THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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CENSOF HOLDINGS BERHAD

(Company No. 828269-A)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

(I) PROPOSED RATIFICATION OF THE ACQUISITION BY CENSOF HOLDINGS BERHAD (“CENSOF”) OF 349,112,731 ORDINARY SHARES OF RM0.20 EACH IN TIME ENGINEERING BERHAD ("TEB") (“TEB SHARES”), REPRESENTING 45.03% EQUITY INTEREST IN TEB, FROM KHAZANAH NASIONAL BERHAD FOR A CASH CONSIDERATION OF RM69,822,546.20; AND

(II) PROPOSED RATIFICATION OF THE MANDATORY TAKE-OVER OFFER BY CENSOF TO ACQUIRE ALL THE REMAINING TEB SHARES NOT ALREADY OWNED BY CENSOF

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

RHB INVESTMENT BANK BERHAD
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“EGM”) of Censof, which has been scheduled to be held at A-8, Block A, Level 8, Sunway PJ51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 24 December 2013 at 3.00 p.m. together with the Form of Proxy are enclosed herein.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and to vote for on his/her behalf. Shareholders are advised to refer to the Notice of the EGM and the Form of Proxy that are enclosed. In such event, the Form of Proxy should be lodged at the share registrar of the Company at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time stipulated for holding the EGM, as indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM, should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Sunday, 22 December 2013 at 3.00 p.m..
Date and time of the EGM	:	Tuesday, 24 December 2013 at 3.00 p.m..

This Circular is dated 9 December 2013

DEFINITIONS

In this Circular and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:

"Acceptance Condition"	:	The condition that Censof and its PACs having received, on or before the closing date of the MGO, valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) in respect of the Offer Shares, which would result in Censof and its PACs holding in aggregate, together with such TEB Shares that are already acquired, held or entitled to be acquired or held, more than fifty percent (50%) of the total voting shares of TEB
"Acquisition"	:	Acquisition by Censof of 349,112,731 TEB Shares, representing 45.03% equity interest in TEB, from Khazanah for a cash consideration of RM69,822,546.20
"Act"	:	Companies Act, 1965
"Board"	:	Board of Directors of Censof
"Board of TEB"	:	Board of Directors of TEB
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
"Business Day(s)"	:	A day on which commercial banks are open for normal banking business in the Federal Territory of Kuala Lumpur, Malaysia (excluding Saturdays, Sundays and public holidays in the Federal Territory of Kuala Lumpur, Malaysia)
"CDS"	:	Central Depository System
"Censof" or the "Company"	:	Censof Holdings Berhad (Company No. 828269-A)
"Censof Group" or the "Group"	:	Censof and its subsidiaries, collectively
"Censof Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.10 each in Censof
"Circular"	:	This circular dated 9 December 2013 to the shareholders of Censof in relation to the Transactions and Proposed Ratifications
"CMSA"	:	Capital Markets & Services Act, 2007
"Code"	:	Malaysian Code on Take-Overs and Mergers, 2010
"CSM"	:	Century Software (M) Sdn Bhd (Company No. 445590-U), a wholly-owned subsidiary of Censof
"Dagang Net"	:	Dagang Net Technologies Sdn Bhd (Company No. 177974-T), a 71.25%-owned subsidiary of TEB
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary General Meeting
"EPS"	:	Earnings per Share
"EV"	:	Enterprise value
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GDP"	:	Gross domestic product
"Khazanah"	:	Khazanah Nasional Berhad (Company No. 275505-K)
"LAT"	:	Loss after taxation
"LATMI"	:	Loss after taxation and minority interests

"LBT"	:	Loss before taxation
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	29 November 2013, being the latest practicable date before the printing of this Circular
"MGO"	:	Mandatory take-over offer by Censof through RHBIB to acquire all the remaining TEB Shares not already owned by Censof at a cash offer price of RM0.20 for every one (1) Offer Share upon the SSA becoming unconditional
"NA"	:	Net assets
"Non-Compliance With Public Shareholding Spread"	:	The scenario where the public shareholding spread of TEB decreases below 25% as a result of the MGO, leading to TEB being non-compliant with Paragraph 8.02(1) of the Listing Requirements
"Non-Interested TEB Shareholders"	:	Shareholders of TEB other than Censof
"Notice"	:	Notice dated 9 October 2013 issued by RHB Investment Bank on behalf of Censof and served to the Board of TEB on the same date notifying of Censof's intention to undertake the MGO
"Offer Document"	:	Offer document dated 30 October 2013 which sets out the details, terms and conditions of the MGO with the form of acceptance and transfer enclosed therein
"Offer Shares"	:	All the remaining 426,131,952 TEB Shares, representing approximately 54.97% of the issued and paid-up share capital of TEB, other than the Sale Shares
"PACs"	:	Persons acting-in-concert with Censof (in accordance with Section 216 of the CMSA) for the Offer, namely SAAS Global, Datuk Samsul Bin Husin, Ameer Bin Shaik Mydin, Tamil Selvan A/L M. Durairaj and Ang Hsin Hsien
"PAT"	:	Profit after taxation
"PATMI"	:	Profit after taxation and minority interests
"PBR"	:	Price-to-book ratio
"PBT"	:	Profit before taxation
"Proposed Ratification of the Acquisition"	:	Proposed ratification of the Acquisition
"Proposed Ratification of the MGO"	:	Proposed ratification of the MGO
"Proposed Ratifications"	:	Proposed Ratification of the Acquisition and Proposed Raitification of the MGO, collectively
"Proposed RCN Issue"	:	The proposed issuance of redeemable convertible notes comprising the redeemable convertible commercial papers and/or redeemable convertible medium notes with an aggregate principal amount of up to RM100.0 million announced by Kenanga Investment Bank Berhad on 14 May 2013
"Private Placement"	:	Private placement of up to ten percent (10%) of the issued and paid-up share capital of Censof to third party investor(s) announced by Kenanga Investment Bank Berhad on 28 June 2013
"Purchase Consideration"	:	RM69,822,546.20 or RM0.20 per TEB Share, being the total purchase consideration for the Sale Shares in relation to the Acquisition

