20      |
| Interest received   |      | 170     |
| Purchase of property and equipment                                  | 4.1  | (662)   |
| Purchase of short-term investments                                  |      | (948)   |
| Proceeds from disposal of other investments                         |      | 1,269   |
| Proceeds from disposal of short-term investments                    |      | 2,135   |
| Development costs paid  |      | (1,140) |
| Reinvestment fund received  |      | 6,449   |
| Reinvestment fund paid  |      | (4,431) |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                           |      | 2,862   |
| <b>CASH FLOWS FOR FINANCING ACTIVITIES</b>                          |      |         |
| Dividend paid   |      | (5,700) |
| Drawdown of term loans  |      | 1,008   |
| Repayment of hire purchase obligations                              |      | (123)   |
| Repayment of term loan  |      | (94)    |
| <b>NET CASH FOR FINANCING ACTIVITIES</b>                            |      | (4,909) |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                    |      | 6,296   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b> |      | 18,804  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>       | 4.2  | 25,100  |

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

PRESTARIANG™

**Prestariang Berhad** (CO:922260-K)  
 70-73, NeoCyber, Lingkaran Cyber Point Barat,  
 63000 Cyberjaya, Selangor, Malaysia.  
 Tel: 603.8314.8400 Fax: 603.8318.9280

**PRESTARIANG BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF PRESTARIANG GROUP FOR THE FYE 31 DECEMBER 2010 (CONT'D)****4.1 Purchase Of Property And Equipment**

|   | RM'000  |
|---|---------|
| Cost of property and equipment purchased                  | 1,824   |
| Amount financed through hire purchase                     | (1,162) |
|   | <hr/>   |
| Cash disbursed for the purchase of property and equipment | 662     |
|   | <hr/>   |

**4.2 Cash And Cash Equivalents**

|                              | RM'000  |
|------------------------------|---------|
| Deposits with licensed banks | 16,248  |
| Cash and bank balances       | 9,895   |
| Bank overdraft               | (1,043) |
|                              | <hr/>   |
|                              | 25,100  |
|                              | <hr/>   |

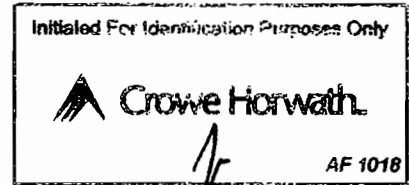


9. FINANCIAL INFORMATION (Cont'd)



PRESTARIANG™

**Prestariang Berhad** (CO:922260-K)  
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PRESTARIANG BERHAD

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated

**13 JUN 2011**

On behalf of the Board,

A handwritten signature in black ink, appearing to read "M. Yunus".

Dato' Mohamed Yunus Ramli Bin Abbas

A handwritten signature in black ink, appearing to read "Dr. Abu Hasan Bin Ismail".

Dr. Abu Hasan Bin Ismail

## 10. ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus)



**15 JUN 2011**

The Board of Directors  
Prestariang Berhad  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur.

**Crowe Horwath AF 1018**  
Chartered Accountants  
Member Crowe Horwath International

Kuala Lumpur Office  
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12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur, Malaysia  
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Fax +6 03 2166 1000  
www.crowehorwath.com.my  
info@crowehorwath.com.my

Dear Sirs

### **PRESTARIANG BERHAD ("PRESTARIANG" OR "THE COMPANY") ACCOUNTANTS' REPORT**

#### **1. PURPOSE OF REPORT**

This report has been prepared by Messrs. Crowe Horwath, an approved company auditor and a firm of public accountants registered in Malaysia, for inclusion in the Prospectus of Prestariang in connection with the listing of Prestariang on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The details of the listing scheme are disclosed in Section 2.2 of this report.

#### **2. DETAILS OF THE LISTING SCHEME**

##### **2.1 THE COMPANY**

Prestariang was incorporated as a private company limited by shares on 16 November 2010 under the name of Prestariang Sdn. Bhd.. On 15 December 2010, the Company was converted to a public company limited by shares and assumed its present name of Prestariang Berhad. The Company was established as an investment holding company. The principal activities of the subsidiaries are disclosed in Section 3.3 of this report.

##### **2.2 THE LISTING SCHEME**

In conjunction with and as an integral part of the listing of Prestariang on the Main Market of Bursa Securities, the Company had undertaken the following transactions:-

###### **2.2.1 Dividend Payment**

The declaration and payment of tax-exempt dividend of RM8.0 million by Prestariang Systems Sdn. Bhd. ("PSSB") to its shareholders prior to the Acquisition as set out below.

(hereinafter referred to as the "Dividend Payment")

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



**2. DETAILS OF THE LISTING SCHEME (CONT'D)**

**2.2 THE LISTING SCHEME (CONT'D)**

**2.2.2 Acquisition**

Acquisition by Prestariang of the entire issued and paid-up share capital of PSSB comprising 5,588,465 ordinary shares of RM1.00 each ("PSSB Shares") (after conversion of the 2,000,000 redeemable convertible preference shares of RM0.10 each in PSSB ("RCPS") held by Kumpulan Modal Perdana Sdn. Bhd. ("KMP") into 325,307 new PSSB Shares) for a purchase consideration of RM19,799,998 which was wholly satisfied by the issuance of 197,999,980 new ordinary shares of RM0.10 each in Prestariang ("Prestariang Shares"). The acquisition was completed on 2 June 2011.

(hereinafter referred to as the "Acquisition")

**2.2.3 Initial Public Offering ("IPO")**

The IPO comprises both the Public Issue and Offer for Sale.

(hereinafter referred to as the "IPO").

**(a) Public Issue**

Public Issue of 22,000,000 new Prestariang Shares ("Public Issue Shares"), representing 10.00% of the enlarged issued and paid-up share capital of Prestariang (after the IPO) at the IPO price of RM0.90 per Prestariang Share, for application by Malaysian citizens, companies, societies, co-operatives and institutions ("Public Issue") to be allocated and allotted by way of balloting.

**(b) Offer For Sale**

Offer for sale of 77,000,000 Prestariang Shares ("Offer Shares"), representing 35.00% of the enlarged issued and paid-up share capital of Prestariang (after the IPO), at the IPO price of RM0.90 per Prestariang Share ("Offer for Sale"). The Offer Shares will be allocated and allotted in the following manner:-

**(i) Malaysian public via balloting**

8,000,000 Offer Shares, representing approximately 3.64% of the enlarged issued and paid-up share capital of Prestariang (after the IPO), will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions to be allocated and allotted by way of balloting.

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



**2. DETAILS OF THE LISTING SCHEME (CONT'D)**

**2.2 THE LISTING SCHEME (CONT'D)**

**2.2.3 Initial Public Offering ("IPO") (Cont'd)**

**(b) Offer For Sale (Cont'd)**

**(ii) Eligible Directors, employees and business associates of the Group**

7,000,000 Offer Shares, representing approximately 3.18% of the enlarged issued and paid-up share capital of Prestariang (after the IPO), will be made available for application by the eligible directors, employees and business associates of the Prestariang Group.

**(iii) Bumiputera investors via placement**

22,000,000 Offer Shares, representing 10.00% of the enlarged issued and paid-up share capital of Prestariang (after the IPO), will be reserved for private placement to Bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI").

