

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.

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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.

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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 and 4* by *Suruhanjaya Komunikasi and Multimedia Malaysia*. This programme is based on actual demand from participating netbook suppliers.

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

	12 months ended	
	31/12/2012	31/12/2011
	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

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A8. DIVIDENDS PAID (CONT'D)

	12 months ended	
	31/12/2012	31/12/2011
	RM'000	RM'000
In respect of the financial year ended 31 December 2011:		
- declared as first interim tax-exempt dividend of RM0.04 per ordinary share	-	8,800
- declared as final tax-exempt dividend of 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 RM0.02 per ordinary share	4,400	-
- declared as second interim tax-exempt dividend of RM0.02 per ordinary share	4,400	-
- declared as third interim tax-exempt dividend of RM0.03 per ordinary share	6,600	-
Total dividend paid	<u>24,200</u>	<u>16,800</u>

Note:

-This dividend was paid by PSSB to its shareholders prior to the acquisition of the subsidiaries by the Company.

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.

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A11. SEGMENTAL INFORMATION

Operating segment information for the current financial period to 31 December 2012 is as follows:

	RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2012				RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 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	24,232	-	-	24,232	32,628	-	-	32,628
Other Income	643	7,944	(7,900)	687	248	12,980	(12,980)	248
Direct costs	(10,359)	-	-	(10,359)	(17,789)	-	-	(17,789)
Segment profit	14,516	7,944	(7,900)	14,560	15,087	12,980	(12,980)	15,087
Overheads	(3,733)	(868)	-	(4,601)	(5,675)	(2,236)	4,180	(3,731)
Profit before taxation	10,783	7,076	(7,900)	9,959	9,412	10,744	(8,800)	11,356
Income tax expense	269	150	-	419	-	(801)	-	(801)
Profit for the period	11,052	7,226	(7,900)	10,378	9,412	9,943	(8,800)	10,555
Attributable to:								
- Equity holder of the company	11,052	7,226	(7,900)	10,378	9,412	9,943	(8,800)	10,555
- Non-controlling interest	-	-	-	-	-	-	-	-
Profit for the period	11,052	7,226	(7,900)	10,378	9,412	9,943	(8,800)	10,555

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A11. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 12 MONTHS ENDED 31 DECEMBER 2012				RESULTS FOR 12 MONTHS ENDED 31 DECEMBER 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	110,106			110,106	111,751	-	-	111,751
Other Income	1,206	26,882	(26,700)	1,388	1,154	12,985	(12,980)	1,159
Direct costs	(58,203)	-	-	(58,203)	(64,006)	-	-	(64,006)
Segment profit	53,109	26,882	(26,700)	53,291	48,899	12,985	(12,980)	48,904
Overheads	(13,657)	(2,998)		(16,655)	(15,208)	(3,464)	4,180	(14,492)
Profit before taxation	39,452	23,884	(26,700)	36,636	33,691	9,521	(8,800)	34,412
Income tax expense	269	360	-	629	-	(801)	-	(801)
Profit for the period	39,721	24,244	(26,700)	37,265	33,691	8,720	(8,800)	33,611
Attributable to:								
- Equity holder of the company	39,721	24,244	(26,700)	37,265	33,691	8,720	(8,800)	33,611
- Non-controlling interest	-	-	-	-	-	-	-	-
Profit for the period	39,721	24,244	(26,700)	37,265	33,691	8,720	(8,800)	33,611

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A12. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

The company purchased back its ordinary shares of RM0.10 each from the open market were as follows:

Date	No. of shares	Lower Price RM	Higher Price RM	Cost RM
Purchased in February 2013	950,000	1.02	1.04	975,035

The number of treasury shares held as at the date of this report was 950,000 ordinary shares of RM0.10 each. The shares purchased are being held as treasury shares in accordance with the Section 67A of the Companies Act, 1965.

There were no other material events subsequent to 31 December 2012 up to the date of this report.

A13. CHANGES IN COMPOSITION OF THE GROUP

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

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.

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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

4Q12 vs. 4Q11

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Quarter 31/12/2012 RM'000	Preceding Year Quarter 31/12/2011 RM'000	Variance		Current Year To 31/12/2012 RM'000	Preceding Year To 30/12/2011 RM'000	Variance	
			RM'000	(%)			RM'000	(%)
<u>Segmental Revenue:</u>								
ICT Services and Distribution								
- ICT Training and Certification	4,829	8,611	(3,782)	-44%	34,108	27,934	6,174	22%
- Software License Distribution and Management	19,403	24,017	(4,614)	-19%	75,998	83,817	(7,819)	-9%
	<u>24,232</u>	<u>32,628</u>	<u>(8,396)</u>	<u>-26%</u>	<u>110,106</u>	<u>111,751</u>	<u>(1,645)</u>	<u>-1%</u>
Other	8,587	13,228			28,088	14,139		
	<u>32,819</u>	<u>45,856</u>			<u>138,194</u>	<u>125,890</u>		
Elimination	<u>(7,900)</u>	<u>(12,980)</u>			<u>(26,700)</u>	<u>(12,980)</u>		
Group	<u>24,919</u>	<u>32,876</u>	<u>(7,957)</u>	<u>-24%</u>	<u>111,494</u>	<u>112,910</u>	<u>(1,416)</u>	<u>-1%</u>
<u>Profit Before Taxation</u>								
ICT Services and Distribution	10,488	9,412	1,076	11%	39,281	33,691	5,590	17%
Other	<u>(529)</u>	<u>1,944</u>	<u>(2,473)</u>	<u>-127%</u>	<u>(2,645)</u>	<u>721</u>	<u>(3,366)</u>	<u>-467%</u>
Group	<u>9,959</u>	<u>11,356</u>	<u>(1,397)</u>	<u>-12%</u>	<u>36,636</u>	<u>34,412</u>	<u>2,224</u>	<u>6%</u>

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B1. OPERATING SEGMENTS REVIEW (CONT'D)

4Q12 vs. 4Q11 (cont'd)

The Group recorded revenue for the current quarter of RM24.23 million mainly from on-going multi-year contracts namely *Projek Komputer 1Malaysia*, IC Citizen Certification and various Master License Agreements. The current quarter revenue was 26% or RM8.40 million lower than the corresponding quarter last year of RM32.63 million.