"RCN"	:	Redeemable convertible commercial papers and/or redeemable convertible medium notes with an aggregate principal amount of up to RM100.0 million to be issued pursuant to the Proposed RCN Issue
"RHBIB"	:	RHB Investment Bank Berhad (Company No. 19663-P)
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SAAS Global"	:	SAAS Global Sdn Bhd (Company No. 730791 U)
"Sale Shares"	:	349,112,731 TEB Shares, representing approximately 45.03% equity interest in TEB, to be purchased by Censof from Khazanah for a cash consideration of approximately RM0.20 for every one (1) TEB Share or RM69,822,546.20 pursuant to the SSA
"SC"	:	Securities Commission Malaysia
"SSA"	:	The conditional share sale and purchase agreement dated 12 September 2013 entered into between Censof and Khazanah in relation to the Acquisition
"TEB"	:	TIME Engineering Berhad (Company No. 10039-P)
"TEB Group"	:	TEB and its subsidiaries, collectively
"TEB Share(s)"	:	Ordinary share(s) of RM0.20 each in TEB
"TMX"	:	T-Melmax Sdn Bhd (Company No. 593550-D), a wholly-owned subsidiary of Censof
"TQT"	:	TEB Quantum Technology Sdn Bhd (Company No. 304964-H), (formerly known as TIME Quantum Technology Sdn Bhd), a wholly-owned subsidiary of TEB
"Transactions"	:	Acquisition and MGO, collectively
"TSI"	:	TEB Systems Integrators Sdn Bhd (Company No. 78454-P), (formerly known as TIME Systems Integrators Sdn Bhd), a wholly-owned subsidiary of TEB
"VWAMP"	:	Volume weighted average market price

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GLOSSARY OF TECHNICAL TERMS AND ACRONYMS

"B2B"	:	Business-to-business transactions
"B2G"	:	Business-to-government transactions
"C2B"	:	Customer-to-business transactions
"FMSS"	:	Financial management software solutions
"FPX"	:	Financial Processing Exchange, a national project which facilitates online payments for e-commerce transactions in particular B2B and B2C transactions on a secure and multi-bank platform
"FSPG"	:	Financial Services Payment Gateway
"ICT"	:	Information and communication technology
"IEC"	:	Integrated Enterprise Centre, which houses contact centre, data centre, disaster recovery centre, network operations centre and security operations centre under one roof in Cyberjaya.
"NSW"	:	National Single Window, a national initiative that provides a one-stop trade facilitation system linking federal statutory bodies and government agencies with trading communities
"SaaS"	:	Software-as-a-service, a new business model introduced by CSM in 2012, offering modules within its FMSS software under a leasing arrangement to its customers

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Certain figures included in this Circular have been subject to rounding adjustments.

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LETTER TO THE SHAREHOLDERS OF CENSOF CONTAINING:

CENSOF HOLDINGS BERHAD

(Company No. 828269-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

9 December 2013

The Board of Directors:

Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain (*Independent Non-Executive Chairman*)
Datuk Samsul Bin Husin (*Group Managing Director)*
Tamil Selvan A/L M. Durairaj (*Executive Director*)
Ameer Bin Shaik Mydin (*Executive Director*)
Ang Hsin Hsien (*Executive Director*)
Tuan Haji Ab. Gani Bin Haron (*Senior Independent Non-Executive Director*)
Boey Tak Kong (*Independent Non-Executive Director*)

To: The shareholders of Censof Holdings Berhad

Dear Sir/Madam,

(I) PROPOSED RATIFICATION OF THE ACQUISITION BY CENSOF OF 349,112,731 TEB SHARES, REPRESENTING 45.03% EQUITY INTEREST IN TEB, FROM KHAZANAH FOR A CASH CONSIDERATION OF RM69,822,546.20; AND

(II) PROPOSED RATIFICATION OF THE MANDATORY TAKE-OVER OFFER BY CENSOF TO ACQUIRE ALL THE REMAINING TEB SHARES NOT ALREADY OWNED BY CENSOF AT A CASH OFFER PRICE OF RM0.20 FOR EVERY ONE (1) OFFER SHARE UPON THE SSA BECOMING UNCONDITIONAL

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1. INTRODUCTION

On behalf of the Board, RHBIB had on 12 September 2013 announced to Bursa Securities the following:

(a) Censof had, on the even date, entered into the SSA with Khazanah to acquire 349,112,731 TEB Shares, representing 45.03% of the issued and paid-up share capital of TEB for a cash consideration of RM69,822,546.20; and

(b) upon the SSA becoming unconditional, Censof is deemed to have beneficial interest over all the Sale Shares pursuant to Section 6A(6)(b) of the Act. Accordingly, pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code, Censof is obliged to extend a mandatory general offer to the Non-Interested TEB Shareholders at a cash offer price of RM0.20 for every one (1) Offer Share.

On 9 October 2013, the SSA had become unconditional with the fulfilment of the conditions precedent in the SSA (details of which are set out in Section 2.1.2 of this Circular) upon the receipt of the following:

(a) the approval by Bursa Securities, vide its letter dated 3 October 2013 (announced to Bursa Securities on 4 October 2013), of a waiver from complying with Paragraph 8.29(1) of the Listing Requirements subject to the condition that Censof shall procure its shareholders' ratification for the Acquisition and the MGO within two (2) months from the completion date of the Acquisition; and

(b) the letter from the SC dated 8 October 2013 (which was received on 9 October 2013 and announced to Bursa Securities on 9 October 2013) on its concurrence that the Acquisition and the MGO would not result in a significant change in the business direction or policy of Censof and therefore are not subject to the SC's approval under Section 214(1) of the CMSA.

In relation thereto, on behalf of the Board, RHBIB had on 9 October 2013:

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

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

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

On behalf of the Board, RHBIB had on 20 November 2013 announced to Bursa Securites that the MGO had closed and Censof and its PACs had received 207,600 valid acceptances and 144,000 acceptances which are subject to verification. Arising thereto, the Acceptance Condition was not fulfilled and all the TEB Shares transferred to the CDS account of Censof was returned to the respective shareholders of TEB.