**(iv) Selected investors via placement**

40,000,000 Offer Shares, representing approximately 18.18% of the enlarged issued and paid up share capital of Prestariang (after the IPO), will be made available for private placement to selected investors.

**2.2.4 Listing of and Quotation for Prestariang Shares**

Upon completion of the IPO, Prestariang shall list its entire enlarged issued and fully paid-up share capital of RM22,000,000 comprising 220,000,000 Prestariang Shares, on the Main Market of Bursa Securities.

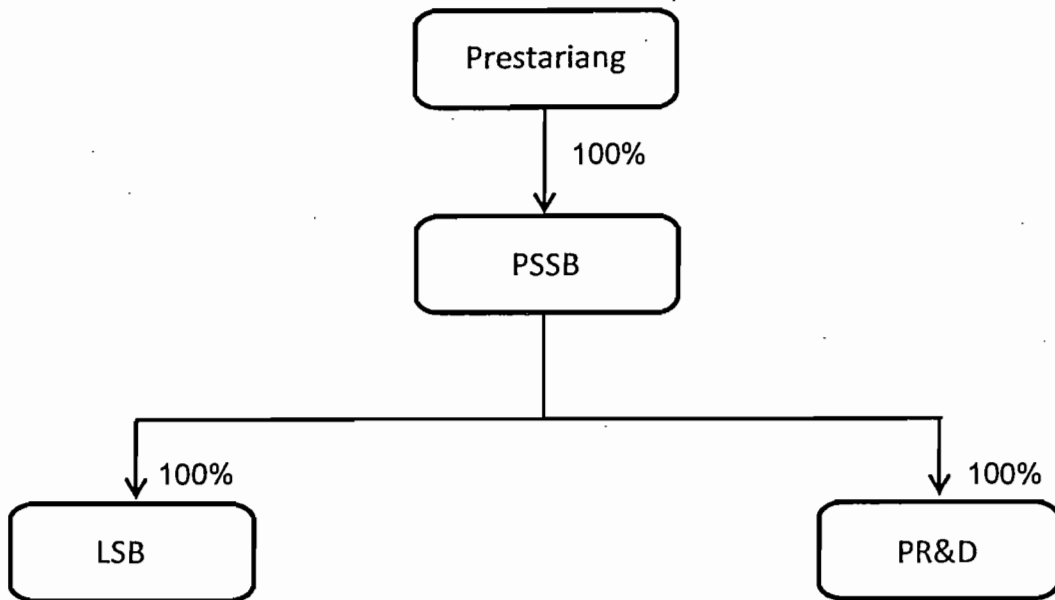
(hereinafter collectively referred to as the "Listing Scheme")

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



## 3 GROUP STRUCTURE

The group structure of Prestariang at the date of this report is as follows:-



Notes:-

*PSSB* - *Prestariang Systems Sdn. Bhd.*

*LSB* - *Logisys Sdn. Bhd.*

*PR&D* - *Prestariang R&D Sdn. Bhd. (Formerly known as Prestariang Digital Sdn. Bhd.)*

PSSB acquired 100% equity interest in PR&D on 3 January 2005.

PSSB acquired an 80% equity interest in LSB on 3 January 2005 and acquired the remaining 20% equity interest in LSB on 14 October 2008.

(the above group is referred to as "Prestariang Group" or "the Group")

**10. ACCOUNTANTS' REPORT (Cont'd)****3 GROUP STRUCTURE****3.1 DETAILS OF THE SUBSIDIARIES**

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

| Name of Company | Date of Incorporation | Fully Issued and Paid-up Share Capital RM | Principal Activities  |
|-----------------|-----------------------|---|---|
| PSSB            | 8 October 2003        | 5,588,465                                 | Provision of Information and Communication Technology ("ICT") training and certification, and software licence distribution and management. |
| LSB             | 9 April 2001          | 500,000                                   | Provision of ICT training and software licence distribution and management.   |
| PR&D            | 17 May 2004           | 100,000                                   | Research and development.   |

**4. RELEVANT FINANCIAL PERIOD AND AUDITORS**

The relevant financial period of the audited financial statements provided in this report ("Relevant Financial Period") and the auditors for the Relevant Financial Period are as follows:-

| Company     | Relevant Financial Periods  | Auditors                | Auditors' Report    |
|-------------|---|-------------------------|---------------------|
| Prestariang | Financial period from 16 November 2010 (date of incorporation) to 31 December 2010 ("FPE 2010") | Messrs. Crowe Horwath   | Appendix I          |
| PSSB        | FYE 31 December 2006 to 2007  | Messrs. Wan Nadzir & Co | Appendix II & III   |
|             | FYE 31 December 2008 to 2010  | Messrs. Crowe Horwath   | Appendix IV, V & VI |

Prestariang was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 16 November 2010 under the name of Prestariang Sdn. Bhd. Prestariang was converted into a public limited company on 15 December 2010 and assumed its present name, Prestariang Berhad.

**10. ACCOUNTANTS' REPORT (Cont'd)****4. RELEVANT FINANCIAL PERIOD AND AUDITORS (CONT'D)**

Prestariang Group only existed on 2 June 2011 upon completion of the Acquisition by Prestariang of PSSB. Hence, there are no consolidated financial statements of Prestariang Group for the Relevant Financial Period.

For the purpose of this report, the audited financial statements of Prestariang for FPE 2010 and audited consolidated financial statements of PSSB for FYE 2006 to FYE 2010 are presented, whilst the audited financial statements of the other subsidiaries for the Relevant Financial Period are not shown separately as the consolidated results of PSSB and the PSSB Group (PSSB and its subsidiaries) itself form more than 75% of the Prestariang Group's proforma profit before taxation for FYE 2006 to FYE 2010.

The consolidated financial statements of PSSB for the FYE 2006 and FYE 2007 were prepared based on Private Entity Reporting Standards ("PERS"). For the purpose of this report, the consolidated financial statements of PSSB were converted to comply with Financial Reporting Standards ("FRS") in Malaysia. We have reviewed the consolidated financial statements of PSSB Group for FYE 2006 and FYE 2007 for the conversion to FRS in Malaysia, prepared for the purpose of this report. This adoption of FRS did not have any material financial effect on the consolidated financial statements of PSSB.

The audited financial statements of Prestariang and PSSB for the Relevant Financial Period under review were not subject to any audit qualification or emphasis of matter.

**5. ACCOUNTING STANDARDS AND POLICIES****5.1 BASIS OF PREPARATION**

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with FRS in Malaysia for the Relevant Financial Period.

- (a) At the beginning of the FYE 2010, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

**FRSs and IC Interpretations (including the Consequential Amendments)**

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

10. ACCOUNTANTS' REPORT (Cont'd)



5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

**FRSs and IC Interpretations (including the Consequential Amendments)**

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

- (i) FRS 7 requires additional disclosures about the Group's financial instruments. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the Group's financial statements for the FYE 2010.



**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 BASIS OF PREPARATION (CONT'D)**

- (ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Sections 6.1.7(b) and 6.2.28(b) of this report.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

- (iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

This adoption does not have any material financial impact on the financial statements.