Likewise, the Group's PBT for the current quarter of RM9.96 million was lower by RM1.40 million or 12% lower as compared to RM11.36 million in the corresponding quarter last year.

FYE2012 vs. FYE2011

The Group revenue for FYE2012 was RM110.11 million, lower of RM1.64 million or 1% compared to RM111.75 million in C4Q11. The revenue for FYE2012 was lower mainly due to lower demand for provision of software license for *Projek Komputer 1Malaysia*.

However, the Group's PBT recorded for FYE2012 was 36.64 million, higher by RM2.23 million or 6% from RM34.41 million recorded in FYE2011 mainly due to higher margin contribution for IC Citizen Certification.

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B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

4Q12 vs. 3Q12

	Current Quarter 31/12/2012 RM'000	Immediate Preceding Quarter 30/9/2012 RM'000	Variance RM'000 (%)	
<u>Segmental Revenue:</u>				
ICT Services and Distribution				
- ICT Training and Certification	4,829	11,224	(6,395)	-57%
- Software License Distribution and Management	19,403	24,121	(4,718)	-20%
	<u>24,232</u>	<u>35,345</u>	<u>(11,113)</u>	<u>-31%</u>
Other	8,587	4,603		
	<u>32,819</u>	<u>39,948</u>		
Elimination	<u>(7,900)</u>	<u>(4,400)</u>		
Group	<u>24,919</u>	<u>35,548</u>	<u>(10,629)</u>	<u>-30%</u>
<u>Profit Before Taxation</u>				
ICT Services and Distribution	10,488	10,718	(230)	-2%
Other	<u>(529)</u>	<u>(857)</u>	328	38%
Group	<u>9,959</u>	<u>9,861</u>	98	1%

The Group's revenue for the current quarter was RM24.23 million, RM11.11 million or 31% lower than the preceding quarter of RM35.34 million. The reason was mainly due to lower revenue in the ICT Training and Certification namely *Projek 3P* where it has been fully delivered in the preceding quarter.

The Group recorded PBT of RM9.96 million for the current quarter, 1% or RM0.1 million higher than the preceding quarter of RM9.86 million. The higher PBT was mainly due to higher revenue contribution from high margin project i.e. IC Citizen.

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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>31/12/2012</u>	<u>31/12/2011</u>	<u>31/12/2012</u>	<u>31/12/2011</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(357)	(92)	(627)	(411)
Other income including investment income	-	-	-	-
Interest expense	31	4	105	218
Depreciation and amortisation	363	311	1,372	1,285
Provision for and write off receivables	-	-	-	-
Provision for and write off inventories	-	-	-	-
(Gain) or loss on disposal of quoted or unquoted investment or properties	45	32	45	32
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	(269)	(83)	(493)	(709)
(Gain) or loss on derivatives	-	(26)	(189)	(26)
Exceptional items	-	-	-	-

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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>31/12/2012</u>	<u>31/12/2011</u>	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia tax:				
- for the current year	(57)	805	83	805
- Overprovision in prior year	(362)	(4)	(712)	(4)
	<u>(419)</u>	<u>801</u>	<u>(629)</u>	<u>801</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.

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B7. STATUS OF CORPORATE PROPOSAL

i. Utilisation Of IPO Proceeds

The status of utilisation of the IPO proceeds as at 31 December 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	1,543	957	38.28	4
Reserch and development expenditure	Within 24 months	6,500	2,327	4,173	64.20	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	9,405	10,395		

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) The deviation of RM0.96 million will be utilised under working capital.

B8. GROUP BORROWING AND DEBTS SECURITIES

The Group's borrowing and debts securities as at 31 December 2012 are as follows:

	As at 31/12/2012 RM'000
Long-term borrowings	
Secured:	
Hire purchase payables	356
Term loans	971
	<u>1,327</u>
Short-term borrowings	
Secured:	
Hire purchase payables	194
Term loans	122
	<u>316</u>
	<u>1,643</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 31/12/2012 RM'000	As at 31/12/2011 RM'000
Total retained profits		
- Realised	49,971	36,921
- Unrealised	(62)	(108)
	<u>49,909</u>	<u>36,813</u>
Add : Consolidated adjustments	2,010	2,010
Total Group retained earnings as per consolidated accounts	<u>51,919</u>	<u>38,823</u>

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B11. PROPOSED DIVIDENDS

- (a) On 20 February 2013, 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 31 December 2012 are interim dividends of 10.0 sen per share (2011: total dividends of 8.0 sen per share).

B12. EARNINGS PER SHARE

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current</u> <u>Quarter</u> <u>31/12/2012</u>	<u>Preceding</u> <u>Year</u> <u>31/12/2011</u>	<u>Current</u> <u>Year To Da</u> <u>31/12/2012</u>	<u>Preceding</u> <u>Year To Date</u> <u>31/12/2011</u>
Total comprehensive income attributable to equity holders of the Company (RM'000)	10,378	10,555	37,265	33,611
Weighted average number of ordinary shares in issue ('000)	220,000	220,000	220,000	207,825
Basic earning per share (sen)	4.72	4.80	16.94	16.17

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 20 February 2013.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)

CHIN MUN YEE (MAICSA 7019243)

Secretaries

Kuala Lumpur

20 February 2013