On behalf of the Board of Directors of Censof, RHBIB had on 27 November 2013 announced to Bursa Securities that the Acquisition had been completed pursuant to successful transfer of the remaining Tranche 2 Sale Shares representing 21.95% equity interest in TEB from Khazanah to Censof. Arising therefrom, TEB became a 45.03%-owned subsidiary company of Censof.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF CENSOF WITH THE RELEVANT INFORMATION ON THE TRANSACTIONS AND PROPOSED RATIFICATIONS AS WELL AS TO SEEK THE APPROVAL FROM THE SHAREHOLDERS OF CENSOF FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED RATIFICATIONS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

SHAREHOLDERS OF CENSOF ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED RATIFICATIONS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE TRANSACTIONS

2.1 Details of the Acquisition

2.1.1 Background Information

The Acquisition entails the acquisition by Censof of Khazanah's entire equity interest in TEB of 349,112,731 TEB Shares, representing approximately 45.03% equity interest in TEB, for a total cash consideration of RM69,822,546.20 or RM0.20 per Sale Share.

2.1.2 Salient terms of the SSA

(a) Consideration and payment of the Sale Shares

(i) Khazanah has agreed to sell to Censof, and Censof has agreed to purchase from Khazanah, the Sale Shares free from all encumbrances and together with all rights and benefits attaching thereto.

(ii) The Acquisition will be undertaken via two (2) tranches in the following manner:

Tranches	**No. of Sale Shares**	**To be completed by**
Tranche 1	178,956,773	Completion Date I (as defined below)
Tranche 2	170,155,958	Completion Date II (as defined below)
Total	349,112,731	

(iii) The Purchase Consideration shall be paid by Censof to Khazanah in the following manner:

(a) on 5 August 2013, Censof has paid and Khazanah has received RM1,000,000.00 towards the Deposit (as defined below) (the RM1,000,000 paid was an earnest deposit paid prior to the execution of the SSA as required by the Vendor to enable Censof to proceed with the negotiation process at the material point in time); and

(b) on the date of the SSA, Censof shall pay to Khazanah RM5,982,255.00 (being approximately 10% of the Purchase Consideration less the RM1,000,000.00 referred to in sub-section (a) above);

(the total amount mentioned in subsections (a) and (b) above aggregating to RM6,982,255.00 is referred to as the "**Deposit**")

For avoidance of doubt, the Deposit will be offset against the payment for the Tranche 2 Sale Shares.

(c) on the day falling two (2) days after the Conditions Fulfilment Date (as defined below) ("**Completion Date I**"), Censof shall pay to Khazanah RM35,791,354.60 (the "**Balance Purchase Price I**"); and

(d) on:

(aa) the day falling six (6)-months after the Conditions Fulfilment Date (as defined below); or

(bb) if the MGO is closed prior to the day referred to in sub-section (aa) above and Censof received acceptances for such MGO only for not more than 290,887,269 voting shares in TEB, the date falling seven (7) days after the closing date of the MGO (for information purposes, the six (6) months duration and amount of 290,887,269 voting shares in relation to the Transactions were negotiated by Censof and Khazanah to provide Censof with the flexibility and time to source for additional funds to pay the Balance Purchase Price II),

whichever is earlier ("**Completion Date II**"), Censof shall pay to Khazanah RM27,048,936.60 (after deducting the Deposit) (the "**Balance Purchase Price II**").

(iv) For the avoidance of doubt, any dividend or distribution by TEB on the Sale Shares after the date of the SSA shall accrue to and belong to Censof, and provided that completion of the sale and purchase of the Sale Shares occurs:

(a) Censof is entitled to retain such dividend or distribution in respect of such Sale Shares; and

(b) if such dividend or distribution (or any part thereof) is paid by TEB prior to completion of the Acquisition and received by Khazanah, Khazanah shall hold such dividend or distribution (or such part thereof) received on trust for Censof, and shall pay the same to Censof within five (5) Business Days of Completion Date I or Completion Date II, as the case may be depending on the Sale Shares to which such dividend or distribution relates. For information purposes, there were no dividends distributed or paid by TEB after the signing of the SSA and prior to the completion of the Acquisition.

The Company, had on 11 October 2013 successfully completed the acquisition of Tranche 1 Sale Shares upon having made the Balance Purchase Price I to Khazanah. The acquisition of Tranche 2 Sale Shares was successfully completed on 27 November 2013 upon the payment of the Balance Purchase Price II (being the date falling seven (7) days after the closing date of the MGO as stipulated in Section 2.1.2(a)(iii)(d)(bb) whereby the MGO had closed prior to the day falling six (6)-months after the Conditions Fulfilment Date and Censof receiving acceptances from the MGO for not more than 290,887,269 voting shares in TEB).

(b) Conditions precedent

The agreement to sell and purchase the Sale Shares under the SSA is conditional upon:

(i) either:

(a) the grant by Bursa Securities to Censof of a waiver or exemption from the requirement to obtain the approval of shareholders of Censof for the Acquisition, such grant being subject to:

(aa) ratification by the shareholders of Censof for the Acquisition at a later date; and

(bb) a written irrevocable and unconditional undertaking having been obtained from SAAS Global to vote in favour of the Acquisition when the same is tabled for the approval of the shareholders of Censof;

or

(b) (if the waiver or exemption from the requirement to obtain the approval of shareholders of Censof for the Acquisition is not granted by Bursa Securities) the grant of the approval of the shareholders of Censof for the Acquisition; and

(ii) the issuance by the SC to Censof of written confirmation of the SC's concurrence by the SC that the Acquisition is not a significant change in the business direction of Censof.

(Collectively, the "**Conditions Precedent**")

With regard to the above, the SSA became unconditional upon the fulfilment of the Conditions Precedent on 9 October 2013 ("**Conditions Fulfilment Date**") after the receipt of:

(a) the approval by Bursa Securities, vide its letter dated 3 October 2013, of a waiver from complying with Paragraph 8.29(1) of the Listing Requirements subject to the condition that Censof shall procure its shareholders' ratification for the Acquisition and the MGO within two (2) months from the completion date of the Acquisition; and

(b) the letter from the SC dated 8 October 2013 (which was received on 9 October 2013) on its concurrence that the Acquisition and the MGO would not result in a significant change in the business direction or policy of Censof and therefore are not subject to the SC's approval under section 214(1) of the CMSA.

(c) Completion

Upon receiving the Balance Purchase Price I on Completion Date I, and Balance Purchase Price II on Completion Date II, Khazanah shall complete, execute and lodge with Khazanah's authorised depository agent the transfer of securities request form as prescribed by Bursa Depository together with relevant supporting documents, for Tranche I and Tranche II, accordingly as soon as practicable after receipt thereof.