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

| <b>FRSs and IC Interpretations (including the Consequential Amendments)</b> | <b>Effective date</b> |
|---|-----------------------|
| FRS 1 (Revised) First-time Adoption of Financial Reporting Standards        | 1 July 2010           |
| FRS 3 (Revised) Business Combinations                                       | 1 July 2010           |

**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 BASIS OF PREPARATION (CONT'D)**

| <b>FRSs and IC Interpretations (including the Consequential Amendments)</b>                                 | <b>Effective date</b> |
|---|-----------------------|
| FRS 124 (Revised) Related Party Disclosures   | 1 January 2012        |
| FRS 127 (Revised) Consolidated and Separate Financial Statements  | 1 July 2010           |
| Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters | 1 January 2011        |
| Amendments to FRS 1: Additional Exemptions for First-time Adopters  | 1 January 2011        |
| Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)   | 1 July 2010           |
| Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions                                    | 1 January 2011        |
| Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary                                  | 1 July 2010           |
| Amendments to FRS 7: Improving Disclosures about Financial Instruments                                      | 1 January 2011        |
| Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)                                | 1 July 2010           |
| Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement                            | 1 July 2011           |
| Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)                         | 1 July 2010           |
| IC Interpretation 4 Determining Whether An Arrangement Contains a Lease                                     | 1 January 2011        |
| IC Interpretation 12 Service Concession Arrangements  | 1 July 2010           |
| IC Interpretation 15 Agreements for the Construction of Real Estate   | 1 January 2012        |

**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 BASIS OF PREPARATION (CONT'D)**

| <b>FRSs and IC Interpretations (including the Consequential Amendments)</b>      | <b>Effective date</b> |
|--|-----------------------|
| IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation           | 1 July 2010           |
| IC Interpretation 17 Distributions of Non-cash Assets to Owners                  | 1 July 2010           |
| IC Interpretation 18 Transfers of Assets from Customers                          | 1 January 2011        |
| IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011           |
| Annual Improvements to FRSs (2010)   | 1 January 2011        |

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

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

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



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 SIGNIFICANT ACCOUNTING POLICIES

## (a) Critical Accounting Estimates And Judgements

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

(i) *Depreciation of Property and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) *Income Taxes*

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

(iii) *Impairment of Non-financial Assets*

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

**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates And Judgements (Cont'd)***(iv) Amortisation of Development Costs*

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

*(v) Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

*(vi) Allowance for Inventories*

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

**(b) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

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

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

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



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated statements of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with minority interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

## (c) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated statements of comprehensive income. An impairment loss recognised for goodwill is not reversed in a subsequent year.

If, after reassessments, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated statements of comprehensive income.

## (d) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

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

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

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

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**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Functional and Foreign Currencies (Cont'd)***(ii) Transactions and Balances*

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

**(e) Financial Instruments**

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

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

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

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

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

*(i) Financial Assets*

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

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



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

- *Held-to-maturity Investments*

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

- *Loans and Receivables Financial Assets*

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

- *Available-for-sale Financial Assets*

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



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



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

## • Available-for-sale Financial Assets (Cont'd)

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

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

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

## (ii) Financial Liabilities

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

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

## (iii) Equity Instruments

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

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

**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial Instruments (Cont'd)***(iv) Redeemable Convertible Preference Shares ("RCPS")*

FRS 132 - Financial Instruments: Disclosures and Presentation, requires the Company as an issuer of a financial instrument to classify the instrument either as liability or equity in accordance with the substance of the contractual arrangement on initial recognition. Consequently, the RCPS which amongst other conditions, are redeemable at the option of the holder of the RCPS and carry cumulative dividend obligations, are classified as long-term or current liabilities under such circumstances.

**(f) Investments in Subsidiaries**

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

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

**(g) Property and Equipment**

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

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

|                                |           |
|--------------------------------|-----------|
| Freehold buildings             | 2%        |
| Computer systems and equipment | 20%       |
| Furniture and fittings         | 10%       |
| Office equipment               | 10% - 20% |
| Office renovation              | 10% - 20% |
| Motor vehicles                 | 20%       |

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

**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Property and Equipment (Cont'd)**

Construction work-in-progress represents progress payments made towards the acquisition of land and building and related capital assets which are not ready for commercial use at the end of the reporting period. Construction work-in-progress is stated at cost and will be transferred to the relevant category of long-term assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of construction work-in-progress includes direct costs and related expenditure.

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

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

**(h) Research and Development Expenditure**

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

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

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

**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Research and Development Expenditure (Cont'd)**

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

The development expenditure is amortised on a straight-line method over a period of 3 to 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

**(i) Intangible Assets**

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statements of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## (j) Impairment

(i) *Impairment of Financial Assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

*Assets Carried at Amortised Cost*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the statements of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statements of comprehensive income.

(ii) *Impairment of Non-Financial Assets*

The carrying amounts of the Group's non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in the statements of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Impairment (Cont'd)****(ii) Impairment of Non-Financial Assets (Cont'd)**

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

**(k) Assets under Hire Purchase**

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Section 5.2(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

**(l) Inventories**

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

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

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

**(m) Income Taxes**

Income tax for the year comprises current and deferred tax.

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

**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Income Taxes (Cont'd)**

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax is recognised in the statements of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

**(n) Cash and Cash Equivalents**

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

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

## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## (o) Provisions

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

## (p) Employee Benefits

(i) *Short-term Benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) *Defined Contribution Plans*

The Group's contributions to defined contribution plans are charged to the statements of comprehensive income in the year to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

## (q) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.



**10. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) Related Parties (Cont'd)**

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

**(r) Contingent Liabilities**

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

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

**(s) Revenue Recognition****(i) Sale of Goods**

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

**(ii) Services**

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

**(iii) Interest Income**

Interest income is recognised on an accrual basis.

**(iv) Dividend Income**

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

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

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**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

**5.3 CONSISTENCY OF APPLICATION OF ACCOUNTING POLICIES**

This report is prepared on the basis consistent with the accounting policies adopted by Prestariang and PSSB Group as disclosed in Section 5.1 and Section 5.2 above. There were no changes in the significant accounting policies adopted by Prestariang and PSSB Group during the Relevant Financial Period other than the adoption of all the new and revised FRSs issued by the MASB which are relevant to its operations.

**6. AUDITED FINANCIAL STATEMENTS**

The financial information of Prestariang and PSSB Group as presented in Section 6.1 and Section 6.2 are based on the audited financial statements, modified as appropriate, for the purpose of this report.

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements except for those in *italics* which are prepared based on the calculation, representation and/or explanation provided by the management and those as otherwise indicated.

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.1 PRESTARIANG

## 6.1.1 STATEMENT OF COMPREHENSIVE INCOME

|  | NOTE  | AUDITED<br>FPE 2010<br>RM'000 |
|--|-------|-------------------------------|
| Revenue  |       | -                             |
| Administrative expenses                                  |       | (3)                           |
| Loss for the financial period                            | 6.1.5 | (3)                           |
| Other comprehensive income                               |       | -                             |
| Total comprehensive expenses for the financial period    |       | (3)                           |
| Loss for the financial period attributable to:-          |       |                               |
| Owners of the Company                                    |       | (3)                           |
| Total comprehensive expenses attributable to:-           |       |                               |
| Owners of the Company                                    |       | (3)                           |
| <i>Number of ordinary shares in issue of RM0.10 each</i> |       | 20                            |
| <i>Gross earnings per share ("EPS") (RM) ^</i>           |       | (150)                         |
| <i>Net EPS (RM) ^</i>                                    |       | (150)                         |

Note:-

^ - the Gross EPS and Net EPS were computed by dividing the loss for the financial period by the number of ordinary shares in issue during the Relevant Financial Period.

