

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

NOTES TO THE INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”)

A1. BASIS OF PREPARATION

The unaudited interim financial statements (Report) have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Board. This Report also complies with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

A2. CHANGES IN ACCOUNTING POLICIES

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence have no material impact on the financial statements of the Group upon their initial application.

The following Amendments to MFRSs, Interpretation Committee (“IC”) Interpretation and Amendments to IC Interpretation have been adopted by the Group during the current period:

MFRSs and IC Interpretations (including the Consequential Amendments)

- Amendments to MFRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendment to MFRS 7: Disclosures – Transfers of Financial Assets
- Amendments to MFRS 112: Recovery of Underlying Assets
- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement

The adoption of the IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group.

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

A2. CHANGES IN ACCOUNTING POLICIES (CONT’)

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2012

Presentation of Items of Other Comprehensive income (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits (as amended in June 2011)
- MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)
- MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)

Effective for annual periods commencing on or after 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Effective for annual periods commencing on or after 1 January 2015

- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

A4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group during the current financial quarter were not significantly affected by any seasonal or cyclical factor except for the following:-

- i) ICT training and certification under the “Program Pentauliahan Profesional” or “Industry-Based Certification” programme (“3P Programme”) and IC CITIZEN programme. These programmes experience a peak in activities during the semester breaks for public higher education institutions in Malaysia and it commonly falls during the second quarter and third quarter; and
- ii) Supply and manage Microsoft software licenses for participating netbook suppliers for the *Projek Komputer 1Malaysia Fasa 3* by *Suruhanjaya Komunikasi and Multimedia Malaysia*. This programme is based on actual demand.

A5. UNUSUAL NATURE

There were no material unusual items or events that affecting the assets, liabilities, equity, net income or cash flow during the current financial quarter.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter.

A7. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

A8. DIVIDENDS PAID

	9 months ended	
	30/9/2012	30/9/2011
	RM'000	RM'000
In respect of the financial year ended 31 December 2010:		
- declared as final tax-exempt dividend of approximately RM1.52 per ordinary share	-	8,000

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

A8. DIVIDENDS PAID (CONT'D)

	9 months ended	
	30/9/2012	30/9/2011
	RM'000	RM'000
In respect of the financial year ended 31 December 2011:		
- declared as final tax-exempt dividend of approximately RM0.04 per ordinary share	8,800	-
In respect of the financial year ended 31 December 2012:		
- declared as first interim tax-exempt dividend of approximately RM0.02 per ordinary share	4,400	-
- declared as second interim tax-exempt dividend of approximately RM0.02 per ordinary share	4,400	-
Total dividend paid	<u>17,600</u>	<u>8,000</u>

A9. VALUATION OF PROPERTY AND EQUIPMENT

There was no valuation of the property and equipment in the current financial quarter.

A10. CAPITAL COMMITMENTS

The Group does not have any significant capital commitments as at the date of this announcement.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There were no other material events subsequent to 30 September 2012 up to the date of this report.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the current financial quarter.

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2012

A13. SEGMENTAL INFORMATION

Operating segment information for the current financial period to 30 September 2012 is as follows:

By operating segment	RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2012				RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2011			
	ICT Services and Distribution	Others	Inter- Segment Elimination	Consolidated	ICT Services and Distribution	Others	Inter- Segment Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	35,345	-	-	35,345	33,134	-	-	33,134
Other Income	65	4,538	(4,400)	203	717	5	-	722
Direct costs	(20,002)	-	-	(20,002)	(18,095)	-	-	(18,095)
Segment profit	15,408	4,538	(4,400)	15,546	15,756	5	-	15,761
Overheads	(4,690)	(995)	-	(5,685)	(4,461)	(1,228)	-	(5,689)
Profit before taxation	10,718	3,543	(4,400)	9,861	11,295	(1,223)	-	10,072
Income tax expense	-	350	-	350	-	-	-	-
Profit for the period	10,718	3,893	(4,400)	10,211	11,295	(1,223)	-	10,072
Attributable to:								
- Equity holder of the company	10,718	3,893	(4,400)	10,211	11,295	(1,223)	-	10,072
- Non-controlling interest	-	-	-	-	-	-	-	-
Profit for the period	10,718	3,893	(4,400)	10,211	11,295	(1,223)	-	10,072