Provided that:

(i) the Deposit has been paid by Censof in accordance with the SSA; and

(ii) there shall have been no termination of the SSA.

On behalf of the Board of Directors of Censof, RHBIB had on 27 November 2013 announced to Bursa Securities that the Acquisition had been completed pursuant to successful transfer of the remaining Tranche 2 Sale Shares representing 21.95% equity interest in TEB from Khazanah to Censof. Arising therefrom, TEB became a 45.03%-owned subsidiary company of Censof.

2.1.3 Basis and justification on arriving at the Purchase Consideration

The Purchase Consideration of RM0.20 per TEB Share was arrived at on a willing buyer-willing seller basis after taking into consideration the five (5)-day VWAMP of TEB Shares up to and including 11 September 2013 of RM0.28.

The justifications of the Purchase Consideration of RM0.20 per TEB Shares are set out as follows:

(a) the Purchase Consideration is at a discount of 28.57% to the five (5)-day VWAMP of TEB Shares up to and including 11 September 2013, being the last Business Day prior to the execution of the SSA of RM0.28 per TEB Share. The Purchase Consideration was arrived after undergoing a competitive bidding process and negotiation with Khazanah.

(b) PBR of 1.54 times based on the audited NA of the TEB Group for the FYE 31 December 2012 of RM103.2 million.

In view that the TEB Group is mainly involved in provision of ICT solutions and e-commerce and computerized transaction facilitation services, for the purpose of assessing the Purchase Consideration, the management of Censof has selected several comparable companies which are currently listed on Bursa Securities to give an indication of the current market expectations in relation to the valuation of TEB Group.

As there are no companies listed on Bursa Securities that are exactly similar or directly comparable to the TEB Group in terms of composition of business, scale of operations, track record, shareholders' profile, marketability and liquidity of the shares and future prospects, the comparable companies selected by the management of Censof ("**Selected Comparable Companies**") are based on the core business of the Selected Comparable Companies which the management of Censof deem to be comparable to TEB.

We wish to highlight that the comparison made is only for illustrative purposes as the Selected Comparable Companies cannot be considered identical or directly similar to the TEB Group in terms of scale of operations, composition of business activities, future prospects, asset base, risk profile and other criteria.

For comparison purposes, we have considered the PBR and EV/EBITDA multiple. The PBR is a method used in the valuation of companies by comparing the company's market value to its book value. A PBR of less than one (1) time would mean that the market value accorded to the company is less than the NA attributable to the shareholders of the company and may therefore indicate that the company is undervalued. The EV/EBITDA multiple compares the total value of a company to its cash profits by excluding the non-cash item (depreciation and amortisation) as well as interest and tax. A lower EV/ EBITDA multiple can be indicative of an undervaluation of a company.

It should be noted that for the purpose the comparable companies analysis, the Board has not considered other financial evaluation methods such as the price-to-earnings multiple of the Comparable Companies, as TEB is in a loss making position for the FYE 31 December 2012.

The table below provides an illustration comparison of the PBR and EV/EBITDA multiple of TEB relative to that of the Selected Comparable Companies:

Company	**Principal activities**[1]	**Audited FYE**	**Closing price as at 11 September 2013 (RM)**	**Market capitalisation as at 11 September 2013 (RM'million)**	**NA per share**[4] **(RM)**	**PBR**[4] **(times)**	**EV/EBITDA multiple**[4] **(times)**
Formis Resources Berhad	Formis Resources Berhad is an investment holding company. Through its subsidiaries, the company distributes and maintains computer equipment and software, develops application software and system integration, and provides hardware and software maintenance, network, information, and system integration services. The company provides computer consultant and contractor services.	31 March 2013	[1]0.705	[3]248.29	0.40	1.76	n.a.
Heitech Padu Berhad	HeiTech Padu Berhad provides total business solutions in IT which includes system integration, data center management, network related services, and disaster recovery services. The company, through its subsidiaries, also develops software, manages and maintains property, and develops centralized parts price database for the Malaysian insurance industry.	31 December 2012	[1]0.730	[3]73.89	2.04	[5]0.36	9.33
Dataprep Holdings Berhad	Dataprep Holdings Berhad is an investment holding company which provides management services. Through its subsidiaries, the company supports, markets, develops and maintains computer equipment, systems, and software. The company also provides computer related consulting and training services and internet application services.	31 March 2013	[1]0.245	[3]93.86	0.10	2.45	n.a.
My E.G. Services Berhad	My E.G. Services Berhad provides e-services between the Government of Malaysia and its citizens and businesses. The company's services include electronic delivery of driver and vehicle registrations, licensing and summons services and utility bill payments.	30 June 2012	[1]1.910	[3]1,138.96	0.20	[6]9.55	30.69
High						**2.45**	**30.69**
High *(excluding Heitech Padu Berhad)*						**2.45**	**30.69**
Low						**0.36**	**9.33**
Low *(excluding Heitech Padu Berhad)*						**1.76**	**30.69**
Average						**1.52**	**20.01**
Average *(excluding Heitech Padu Berhad)*						**4.59**	**30.69**
TEB			**[2]0.20**	**[7]155.04**	**0.13**	**1.54**	**[8]12.83**

Notes:

n.a. *Not applicable due to the Selected Comparable Companies having losses before interest, taxation, depreciation and amortisation.*
(1) *As extracted from Bloomberg.*
(2) *Based on the Purchase Consideration of RM0.20 per TEB Share.*

Notes: (Cont'd)

(3) *Market capitalisation calculated based on the closing prices as at 11 September 2013 multiplied by the number of shares in issue as at 11 September 2013, being the last Business Day prior to the execution of the SSA.*

(4) *Based on the latest annual reports of the respective companies.*

(5) *Included Heitech Padu in the computation of the average, high and low of the comparable companies analysis although the PBR is below one (1) time due to the nature of business of the company being similar to that of TEB.*

(6) *Excluded My E.G. Services Berhad, being the outlier from the computation of the average, high and low of the comparable companies analysis. Outlier is determined based on extreme deviation from the average.*

(7) *Market capitalisation calculated based on the Purchase Consideration of RM0.20 per TEB Share multiplied by the number of shares in issue as at 11 September 2013, being the last Business Day prior to the execution of the SSA.*

(8) *Based on the Purchase Consideration of RM0.20 per TEB Share and after an adjustment to the EBITDA for a one-off provision for legal claim of RM4.50 million.*

As illustrated above, the Purchase Consideration represents a PBR of 1.54 times which is:

(i) within the range of the PBR of the Selected Comparable Companies (including Heitech Padu Berhad) of between 0.36 times and 2.45 times but higher than the average PBR of the Selected Comparable Companies (including Heitech Padu Berhad) of 1.52 times; and

(ii) is lower than the lowest PBR of the Selected Comparable Companies (excluding Heitech Padu Berhad) of 1.76 times but is lower than the average PBR of 4.59 times for the Selected Comparable Companies (excluding Heitech Padu Berhad).