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.1 PRESTARIANG (CONT'D)

## 6.1.2 STATEMENT OF FINANCIAL POSITION

|  | NOTE  | AUDITED<br>FPE 2010<br>RM'000 |
|--|-------|-------------------------------|
| <b>ASSET</b>                           |       |                               |
| <b>CURRENT ASSET</b>                   |       |                               |
| Cash in hand                           |       | #                             |
| <b>EQUITY AND LIABILITY</b>            |       |                               |
| <b>EQUITY</b>                          |       |                               |
| Share capital                          | 6.1.6 | #                             |
| Accumulated loss                       |       | (3)                           |
| <b>TOTAL EQUITY</b>                    |       | (3)                           |
| <b>CURRENT LIABILITY</b>               |       |                               |
| Accrual                                |       | 3                             |
| <b>TOTAL EQUITY AND LIABILITY</b>      |       | #                             |
| <i>Number of ordinary shares</i>       |       | 20                            |
| <i>Net liabilities ("NL") (RM'000)</i> |       | (3)                           |
| <i>NL per ordinary share (RM)</i>      |       | (150)                         |
| <i>Gearing ratio (times)</i>           |       | N/A                           |

Note:-

# - RM2.

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.1 PRESTARIANG (CONT'D)

## 6.1.3 STATEMENT OF CASH FLOWS

|  | AUDITED<br>FPE 2010<br>RM'000 |
|--|-------------------------------|
| CASH FLOWS FOR OPERATING ACTMTIES                        |                               |
| Loss for the financial period                            | (3)                           |
| Changes in working capital                               |                               |
| Increase in accrual                                      | 3                             |
| NET CASH FOR OPERATING ACTMTIES                          | -                             |
| NET CASH FROM FINANCING ACTMITY                          |                               |
| Proceeds from issuance of shares                         | #                             |
| NET INCREASE IN CASH IN HAND                             | #                             |
| CASH IN HAND AT THE BEGINNING OF THE<br>FINANCIAL PERIOD | -                             |
| CASH IN HAND AT THE END OF THE FINANCIAL PERIOD          | #                             |

Note:-

# - RM2.

## 6.1.4 STATEMENT OF CHANGES IN EQUITY

|  | ← AUDITED →                |                               |                 |
|--|----------------------------|-------------------------------|-----------------|
|  | Share<br>Capital<br>RM'000 | Accumulated<br>Loss<br>RM'000 | Total<br>RM'000 |
| At 16.11.2010 (date of incorporation)                    | #                          | -                             | #               |
| Total comprehensive expenses<br>for the financial period | -                          | (3)                           | (3)             |
| Balance at 31.12.2010                                    | #                          | (3)                           | (3)             |

Note:-

# - RM2.

Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Muar • Penang

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.1 PRESTARIANG (CONT'D)

## 6.1.5 LOSS FOR THE FINANCIAL PERIOD

AUDITED  
FPE 2010  
RM'000

Loss for the financial period is arrived at after charging:-

Audit fee

3

## 6.1.6 SHARE CAPITAL

← AUDITED →  
FPE 2010

Number of  
shares ('000)                      RM'000

## AUTHORISED

Ordinary shares of RM0.10 each:-

At 16.11.2010 (date of incorporation)  
Increased during the financial period

|                |               |
|----------------|---------------|
| 1,000          | 100           |
| <u>499,000</u> | <u>49,900</u> |

At 31.12.2010

|                |               |
|----------------|---------------|
| <u>500,000</u> | <u>50,000</u> |
|----------------|---------------|

## ISSUED AND FULLY PAID-UP

Ordinary shares of RM0.10 each:-  
At 16.11.2010 (date of incorporation)/  
31.12.2010

^

#

Notes:-

^ - 20 ordinary shares

# - RM2.

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

## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.1 PRESTARIANG (CONT'D)

## 6.1.7 FINANCIAL INSTRUMENTS

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

## (a) Financial Risk Management Policies

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

## (i) Market Risk

(i) *Foreign Currency Risk*

Prestariang does not have foreign currency transactions, assets or liabilities and hence is not exposed to any currency risk.

(ii) *Interest Rate Risk*

Prestariang does not have any interest-bearing borrowings or fixed deposits and hence is not exposed to interest rate risk.

(iii) *Equity Price Risk*

Prestariang does not have any quoted investment and hence is not exposed to equity price risk.

## (ii) Credit Risk

Prestariang's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the carrying amounts of these financial assets in the statement of financial position reduced by the effects of any netting arrangements with counterparties.

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

Prestariang manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

**10. ACCOUNTANTS' REPORT (Cont'd)****6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.1 PRESTARIANG (CONT'D)****6.1.7 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(iii) Liquidity Risk**

Prestariang's exposure to liquidity risk arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances to meet its working capital requirements.

The liquidity risk of Prestariang is minimal as the directors have undertaken to provide continued financial support to meet Prestariang's obligations as and when they fall due.

The following table summarises the maturity profile of Prestariang's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:-

|                | Carrying amount<br>RM'000 | Contractual cash flows<br>RM'000 | Within 1 year<br>RM'000 | 1 - 2 years<br>RM'000 | 2 - 5 years<br>RM'000 | More than 5 years<br>RM'000 |
|----------------|---------------------------|----------------------------------|-------------------------|-----------------------|-----------------------|-----------------------------|
| <b>AUDITED</b> |                           |                                  |                         |                       |                       |                             |
| At 31.12.2010  |                           |                                  |                         |                       |                       |                             |
| Accrual        | 3                         | 3                                | 3                       | -                     | -                     | -                           |

**(b) Capital Risk Management**

The primary objective of Prestariang's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services which commensurate with the level of risk. The management sets the amount of capital in proportion to the risk. There were no changes in the approach to capital management during the financial period. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.



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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.1 PRESTARIANG (CONT'D)

## 6.1.7 FINANCIAL INSTRUMENTS (CONT'D)

## (c) Fair Value Estimation

All financial instruments are carried at amounts not materially different from their fair values as at the end of the reporting period.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

## (d) Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying amounts of the financial assets and financial liabilities approximated their fair values as at the end of the reporting period.