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2012

A13. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 9 MONTHS ENDED 30 SEPTEMBER 2012				RESULTS FOR 9 MONTHS ENDED 30 SEPTEMBER 2011			
	ICT Services and Distribution RM'000	Others RM'000	Inter- Segment Elimination RM'000	Consolidated RM'000	ICT Services and Distribution RM'000	Others RM'000	Inter- Segment Elimination RM'000	Consolidated RM'000
By operating segment								
Operating revenue	85,874	-	-	85,874	79,123	-	-	79,123
Other Income	563	18,938	(18,800)	701	1,213	5	-	1,218
Direct costs	(47,844)	-	-	(47,844)	(46,217)	-	-	(46,217)
Segment profit	38,593	18,938	(18,800)	38,731	34,119	5	-	34,124
Overheads	(11,124)	(2,130)	1,200	(12,054)	(9,839)	(1,228)	-	(11,067)
Profit before taxation	27,469	16,808	(17,600)	26,677	24,280	(1,223)	-	23,057
Income tax expense	-	210	-	210	-	-	-	-
Profit for the period	27,469	17,018	(17,600)	26,887	24,280	(1,223)	-	23,057
Attributable to:								
- Equity holder of the company	27,469	17,018	(17,600)	26,887	24,280	(1,223)	-	23,057
- Non-controlling interest	-	-	-	-	-	-	-	-
Profit for the period	27,469	17,018	(17,600)	26,887	24,280	(1,223)	-	23,057

**PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012**

A14. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group has no significant transactions with the related parties during the periods under review.

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTES TO THE INTERIM FINANCIAL REPORT

PART B – ADDITIONAL INFORMATION AS REQUIRED BY MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B1. OPERATING SEGMENTS REVIEW

3Q12 vs. 3Q11

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Quarter 30/9/2012 RM'000	Preceding Year Quarter 30/9/2011 RM'000	Variance		Current Year To 30/9/2012 RM'000	Preceding Year To 30/9/2011 RM'000	Variance	
			RM'000	(%)			RM'000	(%)
<u>Segmental Revenue:</u>								
ICT Services and Distribution								
- ICT Training and Certification	11,224	13,458	(2,234)	-17%	29,279	19,323	9,956	52%
- Software License Distribution and Management	24,121	19,676	4,445	23%	56,595	59,800	(3,205)	-5%
	35,345	33,134	2,211	7%	85,874	79,123	6,751	9%
Other	4,603	722			19,501	1,218		
	39,948	33,856			105,375	80,341		
Elimination	(4,400)	-			(18,800)	-		
Group	35,548	33,856	1,692	5%	86,575	80,341	6,234	8%
<u>Profit Before Taxation</u>								
ICT Services and Distribution	10,718	11,295	(577)	-5%	27,469	24,280	3,189	13%
Other	(857)	(1,223)	366	30%	(792)	(1,223)	431	35%
Group	9,861	10,072	(211)	-2%	26,677	23,057	3,620	16%

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

B1. OPERATING SEGMENTS REVIEW (CONT'D)

3Q12 vs. 3Q11 (cont'd)

The Group recorded revenue for the current quarter of RM35.34 million mainly from on-going multi-year contracts namely Projek 3P (Program Pentauliahan Profesional), IC Citizen, Managing University Software As An Enterprise ("MUSE") and Projek Komputer 1Malaysia. The current quarter revenue was 7% or RM2.21 million higher than the corresponding quarter last year of RM33.13 million.

Likewise, the Group's PBT for the current quarter of RM9.86 million was lower by RM0.2 million or 2% as compared to RM10.07 million in the corresponding quarter last year.

C3Q12 vs. C3Q11

The Group revenue for C3Q12 was RM85.87 million, an increase of RM6.75 million or 9% compared to RM79.12 million in C3Q11. The revenue in FY2012 was higher mainly due to higher revenue for Projek 3P and IC Citizen.

Likewise, the Group's PBT recorded for C3Q12 was 26.68 million, higher by RM3.62 million or 16% from RM23.06 million recorded in C3Q11.

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

3Q12 vs. 2Q12

	Current Quarter 30/9/2012 RM'000	Immediate Preceding Quarter 30/6/2012 RM'000	Variance RM'000	(%)
<u>Segmental Revenue:</u>				
ICT Services and Distribution				
- ICT Training and Certification	11,224	10,904	320	3%
- Software License Distribution and Management	24,121	12,563	11,558	92%
	<u>35,345</u>	<u>23,467</u>	11,878	51%
Other	4,603	600		
	<u>39,948</u>	<u>24,067</u>		
Elimination	(4,400)	(600)		
Group	<u>35,548</u>	<u>23,467</u>	12,081	51%
<u>Profit Before Taxation</u>				
ICT Services and Distribution	10,718	8,818	1,900	22%
Other	(857)	(94)	(763)	-812%
Group	<u>9,861</u>	<u>8,724</u>	1,137	13%

The Group's revenue for the current quarter was RM35.34 million, RM11.88 million or 51% higher than the preceding quarter of RM23.46 million. The reason was due to higher demand in the software license distribution and management mainly from Projek Komputer 1Malaysia.

The Group recorded PBT of RM9.86 million for the current quarter, 13% or RM1.14 million higher than the preceding quarter of RM8.72 million. The higher PBT was mainly due to higher profit margin contribution from software license distribution and management.