In addition, the Purchase Consideration represents a EV/EBITDA multiple of 12.83 times which is:

(i) within the range of the EV/EBITDA multiple of the Selected Comparable Companies (including Heitech Padu Berhad) of between 9.33 times and 30.69 times and lower than the average EV/EBITDA multiple of the Selected Comparable Companies (including Heitech Padu Berhad) of 20.01 times; and

(ii) is lower than the lowest EV/EBITDA multiple of the Selected Comparable Companies (excluding Heitech Padu Berhad) of 30.69 times and is lower than the average EV/EBITDA multiple of 30.69 times for the Selected Comparable Companies (excluding Heitech Padu Berhad).

(c) the Acquisition is for the purchase of a strategic controlling stake in TEB otherwise may not be able to acquire from the open market;

(d) the potential future earnings, prospects and financial performance of TEB Group as disclosed in Section 7 of this Circular; and

(e) potential synergistic benefits arising from the Acquisition to the Censof Group as disclosed in Section 5.1 of this Circular.

2.2 Details of the MGO

Upon the SSA becoming unconditional on 9 October 2013, Censof was deemed to have beneficial interest over all the Sale Shares pursuant to Section 6A(6)(b) of the Act. In relation thereto, Censof was obliged to extend the MGO to Non-Interested TEB Shareholders at a cash offer price of RM0.20 for every one (1) Offer Share upon the SSA being unconditional in accordance with Section 218(2) of the CMSA and Section 9(1), Part III of the Code. Consequently, on behalf of the Board, RHBIB had on even date:

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

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

The MGO was conditional upon the Acceptance Condition, where Censof and its PACs having received, on or before the closing date of the MGO, valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) in respect of the Offer Shares, which would result in Censof and its PACs holding in aggregate more than fifty percent (50%) of the total voting shares of TEB. For avoidance of doubt, the Acceptance Condition was computed based on Censof's deemed equity interest of 45.03% under the SSA plus any valid acceptances received of more than 38,509,611 Offer Shares, representing 4.97% of the issued and paid-up share capital of TEB through the MGO.

On 20 November 2013, the MGO had closed and Censof and its PACs had received 207,600 valid acceptances and 144,000 acceptances which are subject to verification. Arising thereto, the Acceptance Condition was not fulfilled and all the TEB Shares transferred to the CDS account of Censof was returned to the respective shareholders of TEB.

Upon the completion of the Transactions on 27 November 2013, Censof owns a 45.03% equity interest in TEB.

2.3 Source of funding

(a) The Acquisition

The Acquisition was be funded through bank borrowings of approximately RM66.00 million and internally generated funds of RM3.82 million.

The manner in which the Purchase Consideration was paid is set out below:

Mode of settlement	Timing	RM
(i) The Deposit	(i) Prior to the date of the SSA which was paid on 5 August 2013	1,000,000.00
	(ii) Upon the date of the SSA which was paid on 12 September 2013	5,982,255.00
(ii) The Purchase Consideration:		
Tranche 1	within two (2) days from the Condition Fulfilment Date which was paid on 11 October 2013	35,791,354.60
Tranche 2	the date falling seven (7) days after the closing date of the Offer which was made on 27 November 2013	27,048,936.60

(b) MGO

As the MGO failed to fulfil the Acceptance Condition, there was no funding required.

2.4 Liabilities to be assumed

Save for the existing liabilities incurred in the ordinary course of business of TEB, there are no liabilities, including contingent liabilities and guarantees, to be assumed by Censof pursuant to the Transactions.

2.5 Additional financial commitments

There are no additional financial commitments by Censof in putting the assets/businesses of TEB Group on-stream as TEB Group already has on-going businesses.

2.6 Information on TEB

TEB was incorporated in Malaysia under the name of TIME Engineering Sdn Bhd on 12 October 1970 as a trading company distributing welding products and was subsequently converted into a public limited company on 24 June 1983 upon which it assumed its present name. The company was listed on the then Main Board of Bursa Securities on 12 September 1983.

The principal activity of TEB is that of investment holding whilst the principal activities of its principal subsidiaries are the provision of e-commerce trade facilitation service, provision of data centre services and systems integration services.

As at the LPD, the authorised and issued and paid-up share capital of TEB is RM1,000,000,000 comprising 2,000,000,000 TEB Shares, of which 775,224,683 TEB Shares have been issued and are fully paid-up.

Further information on TEB are set out in Appendix I of this Circular.

2.7 Information on Khazanah

Khazanah is the investment holding arm of the Government of Malaysia entrusted to manage the commercial assets held by the Government of Malaysia and to undertake strategic investments. Khazanah was incorporated on 3 September 1993 as a public limited company under the Act. Save for one (1) share owned by the Federal Land Commissioner, all the share capital of Khazanah is owned by the Minister of Finance Incorporated, a corporate body incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957.

As at the LPD, the board of directors of Khazanah is as follows:

		Direct		Indirect	
Name	**Nationality**	**No. of Khazanah shares held**	**%**	**No. of Khazanah shares held**	**%**
Dato' Seri Mohd Najib bin Tun Hj Abdul Razak	Malaysian	-	-	-	-
Tan Sri Dato' Nor Mohamed Yakcop	Malaysian	-	-	-	-
Dato' Seri Ahmad Husni Hanadziah	Malaysian	-	-	-	-
Tan Sri Md Nor Yusof	Malaysian	-	-	-	-
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	Malaysian	-	-	-	-
Tan Sri Mohamed Azman bin Yahya	Malaysian	-	-	-	-
Dato' Mohammed Azlan bin Hashim	Malaysian	-	-	-	-
Tan Sri Andrew Sheng	Malaysian	-	-	-	-
Tan Sri Dato' Azman bin Hj Mokhtar	Malaysian	-	-	-	-

(Source: www.khazanah.com.my)

There have been no transactions between our Group and Khazanah for the preceding twelve (12) months up to the date of this Circular.