## (e) Classification of Financial Instruments

RM'000

**Financial asset**Loans and receivables at amortised cost

Cash in hand

#

**Financial liability**Financial liability at amortised cost

Accrual

3

Note:-

# - RM2.

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP

## 6.2.1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|   | NOTE  | ← AUDITED →        |                    |                    |                    |                    |
|---|-------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   |       | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| Revenue   | 6.2.5 | 63,846             | 48,436             | 46,358             | 39,425             | 58,520             |
| Cost of sales   |       | (53,263)           | (32,546)           | (27,385)           | (22,790)           | (34,709)           |
| Gross profit ("GP")   |       | 10,583             | 15,890             | 18,973             | 16,635             | 23,811             |
| Other income  |       | 308                | 47                 | 233                | 551                | 878                |
|   |       | 10,891             | 15,937             | 19,206             | 17,186             | 24,689             |
| Administrative expenses                                       |       | (4,389)            | (6,372)            | (10,491)           | (8,993)            | (8,309)            |
| Other expenses  |       | (768)              | (4,254)            | (638)              | (407)              | (940)              |
| Finance costs   |       | (318)              | (209)              | (254)              | (229)              | (292)              |
| Profit before taxation ("PBT")                                |       | 5,416              | 5,102              | 7,823              | 7,557              | 15,148             |
| Depreciation  |       | 766                | 1,666              | 233                | 219                | 572                |
| Interest expense  |       | 173                | 29                 | 82                 | 73                 | 208                |
| Interest income   |       | (34)               | (38)               | (65)               | (97)               | (170)              |
| Earnings before interest, depreciation and taxation ("EBITA") |       | 6,321              | 6,759              | 8,073              | 7,752              | 15,758             |
| Depreciation  |       | (766)              | (1,666)            | (233)              | (219)              | (572)              |
| Interest expense  |       | (173)              | (29)               | (82)               | (73)               | (208)              |
| Interest income   |       | 34                 | 38                 | 65                 | 97                 | 170                |
| PBT   | 6.2.6 | 5,416              | 5,102              | 7,823              | 7,557              | 15,148             |
| Income tax expense  | 6.2.7 | (96)               | (64)               | (368)              | (41)               | (32)               |
| Profit after taxation ("PAT")                                 |       | 5,320              | 5,038              | 7,455              | 7,516              | 15,116             |
| Other comprehensive income                                    |       | -                  | -                  | -                  | -                  | -                  |
| Total comprehensive income                                    |       | 5,320              | 5,038              | 7,455              | 7,516              | 15,116             |

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP

## 6.2.1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

| NOTE   | ← AUDITED →        |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| PROFIT AFTER TAXATION<br>ATTRIBUTABLE TO:-                             |                    |                    |                    |                    |                    |
| Owners of PSSB   | 5,308              | 5,089              | 7,476              | 7,516              | 15,116             |
| Minority interests   | 12                 | (51)               | (21)               | -                  | -                  |
|  | <u>5,320</u>       | <u>5,038</u>       | <u>7,455</u>       | <u>7,516</u>       | <u>15,116</u>      |
| TOTAL COMPREHENSIVE<br>INCOME ATTRIBUTABLE<br>TO:-                     |                    |                    |                    |                    |                    |
| Owners of PSSB   | 5,308              | 5,089              | 7,476              | 7,516              | 15,116             |
| Minority interests   | 12                 | (51)               | (21)               | -                  | -                  |
|  | <u>5,320</u>       | <u>5,038</u>       | <u>7,455</u>       | <u>7,516</u>       | <u>15,116</u>      |
| <i>GP margin (%)</i>   | 16.58              | 32.81              | 40.93              | 42.19              | 40.69              |
| <i>EBITA margin (%)</i>  | 9.90               | 13.95              | 17.41              | 19.66              | 26.93              |
| <i>PBT margin (%)</i>  | 8.48               | 10.53              | 16.88              | 19.17              | 25.89              |
| <i>PAT margin (%)</i>  | 8.33               | 10.40              | 16.08              | 19.06              | 25.83              |
| <i>Effective tax rate (%)</i>  | 1.77               | 1.25               | 4.70               | 0.54               | 0.21               |
| <i>Interest coverage<br/>(times)</i>                                   | 32.31              | 176.93             | 96.40              | 104.52             | 73.83              |
| <i>Number of ordinary<br/>shares in issue<br/>of RM1 each (RM'000)</i> | 5,000              | 5,000              | 5,001 <sup>^</sup> | 5,263              | 5,263              |
| <i>Gross earnings per<br/>share ("EPS") (RM) #</i>                     | 1.08               | 1.02               | 1.56               | 1.44               | 2.88               |
| <i>Net EPS (RM) #</i>  | 1.06               | 1.01               | 1.49               | 1.43               | 2.87               |

Notes:-

<sup>^</sup> - Being weighted average number of ordinary shares in issue of RM1 each of approximately 5,001,000 ordinary shares, after taking into consideration of 263,158, shares issued on 30 December 2008.

# - the Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the number of ordinary shares in issue during the Relevant Financial Period.

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|   |        | ← AUDITED → |          |          |          |          |
|---|--------|-------------|----------|----------|----------|----------|
|   |        | FYE 2006    | FYE 2007 | FYE 2008 | FYE 2009 | FYE 2010 |
|   | NOTE   | RM'000      | RM'000   | RM'000   | RM'000   | RM'000   |
| <b>ASSETS</b>                                     |        |             |          |          |          |          |
| <b>NON-CURRENT ASSETS</b>                         |        |             |          |          |          |          |
| Property and equipment                            | 6.2.8  | 4,960       | 940      | 3,152    | 6,162    | 7,414    |
| Other investment                                  | 6.2.9  | -           | -        | -        | 1,283    | -        |
| Development costs                                 | 6.2.10 | -           | -        | -        | 244      | 1,385    |
|   |        | 4,960       | 940      | 3,152    | 7,689    | 8,799    |
| <b>CURRENT ASSETS</b>                             |        |             |          |          |          |          |
| Inventories                                       | 6.2.11 | -           | -        | 308      | 711      | 1,549    |
| Trade receivables                                 | 6.2.12 | 1,870       | 180      | 401      | 1,018    | 4,154    |
| Other receivables,<br>deposits and<br>prepayments | 6.2.13 | 564         | 727      | 501      | 534      | 2,351    |
| Amount owing by<br>related parties                | 6.2.14 | -           | -        | 75       | -        | -        |
| Short-term investments                            | 6.2.15 | -           | -        | 656      | 1,823    | 1,055    |
| Deposits with licensed<br>banks                   | 6.2.16 | 1,870       | 1,457    | 4,012    | 12,348   | 16,248   |
| Cash and bank balances                            |        | 12,774      | 16,102   | 9,697    | 6,456    | 9,895    |
|   |        | 17,078      | 18,466   | 15,650   | 22,890   | 35,252   |
| <b>TOTAL ASSETS</b>                               |        | 22,038      | 19,406   | 18,802   | 30,579   | 44,051   |