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

B3. PROSPECTS FOR THE CURRENT YEAR ENDING 31 DECEMBER 2012

The Group expects to achieve satisfactory performance for the current financial year based on the on-going multiyear contracts in hand.

B4. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. PROFIT BEFORE TAXATION

Profit before taxation is derived after taking into consideration of the following:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year</u>	<u>Preceding Year</u>	<u>Current Year To</u>	<u>Preceding Year To</u>
	<u>30/9/2012</u>	<u>30/9/2011</u>	<u>30/9/2012</u>	<u>30/9/2011</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(139)	(165)	(270)	(315)
Other income including investment income	-	-	-	-
Interest expense	46	147	74	184
Depreciation and amortisation	338	527	1,009	974
Provision for and write off receivables	-	-	-	-
Provision for and write off inventories	-	-	-	-
(Gain) or loss on disposal of quoted or unquoted investment or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	(64)	(360)	(224)	(626)
(Gain) or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

B6. TAXATION

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year</u>	<u>Preceding Year</u>	<u>Current Year To</u>	<u>Preceding Year To</u>
	<u>30/9/2012</u>	<u>30/9/2011</u>	<u>30/9/2012</u>	<u>30/9/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia tax:				
- for the current year	-	-	140	-
- Overprovision in prior year	(350)	-	(350)	-
	<u>(350)</u>	<u>-</u>	<u>(210)</u>	<u>-</u>

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

Prestariang Systems Sdn. Bhd., the main subsidiary of the Group, has been granted the Multimedia Super Corridor 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.

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

B7. STATUS OF CORPORATE PROPOSAL

i. Utilisation Of IPO Proceeds

The status of utilisation of the IPO proceeds as at 30 September 2012 is as follows:

Description	Estimated timeframe for utilisation upon listing	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Deviation		Note
				(RM'000)	(%)	
Capital expenditure	Within 12 months	2,500	1,345	1,155	46.20	4
Reserch and development expenditure	Within 24 months	6,500	2,312	4,188	64.43	2
Working capital	Within 24 months	6,200	417	5,783	93.27	2
Repayment of term loan	Within 12 months	1,600	1,690	(90)	(5.63)	
Estimated listing expenses	Immediate	3,000	3,428	(428)	(14.27)	3
Total Gross Proceed		19,800	9,192	10,608		

Note:-

- (1) The gross proceeds arising from the Offer for Sale, net of the relevant fee, shall accrue entirely to the offeror and no part of the proceeds will be received by the Company.
- (2) IPO proceeds will be utilised within the estimate timeframe. The Group does not expect any material deviation as at the date of this report.
- (3) The total listing expenses was RM3.43 million of which RM0.97 million was offset against share premium as these transaction costs were directly attributed to the issuance of new shares of the IPO exercise. The deviation of RM0.43 million from the estimated listing expenses will be funded from working capital.
- (4) On 27 July 2012, the Company announced that the Board had resolved to extend the timeframe for utilization of proceeds for another six (6) months period until 26 January 2013.

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

B8. GROUP BORROWING AND DEBTS SECURITIES

The Group's borrowing and debts securities as at 30 September 2012 are as follows:

	As at 30/9/2012 RM'000
Long-term borrowings	
Secured:	
Hire purchase payables	695
Term loans	974
	<u>1,669</u>
Short-term borrowings	
Secured:	
Hire purchase payables	164
Term loans	139
	<u>303</u>
	<u>1,972</u>

B9. MATERIAL LITIGATION

There was no material litigation as at the date of issuance of this quarterly report.

B10. REALISED AND UNREALISED PROFITS

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	As at 30/9/2012 RM'000	As at 30/9/2011 RM'000
Total retained profits		
- Realised	46,131	35,182
- Unrealised	-	(125)
	<u>46,131</u>	<u>35,057</u>
Add : Consolidated adjustments	2,010	2,010
Total Group retained earnings as per consolidated accounts	<u>48,141</u>	<u>37,067</u>

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2012

B11. PROPOSED DIVIDENDS

- (a) On 14 November 2012, The Board of Directors recommend the payment of an interim single-tier dividend of 3.0 sen per share amounting to RM6.60 million.
- (b) The total dividend for the current financial year-to-date ended 30 September 2012 are interim dividends of 7.0 sen per share (2011: total dividends of 8.0 sen per share).

B12. EARNINGS PER SHARE

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter 30/9/2012	Preceding Year 30/9/2011	Current Year To Date 30/9/2012	Preceding Year To Date 30/9/2011
Total comprehensive income attributable to equity holders of the Company (RM'000)	10,211	10,072	26,887	23,057
Weighted average number of ordinary shares in issue ('000)	220,000	214,978	220,000	203,722
Basic earning per share (sen)	4.64	4.69	12.22	11.32

B13. AUTHORISED FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 November 2012.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)

CHIN MUN YEE (MAICSA 7019243)

Secretaries

Kuala Lumpur

14 November 2012