3. RATIONALE FOR THE TRANSACTIONS AND PROPOSED RATIFICATIONS

3.1 Acquisition

Censof believes in growing its business organically as well as through acquisitions. In line with Censof's plan to continuously expand its business, the Company has been actively looking into avenues to strengthen their revenue source as well as to provide more value added services to its customers.

The Acquisition presents a good and rare opportunity for Censof to not only expand its business but also to leverage on TEB's resources and infrastructure to create strategic benefits.

Amongst others, the Transactions are expected to culminate the following synergistic benefits to the enlarged Censof Group:

(a) Levaraging on TEB's assets

In 2012, CSM commenced a new business model of offering FMSS under a leasing arrangement named SaaS (as opposed to outright sale of the FMSS software). SaaS allows CSM's customers to reduce their cost of operation and capital expenditure by allowing customers to lease its FMSS software without the initial burden of a huge capital expenditure to purchase the FMSS software. In return, CSM charges its clients according to pay-per usage model based on usage pattern of the FMSS software.

On the other hand, TEB currently owns the IEC which is a Tier-3 Compliant data centre (i.e. the data centre meets certain requirements amongst others, has multiple independent distribution paths, its IT equipment are dual-powered, concurrently maintainable site infrastructure with expected uptime availability of 99.982%), Tier-4 Ready facility (i.e. data centre meets certain requirements amongst others, its cooling equipment are independently dual-powered, fault-tolerant site infrastructure with electrical power storage and distribution facilities with expected uptime availability of 99.995%) offering services which include amongst others, private cloud computing managed services and secured managed services, hardware, hosting, warehousing and cloud computing services.

Moving forward, TEB could bundle the services offered by the IEC with the existing products or services of Censof, primarily the FMSS software under SaaS. Should CSM migrates its current customers to the SaaS business model, which includes more than 70 federal statutory bodies and government agencies. This is expected to boost the utilisation of the existing data storage space capacity in the IEC and provide additional revenue streams to TEB Group.

In that light, Censof believes that the Acquisition would enable the TEB Group and Censof Group to garner a competitive edge over its competitors due to the availability of a combined infrastructure, hardware and software solutions and readily available customer base to cross sell their products and services.

(b) Payment gateway and payment aggregation solutions

TMX's payment aggregation software, Max-Paygate and its payment portal named 'Cpay' offer electronic payments and collections solutions for B2B, B2G and C2B transactions.

Dagang Net's payment gateway FSPG offers electronic payments for B2G transactions vide strategic collaboration with FPX, a national project which facilitates online payments for e-commerce transactions in particular B2B and B2C transactions on a secure and multi-bank platform.

Upon the completion of the Acquisition, Censof would be able to complement the FSPG used by Dagang Net with TMX's Max-Paygate or integrate/merge Censof's Max-Paygate with the existing FSPG. Max-Paygate is directly linked to five (5) banks unlike FSPG which is a file converter that requires the services of FPX to link to the banks. Integrating the existing FSPG used by TEB with TMX's Max-Paygate will allow TEB to be more efficient and increase its service level to existing Dagang Net customers.

(c) System integration business

CSM and TMX perform software system integration which includes the provision of systems implementation in the area of payment gateway system, implementation of FPX as well as data security and financial application customisation services.

TSI specialises in the hardware system integration which includes the provision of project management, from design, installation to commissioning.

In most system integration projects, software system integrators such as CSM and TMX as well as hardware system integrators such as TSI are required in a system implementation or integration that largely comprised of both hardware and software requirements. Upon the completion of the Acquisition, Censof would be able to assign the hardware system integration projects which are currently outsourced to third parties to TSI for execution.

3.2 MGO

Censof was obliged to extend the MGO pursuant to the obligation under Section 218(2) of the CMSA and Section 9(1), Part III of the Code as the shareholding of Censof in TEB increases to more than 33% as a result of the Acquisition.

3.3 Proposed Ratification of the Acquisition

During the negotiation process with Khazanah, it was agreed that Censof would fulfill the Conditions Precedent. As provided in Section 2.1.2(b) of this Circular, the SSA provides for a timeline of two (2) months for Censof to fulfill the Conditions Precedent.

Pursuant to Paragraph 8.29(1) of the Listing Requirements, where a transaction entered into or proposed to be entered into by a listed issuer or any other action or proposal of a listed issuer is specified in the Listing Requirements as one which required securities holder approval, such approval must be obtained before the transaction, action or proposal being completed. The Board, in view of the abovementioned, were of the opinion that the two (2) months period to obtain the shareholders' approval would be insufficient, having taken into consideration that the Acquisition would be deemed a very substantial transaction pursuant to Paragraph 10.02(n) of the Listing Requirements whereby additional disclosures are required pursuant to Paragraph 10.10 of the Listing Requirements which include amongst others, the proforma consolidated statement of financial position of Censof and reporting accountants' letter thereon, as well as other requirements such as inputs from TEB on matters relating to material litigation, material contracts, capital commitment and contingent liabilities to be incorporated into the circular to the shareholders of Censof.

Further, since the resignation of TEB's chief executive officer on 28 November 2012, TEB did not have a chief executive officer. TEB had on, 28 November 2012 appointed an executive committee to oversee the day-to-day operations and management of the company. This interim arrangement is expected to cease upon the completion of the divestment of 45.03% equity interest in TEB by Khazanah and as such, it was important and for the benefit of Censof to complete the Acquisition in the shortest timeframe possible to enable Censof to appoint the new managing director to spearhead TEB's existing management team on the day-to-day operations and management of the company.

In that light, RHBIB, on behalf on the Board had on, 9 September 2013 submitted an application for the waiver for Censof from complying with Paragraph 8.29(1) of the Listing Requirements. Subsequently on 3 October 2013, Bursa Securities had, vide its letter dated the same, granted a waiver to Censof from complying with Paragraph 8.29(1) of the Listing Requirements subject to the condition that Censof shall procure its shareholders' ratification for the Acquisition and the MGO within two (2) months from the completion date of the Acquisition.

The Proposed Ratification of the Acquisition will enable the Company to ratify the Acquisition.