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

|                                     | NOTE   | ← AUDITED →        |                    |                    |                    |                    |
|-------------------------------------|--------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                     |        | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| <b>EQUITY AND LIABILITIES</b>       |        |                    |                    |                    |                    |                    |
| <b>EQUITY</b>                       |        |                    |                    |                    |                    |                    |
| Share capital                       | 6.2.17 | 5,000              | 5,000              | 5,263              | 5,263              | 5,263              |
| Share premium                       | 6.2.18 | -                  | -                  | 1,737              | 1,737              | 1,737              |
| Retained profits                    | 6.2.19 | 5,715              | 10,804             | 5,080              | 10,896             | 22,012             |
| <b>SHAREHOLDERS' EQUITY</b>         |        | <b>10,715</b>      | <b>15,804</b>      | <b>12,080</b>      | <b>17,896</b>      | <b>29,012</b>      |
| <b>MINORITY INTERESTS</b>           |        | <b>173</b>         | <b>122</b>         | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>TOTAL EQUITY</b>                 |        | <b>10,888</b>      | <b>15,926</b>      | <b>12,080</b>      | <b>17,896</b>      | <b>29,012</b>      |
| <b>NON-CURRENT LIABILITIES</b>      |        |                    |                    |                    |                    |                    |
| Hire purchase payables              | 6.2.20 | 459                | 334                | 165                | 127                | 953                |
| Term loans                          | 6.2.21 | -                  | -                  | 1,745              | 1,744              | 2,461              |
| RCPS                                | 6.2.17 | -                  | -                  | -                  | 2,000              | 2,000              |
|                                     |        | <b>459</b>         | <b>334</b>         | <b>1,910</b>       | <b>3,871</b>       | <b>5,414</b>       |
| <b>CURRENT LIABILITIES</b>          |        |                    |                    |                    |                    |                    |
| Trade payables                      | 6.2.22 | 9,282              | 2,337              | 1,861              | 5,077              | 3,224              |
| Other payables and accruals         | 6.2.23 | 1,201              | 626                | 792                | 1,533              | 4,485              |
| Hire purchase payables              | 6.2.20 | 118                | 125                | 35                 | 37                 | 250                |
| Term loans                          | 6.2.21 | -                  | -                  | 56                 | 72                 | 269                |
| Bank overdraft                      | 6.2.24 | -                  | -                  | -                  | -                  | 1,043              |
| Provision for taxation              |        | 90                 | 58                 | 368                | 393                | 354                |
| Dividend payable                    |        | -                  | -                  | 1,700              | 1,700              | -                  |
|                                     |        | <b>10,691</b>      | <b>3,146</b>       | <b>4,812</b>       | <b>8,812</b>       | <b>9,625</b>       |
| <b>TOTAL LIABILITIES</b>            |        | <b>11,150</b>      | <b>3,480</b>       | <b>6,722</b>       | <b>12,683</b>      | <b>15,039</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b> |        | <b>22,038</b>      | <b>19,406</b>      | <b>18,802</b>      | <b>30,579</b>      | <b>44,051</b>      |

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

|  | ← AUDITED → |          |          |          |          |
|--|-------------|----------|----------|----------|----------|
|  | FYE 2006    | FYE 2007 | FYE 2008 | FYE 2009 | FYE 2010 |
| <i>Number of ordinary shares ('000)</i>        | 5,000       | 5,000    | 5,263    | 5,263    | 5,263    |
| <i>Net assets ("NA") (RM'000)</i>              | 10,715      | 15,804   | 12,080   | 17,896   | 29,012   |
| <i>NA per ordinary share (RM)</i>              | 2.14        | 3.16     | 2.30     | 3.40     | 5.51     |
| <i>Inventory turnover ratio (days)</i>         | -           | -        | 4.11     | 11.39    | 16.29    |
| <i>Trade receivables turnover ratio (days)</i> | 10.69       | 1.36     | 3.16     | 9.42     | 25.91    |
| <i>Trade payables turnover ratio (days)</i>    | 63.61       | 26.21    | 24.80    | 81.31    | 33.90    |
| <i>Gearing ratio (times)</i>                   | 0.05        | 0.03     | 0.17     | 0.22     | 0.24     |

## 6.2.3 CONSOLIDATED STATEMENTS OF CASH FLOWS

| NOTE  | ← AUDITED →        |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                    |                    |                    |                    |                    |
| Profit before taxation                                      | 5,416              | 5,102              | 7,823              | 7,557              | 15,148             |
| Adjustments for:-   |                    |                    |                    |                    |                    |
| Allowance for diminution in value of short-term investments | -                  | -                  | 344                | -                  | -                  |
| Allowance for impairment loss of trade receivables          | -                  | -                  | -                  | -                  | 219                |
| Bad debts written off                                       | -                  | 139                | -                  | -                  | 19                 |
| Deposits written off  | -                  | 20                 | -                  | -                  | -                  |
| Depreciation of property and equipment                      | 766                | 1,666              | 233                | 219                | 572                |
| Interest expense  | 173                | 29                 | 82                 | 73                 | 208                |
| Inventories written off                                     | -                  | -                  | -                  | -                  | 76                 |
| Loss on disposal of other investment                        | -                  | -                  | -                  | -                  | 14                 |
| (Gain)/Loss on disposal of property and equipment           | #                  | -                  | (2)                | 1                  | -                  |
| <b>BALANCE CARRIED FORWARD</b>                              | 6,355              | 6,956              | 8,480              | 7,850              | 16,256             |

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.3 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

| NOTE  | ← AUDITED →        |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| <b>BALANCE BROUGHT FORWARD</b>  | 6,355              | 6,956              | 8,480              | 7,850              | 16,256             |
| Property and equipment written off  | 3                  | 2,448              | -                  | 149                | -                  |
| Dividend income   | (21)               | -                  | (152)              | (141)              | (20)               |
| Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities over the business combination costs arising from the acquisition of of minority interests | -                  | -                  | (1)                | -                  | -                  |
| Fair value gain:  |                    |                    |                    |                    |                    |
| - other investment  | -                  | -                  | -                  | (88)               | -                  |
| - short-term investments  | -                  | -                  | -                  | (219)              | (419)              |
| Interest income   | (34)               | (38)               | (65)               | (97)               | (170)              |
| Gain on foreign exchange - unrealised   | -                  | -                  | -                  | -                  | (58)               |
| <b>Operating profit before working capital changes</b>  | 6,303              | 9,366              | 8,262              | 7,454              | 15,589             |
| Increase in inventories   | -                  | -                  | (308)              | (403)              | (914)              |
| Decrease/(Increase) in trade and other receivables  | 3,099              | 1,368              | 5                  | (650)              | (5,190)            |
| Increase/(Decrease) in trade and other payables   | 5,986              | (7,520)            | (310)              | 3,957              | (863)              |
| <b>CASH FROM OPERATIONS</b>   | 15,388             | 3,214              | 7,649              | 10,358             | 8,622              |
| Interest paid   | (173)              | (29)               | (82)               | (73)               | (208)              |
| Income tax paid   | (39)               | (96)               | (58)               | (16)               | (71)               |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>   |                    |                    |                    |                    |                    |
| <b>BALANCE CARRIED FORWARD</b>  | 15,176             | 3,089              | 7,509              | 10,269             | 8,343              |

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.3 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

| NOTE  | ← AUDITED →        |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| BALANCE BROUGHT FORWARD                           | 15,176             | 3,089              | 7,509              | 10,269             | 8,343              |
| <b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b> |                    |                    |                    |                    |                    |
| Interest received                                 | 34                 | 38                 | 65                 | 97                 | 170                |
| Purchase of property and equipment                | 6.2.25 (4,185)     | (94)               | (2,634)            | (3,380)            | (662)              |
| Purchase of short-term investments                | -                  | -                  | (1,000)            | (948)              | (948)              |
| Purchase of other investment                      | -                  | -                  | -                  | (1,195)            | -                  |
| Proceeds from disposal of property and equipment  | 5                  | -                  | 391                | 1                  | -                  |
| Development costs paid                            | -                  | -                  | -                  | (244)              | (1,140)            |
| (Advances to)/Repayment from related parties      | -                  | -                  | (75)               | 75                 | -                  |
| Acquisition from minority interests               | -                  | -                  | (100)              | -                  | -                  |
| Dividend received                                 | 21                 | -                  | 152                | 141                | 20                 |
| Proceeds from disposal of other investments       | 1,500              | -                  | -                  | -                  | 1,269              |
| Proceeds from disposal of short-term investments  | -                  | -                  | -                  | -                  | 2,135              |
| Reinvestment fund received                        | -                  | -                  | -                  | -                  | 6,449              |
| Reinvestment fund paid                            | -                  | -                  | -                  | -                  | (4,431)            |
| <b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>   | <b>(2,625)</b>     | <b>(56)</b>        | <b>(3,201)</b>     | <b>(5,453)</b>     | <b>2,862</b>       |
| <b>BALANCE CARRIED FORWARD</b>                    | <b>12,551</b>      | <b>3,033</b>       | <b>4,308</b>       | <b>4,816</b>       | <b>11,205</b>      |



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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.3 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

|  | NOTE   | ← AUDITED →        |                    |                    |                    |                    |
|--|--------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  |        | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| BALANCE BROUGHT FORWARD                                      |        | 12,551             | 3,033              | 4,308              | 4,816              | 11,205             |
| CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES                  |        |                    |                    |                    |                    |                    |
| Proceeds from issuance of shares                             |        | -                  | -                  | 2,000              | -                  | -                  |
| Proceeds from issuance of RCPS                               |        | -                  | -                  | -                  | 2,000              | -                  |
| Dividends paid   |        | -                  | -                  | (11,500)           | (1,700)            | (5,700)            |
| Drawdown of term loans                                       |        | -                  | -                  | 1,870              | 125                | 1,008              |
| Repayment of hire purchase obligations                       |        | (92)               | (118)              | (459)              | (36)               | (123)              |
| Repayment of term loan                                       |        | -                  | -                  | (69)               | (110)              | (94)               |
| NET CASH (FOR)/ FROM FINANCING ACTIVITIES                    |        | (92)               | (118)              | (8,158)            | 279                | (4,909)            |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS        |        | 12,459             | 2,915              | (3,850)            | 5,095              | 6,296              |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR |        | 2,185              | 14,644             | 17,559             | 13,709             | 18,804             |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR       | 6.2.26 | 14,644             | 17,559             | 13,709             | 18,804             | 25,100             |

Note:-

# - Less than RM1,000.

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



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## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

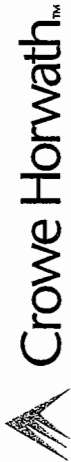
## 6.2.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

|   | AUDITED                 |                         |                            |                                |                              |                        |
|---|-------------------------|-------------------------|----------------------------|--------------------------------|------------------------------|------------------------|
|   | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Retained Profits<br>RM'000 | Shareholders' Equity<br>RM'000 | Minority Interests<br>RM'000 | Total Equity<br>RM'000 |
| Balance at 1.1.2006                               | 1,500                   | -                       | 3,907                      | 5,407                          | 161                          | 5,568                  |
| Capitalisation of retained earnings               | 3,500                   | -                       | (3,500)                    | -                              | -                            | -                      |
| Total comprehensive income for the financial year | -                       | -                       | 5,308                      | 5,308                          | 12                           | 5,320                  |
| Balance at 31.12.2006/1.1.2007                    | 5,000                   | -                       | 5,715                      | 10,715                         | 173                          | 10,888                 |
| Total comprehensive income for the financial year | -                       | -                       | 5,089                      | 5,089                          | (51)                         | 5,038                  |
| Balance at 31.12.2007/1.1.2008                    | 5,000                   | -                       | 10,804                     | 15,804                         | 122                          | 15,926                 |
| Issuance of shares                                | 263                     | 1,737                   | -                          | 2,000                          | -                            | 2,000                  |
| Dividends   | -                       | -                       | (13,200)                   | (13,200)                       | -                            | (13,200)               |
| Total comprehensive income for the financial year | -                       | -                       | 7,476                      | 7,476                          | (21)                         | 7,455                  |
| Acquisition from minority interests               | -                       | -                       | -                          | -                              | (101)                        | (101)                  |
| Balance at 31.12.2008/1.1.2009                    | 5,263                   | 1,737                   | 5,080                      | 12,080                         | -                            | 12,080                 |

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

|   | Note   | AUDITED                 |                         |                            |                                |                              |                        |
|---|--------|-------------------------|-------------------------|----------------------------|--------------------------------|------------------------------|------------------------|
|   |        | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Retained Profits<br>RM'000 | Shareholders' Equity<br>RM'000 | Minority Interests<br>RM'000 | Total Equity<br>RM'000 |
| Balance at 31.12.2008/1.1.2009                    |        | 5,263                   | 1,737                   | 5,080                      | 12,080                         | -                            | 12,080                 |
| Dividends   | 6.2.27 | -                       | -                       | (1,700)                    | (1,700)                        | -                            | (1,700)                |
| Total comprehensive income for the financial year |        | -                       | -                       | 7,516                      | 7,516                          | -                            | 7,516                  |
| Balance at 31.12.2009/1.1.2010                    |        | 5,263                   | 1,737                   | 10,896                     | 17,896                         | -                            | 17,896                 |
| Total comprehensive income for the financial year |        | -                       | -                       | 15,116                     | 15,116                         | -                            | 15,116                 |
| Dividends   | 6.2.27 | -                       | -                       | (4,000)                    | (4,000)                        | -                            | (4,000)                |
| Balance at 31.12.2010                             |        | 5,263                   | 1,737                   | 22,012                     | 29,012                         | -                            | 29,012                 |

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.5 REVENUE

|   | ← AUDITED →        |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| ICT training and certification                  | 48,080             | 29,340             | 15,083             | 20,313             | 23,065             |
| Software licence distribution<br>and management | 15,766             | 19,096             | 31,275             | 19,112             | 35,455             |
|   | 63,846             | 48,436             | 46,358             | 39,425             | 58,520             |

Included in the ICT training and certification of PSSB Group for FYE 2010 were training fees and administrator charges on the management of the reinvestment fund amounting to approximately RM1,451,000.