3.4 Proposed Ratification of the MGO

The MGO was carried out by Censof as an obligation pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code as a result of the Acquisition. On 9 October 2013, the SSA became unconditional and Censof being deemed to have beneficial interest over all the Sale Shares pursuant to Section 6A(6)(b) of the Act.

The Proposed Ratification of the MGO will enable the Company to ratify the MGO.

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4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a stronger growth of 5.0% in the third quarter (2Q 2013: 4.4%). Domestic demand remained the key driver of growth, expanding by 8.3% (2Q 2013: 7.4%), while exports turned around to grow by 1.7% (2Q 2013: -5.2%). On the supply side, most major sectors expanded further in the third quarter, supported by the continued strength in domestic demand and the improvement in trade activity. The moderate expansion in the global economy in the third quarter supported the recovery in exports. International financial markets, however, experienced increased volatility amid uncertainties over the fiscal and monetary policies of the advanced economies, particularly the US. On a quarter-on-quarter seasonally adjusted basis, the economy expanded by 1.7% (2Q 2013: 1.4%).

Private consumption expanded by 8.2% (2Q 2013: 7.2%), supported by stable employment conditions and sustained wage growth. Public consumption growth moderated in Q3 2013 to 7.8% (2Q 2013: 11.8%), reflecting mainly lower Government spending on supplies and services.

Gross fixed capital formation continued to expand by 8.6% (2Q 2013: 6.0%) in Q3 2013, reinforced by private sector capital spending. Private investment grew by 15.2% (2Q 2013: 12.7%), supported by capital spending in the services and manufacturing sectors as well as the on-going implementation of projects and capacity expansion in the oil and gas sector.

On the supply side, growth in most economic sectors improved in Q3 2013. The services and manufacturing sectors continued to expand, driven largely by domestic demand and the improvement in the trade activity.

Going forward, the signs of recovery in the major advanced economies are expected to support overall global growth. Policy uncertainties surrounding the quantitative easing (QE) programme in the US and European sovereign debt concerns are expected to weigh on market sentiment and growth prospects. While overall growth performance in most emerging economies, including in Asia, will be affected by these developments, domestic demand will continue to support the overall growth performance.

For the Malaysian economy, the gradual recovery in the external sector will support growth. Domestic demand from the private sector will continue to support the economic activity amid the continued consolidation of the public sector. The overall growth of the economy for 2013 is now revised to 4.5 – 5.0%. Going forward, domestic demand is expected to remain on its steady growth trajectory and will continue to be supported by an accommodative monetary policy.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2013, Bank Negara Malaysia)

4.2 Overview and outlook of the ICT industry in Malaysia

The ICT sector will continue to be a key focus for Malaysia and is expected to gain greater momentum driven by the convergence of industries due to digitalisation. The contribution of the ICT industry to GDP is targeted to increase to 10.2% by 2015. Greater use of ICT will not only support the growth of the sector but also boost productivity and raise the nation's overall competitiveness. However, to achieve growth, Malaysia needs to shift from being an average producer of general ICT products and services to a niche producer of selected ICT products and services, and progress from a net importer to a net exporter. Issues of lack of product acceptability, weak product branding and lack of cross-discipline expertise will be addressed.

(Source: 10th Malaysia Plan 2011–2015, Economic Planning Unit, Prime Minister's Department)

Under the nation's programme, namely, Digital Malaysia, the government aims to create an ecosystem which promotes the pervasive use of digital technology in all aspects of the economy to connect communities globally and interact in real time resulting in increased economic activity, productivity and standard of living. While Malaysia has built a strong ICT foundation, Digital Malaysia will focus on driving value-added services through digital technologies. One of the key goals to be achieved under Digital Malaysia is to raise Malaysia's ICT contribution from 9.8% of GDP in 2010 to 17% by 2020.

(Source: Ministry of Finance Malaysia (2012). Economic Report 2012/ 2013 – Chapter 3: Economic Performance and Prospects)

Digital Malaysia is the nation’s programme to advance Malaysia towards a developed digital economy by 2020 by creating an ecosystem that promotes the pervasive use of ICT in all aspects of the society, government and economy resulting in increased Gross National Income, enhanced productivity and improved standards of living.

Founded on three strategic thrusts of (i) moving from Supply to Demand focused; (ii) from Consumption to Production Centric; and (iii) from Low Knowledge-Add to High Knowledge-Add, the move from the programme aims to:

- improve ICT contribution to the nation’s gross national income (GNI) to RM294 billion or 17%, an increase from the current 9.8%;

- create 160,000 high value jobs and an additional RM7,000 digital income per annum for over 350,000 citizens by the year 2020.

These eight projects which are the first wave of the Digital Malaysia programme are (i) Asian eFulfillment Hub, (ii) Enabling e-Payment Services for SMEs and Micro Enterprises, (iii) Shared Enterprise Services, (iv) Develop On-Demand Customised Online Education, (v) Micro-sourcing to Generate Income for the B40, (vi) Facilitating Societal Upliftment, (vii) Establish a Trusted Mobile Digital Wallet Platform and (viii) Growing the Embedded Systems Industry.

(Source: Multimedia Development Corporation (MDeC))

4.3 Prospects of TEB Group

The TEB Group is divided into three (3) main segments, namely the NSW, the IEC and the hardware system integration.

Dagang Net is the developer and operator of the NSW, a national initiative that provides a one-stop trade facilitation system linking federal statutory bodies and government agencies with trading communities. The NSW enables electronic exchange of data, submission of documents and transmission of messages for cargo clearance to support the country's international trade business. In addition, Dagang Net’s trade portal and its payment module FSPG offers electronic payments via strategic collaboration with FPX for B2G transactions. The NSW currently has a user base which accounts to over 13,000 users and this user base is expected to increase in view of Malaysia’s total external trade reaching RM1.3 trillion in 2012 *(Source: Malaysia external trade statistics, Department of Statistics Malaysia)*.

The IEC houses the security operation centre, network operation centre, call centre and data centre under one roof, offering integrated and comprehensive niche value-add solutions to TEB’s clients.

Hardware system integration is implemented by TSI, whereby TSI would provide project management, from design, installation to commissioning. TSI’s system integration services encompass enterprise network, which includes WAN and LAN implementation, designing and deployment of wireless solutions, installation and maintenance of structured cabling system (SCS), retro-fitting existing networks or implementing new networks to meet latest standards and specifications.