## 6.2.6 PROFIT BEFORE TAXATION

|  | ← AUDITED →        |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| Profit before taxation is<br>arrived at after charging/<br>(crediting):- |                    |                    |                    |                    |                    |
| Allowance for<br>diminution in value of<br>short-term investments        | -                  | -                  | 344                | -                  | -                  |
| Allowance for impairment<br>loss on trade receivables                    | -                  | -                  | -                  | -                  | 219                |
| Statutory audit fee:   |                    |                    |                    |                    |                    |
| - current year   | 29                 | 31                 | 37                 | 38                 | 37                 |
| - (over)/underprovision<br>in previous<br>financial years                | -                  | -                  | (3)                | 1                  | -                  |
| Non-statutory audit fee  | -                  | -                  | -                  | -                  | 102                |
| Bad debts written off  | -                  | 139                | -                  | -                  | 19                 |
| Car park rental  | 11                 | 15                 | 18                 | 14                 | 3                  |
| Deposits written off   | -                  | 20                 | -                  | -                  | -                  |
| Depreciation of property<br>and equipment                                | 766                | 1,666              | 233                | 219                | 572                |
| Directors' fee   | 18                 | 63                 | 78                 | 72                 | 102                |
| Directors' non-fee emoluments  | -                  | -                  | 898                | 1,101              | 619                |

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.6 PROFIT BEFORE TAXATION (CONT'D)

|  | ← AUDITED →        |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| Interest expense:  |                    |                    |                    |                    |                    |
| - bank overdrafts  | 1                  | -                  | 42                 | 9                  | 75                 |
| - former shareholder   | 145                | -                  | -                  | -                  | -                  |
| - hire purchase  | 27                 | 29                 | 20                 | 10                 | 34                 |
| - term loan  | -                  | -                  | 20                 | 54                 | 99                 |
| Inventories written off  | -                  | -                  | -                  | -                  | 76                 |
| Loss/(Gain) on foreign exchange:   |                    |                    |                    |                    |                    |
| - realised   | -                  | -                  | 45                 | -                  | (170)              |
| - unrealised   | -                  | -                  | -                  | -                  | (58)               |
| Loss on disposal of other investment   | -                  | -                  | -                  | -                  | 14                 |
| (Gain)/Loss on disposal of property and equipment  | #                  | -                  | (2)                | 1                  | -                  |
| Property and equipment written off   | 3                  | 2,448              | -                  | 149                | -                  |
| Rental of equipment  | -                  | -                  | 19                 | 65                 | 103                |
| Rental of office   | 267                | 254                | 241                | 151                | 13                 |
| Research expenses  | -                  | -                  | -                  | -                  | 40                 |
| Staff costs:   |                    |                    |                    |                    |                    |
| - salaries, wages, bonuses and allowances  | 1,705              | 2,028              | 2,950              | 2,455              | 2,242              |
| - defined contribution plans   | 212                | 257                | 391                | 316                | 251                |
| - other benefits   | 199                | 347                | 534                | 471                | 505                |
| Dividend income  | (21)               | -                  | (152)              | (141)              | (20)               |
| Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities over the business combination costs arising from the acquisition of minority interests | -                  | -                  | (1)                | -                  | -                  |
| Fair value gain:   |                    |                    |                    |                    |                    |
| - other investment   | -                  | -                  | -                  | (88)               | -                  |
| - short-term investments   | -                  | -                  | -                  | (219)              | (419)              |
| Interest income  | (34)               | (38)               | (65)               | (97)               | (170)              |

Note:-

# - Less than RM1,000.

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**10. ACCOUNTANTS' REPORT (Cont'd)****6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 PSSB GROUP (CONT'D)****6.2.7 INCOME TAX EXPENSE**

|   | ← AUDITED →        |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| Income tax:                                     |                    |                    |                    |                    |                    |
| - for the financial year                        | 96                 | 64                 | -                  | 32                 | 32                 |
| - underprovision in<br>previous financial years | #                  | #                  | 368                | 9                  | -                  |
|   | 96                 | 64                 | 368                | 41                 | 32                 |

Note:-

# - Less than RM1,000.

The taxation of PSSB Group was in respect of interest income.

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

During the FYE 2006 to FYE 2008, the corporate tax rate for the subsidiaries of PSSB on the first RM500,000 of chargeable income was 20%.

The statutory tax rate applicable to the balance of the chargeable income of PSSB's subsidiaries is as follows:-

|                    | ← AUDITED → |          |          |          |          |
|--------------------|-------------|----------|----------|----------|----------|
|                    | FYE 2006    | FYE 2007 | FYE 2008 | FYE 2009 | FYE 2010 |
| Statutory tax rate | 28%         | 27%      | 26%      | 25%      | 25%      |

As gazetted in the Finance Act 2009, the subsidiaries of PSSB will no longer enjoy the preferential tax rate of 20% on their chargeable income of up to RM500,000 effective from year of assessment 2009 as PSSB has a paid-up share capital exceeding RM2,500,000.

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



## 6. AUDITED FINANCIAL STATEMENTS (CONT'D)

## 6.2 PSSB GROUP (CONT'D)

## 6.2.7 INCOME TAX EXPENSE (CONT'D)

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

|   | ← AUDITED →        |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | FYE 2006<br>RM'000 | FYE 2007<br>RM'000 | FYE 2008<br>RM'000 | FYE 2009<br>RM'000 | FYE 2010<br>RM'000 |
| Profit before taxation  | 5,416              | 5,102              | 7,823              | 7,557              | 15,148             |
| Tax at statutory tax rate of:   |                    |                    |                    |                    |                    |
| - 28%   | 1,516              | -                  | -                  | -                  | -                  |
| - 27%   | -                  | 1,378              | -                  | -                  | -                  |
| - 26%   | -                  | -                  | 2,034              | -                  | -                  |
| - 25%   | -                  | -                  | -                  | 1,889              | 3,787              |
| Tax effects of:-  |                    |                    |                    |                    |                    |
| Tax-exempt income under pioneer status  | (1,018)            | (3,372)            | (3,377)            | (2,015)            | (4,043)            |
| Non-taxable income  | (86)               | -                  | (4)                | (104)              | (101)              |
| Non-deductible expenses   | 298                | 1,138              | 1,339              | 301                | 685                |
| Deferred tax assets not recognised during the financial year                            | -                  | -                  | 8                  | 127                | 33                 |
| Utilisation of deferred tax liabilities previously unrecognised                         | -                  | 942                | -                  | -                  | -                  |
| Deferred tax liabilities not recognised during the financial year due to pioneer status | (576)              | -                  | -                  | (166)              | (329)              |
| Underprovision of income tax in previous financial years                                | #                  | #                  | 368                | 9                  | -                  |
| Differential in tax rates   | (38)               | (22)               | -                  | -                  | -                  |
| Tax for financial year  | 96                 | 64                 | 368                | 41                 | 32                 |

Note:-

# - Less than RM1,000.

**10. ACCOUNTANTS' REPORT (Cont'd)****6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 PSSB GROUP (CONT'D)****6.2.7 INCOME TAX EXPENSE (CONT'D)**

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

|  | ← AUDITED → |          |          |          |          |
|--|-------------|----------|----------|----------|----------|
|  | FYE 2006    | FYE 2007 | FYE 2008 | FYE 2009 | FYE 2010 |
|  | RM'000      | RM'000   | RM'000   | RM'000   | RM'000   |
| Deferred tax liability:-                         |             |          |          |          |          |
| Accelerated capital allowances over depreciation | -           | -        | (34)     | (14)     | (11)     |
| Deferred tax assets:-                            |             |          |          |          |          |
| Unabsorbed capital allowances                    | -           | -        | -        | 9        | 11       |
| Unutilised tax losses                            | -           | -        | 34       | 5        | -        |
|  | -           | -        | -        | -        | -        |

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

|                       | ← AUDITED → |          |          |          |          |
|-----------------------|-------------|----------|----------|----------|----------|
|                       | FYE 2006    | FYE 2007 | FYE 2008 | FYE 2009 | FYE 2010 |
|                       | RM'000      | RM'000   | RM'000   | RM'000   | RM'000   |
| Unutilised tax losses | -           | -        | -        | 509      | 641      |