Upon completion of the Transactions, the enlarged Censof Group would be able to utilize the current offerings of the TEB Group to undertake the following:

(a) to offer comprehensive FMSS under the SaaS business model by bundling FMSS solutions together with the services offered by IEC;

(b) to complement the FSPG used by Dagang Net with TMX's Max-Paygate or integrate TMX's Max-Paygate with the existing FSPG used by NSW;

(c) the NSW currently has a user base which amounts to over 13,000 users which will provide an immediate additional distribution channel for Censof to market and sell FMSS solutions vide SaaS; and

(d) to combine the expertise of CSM and TMX in performing software system integration with the expertise of TSI in hardware system integration, which CSM and TMX are currently outsourcing to third party hardware system integrators.

The management of Censof believes that with the positive outlook as discussed in Section 4.2 of this Circular will augur well for the prospects of the TEB Group. With plans set out for the TEB Group above, the management of Censof would be able to realise the synergistic benefits as disclosed in Section 3.1 of this Circular.

5. RISK FACTORS

The Transactions are not expected to materially change the risk profile of our Group's business given that the nature of product and services of the Censof Group and TEB Group are complementary, intersected and related to each other. The combined and enlarged group is expected to provide more comprehensive services and solutions in their ICT economic sub-sectors. However, there may be additional risks arising from the Transactions as set out below which are non-exhaustive. Whilst the Company seeks to limit the impact of such risks, there can be no assurance that these factors will not have a material adverse effect on the business and operations of TEB Group and/or our Group:

(a) Acquisition risk

The various synergistic benefits to be derived from the Transactions will depend largely on the success of the implementation of the plans for TEB by Censof. The Acquisition may potentially expose our Group to new risks including those associated with the assimilation of new operations and personnel, the inability to retain the key management of TEB and the diversion of financial management resources from existing operations. As such, there is no assurance that the anticipated benefits from the Transactions will be realised, and that our Group will be able to generate sufficient revenue to offset the associated costs from the Acquisition.

Notwithstanding the above, Datuk Samsul bin Husin, (who has over twenty (20) years of experience in accounting and ICT) has been appointed as the Acting Group Managing Director/ Group Chief Executive Officer of TEB. He will be responsible for spearheading TEB's existing management team on the day-to-day operations of TEB. In addition, Dato' Zainul Azman bin Dato' Zainul Aziz has been appointed to the Board of Directors of TEB as a representative for Censof. It is envisaged that further representatives of Censof will be appointed to the Board of Directors of TEB upon the completion of the Acquisition, amongst others, to assist the assimilation of operations between the TEB Group and the Censof Group. In addition to the above, the management of Censof is of the opinion that the culture within the Censof Group is similar to that of the TEB Group as both groups serve the public sector.

For avoidance of doubt, it is not the intention of the management of Censof to merge the management of Censof and TEB. However, it is anticipated for both the entities to work closely to enhance the operation and cashflow efficiencies and as such, both Censof and TEB would continue to be managed by a separate board of directors, management and key personnels.

(b) Impairment of goodwill

The Transactions would result in goodwill arising from Transactions upon the consolidation of TEB into our Group. For illustrative purposes, assuming that the Transactions was completed on 31 December 2012, the goodwill to be recognised by Censof is approximately RM23.35 million. Under prevailing accounting standards, the Board and external auditors of Censof are required to assess the carrying value for possible impairment of goodwill. There is no assurance that impairment to the original carrying value of the goodwill arising from the Transactions would not arise, and the financial position of your Group may be adversely affect if an impairment is deemed necessary in the future.

Notwithstanding the above and barring any unforeseen circumstances, the Board believes that the TEB Group has a similar core business as Censof and will be able to realise the synergistic benefits as disclosed in Section 3.1 of this Circular to enhance its financial performance moving forward.

(c) Financing Risk

As disclosed in Section 2.3 of this Circular, the Acquisition was funded through a combination of internally generated funds and external bank borrowings. Incurring additional bank borrowings will correspondingly increase the borrowing and gearing level of the Censof Group. In addition to the new borrowings taken by the Company for purposes of the the Acquisition, the Censof Group will also consolidate the current borrowings of the TEB Group as a result of TEB becoming a subsidiary upon the completion of the Acquisition resulting in a further increase of the overall gearing level of the Censof Group. The abovementioned would expose the Group to interest rate and debt servicing risks while any utilisation of internal funds is expected to result in a reduction of funds available for working capital purposes, which may have an adverse effect on the Group's cash flow position.

It should be further noted that the Company may be completing the implementation of the Private Placement which would provide Censof with additional funds for working capital purposes when required. Furthermore, the Board intends to raise additional proceeds from the issuance of RCN pursuant to the Proposed RCN Issue to allow Censof to raise funds for purposes of reducing its borrowings arising from the Transactions. The Board is of the opinion should the Proposed RCN Issue be implemented, the Censof Group will be able to lower its gearing to a more manageable level pursuant to the completion of the Transactions. Censof to re-confirm this statement

Notwithstanding the above, the Board will endeavour to manage its cash flow position and funding requirements prudently, to address the above risks.

(d) Expiry of Government Concession for the NSW

In 1989, Dagang Net was awarded a 15-year Government concession for the implementation of Malaysia's NSW for trade facilitation with two (2) extensions of five (5) years each. In September 2009, the NSW concession was extended for the second time for five (5) years and is expiring in September 2014.

Should Dagang Net be unable to renew or be awarded a new concession by the Government for the NSW, there may be potential entry of new service providers which may adversely affect Dagang Net and ultimately TEB Group's future financial performance as a result.

Notwithstanding the above, the management of Censof believes that the barrier of entry for such NSW operation is high as:

(i) it is difficult for new entrant to dislodge Dagang Net, being the incumbent service provider, due to the entrenched usage of NSW by existing users (locked-in effect); and

(ii) due to the high initial cost to set up the infrastructure.

Based on the above, the management of Censof is of the opinion there would be limited competition, if any, in the near future.

Further, Censof is in the midst of preparing to submit the necessary application to seek an extension of the NSW concession to beyond September 2014.

To further mitigate this risk, upon the completion of the Acquisition, Censof would also consider upgrading the current system in Dagang Net which will include amongst others, updating the current system as well as integrating Max-Paygate to the FSPG currently used by Dagang Net to offer value added services to increase the service level provided to the users of NSW.

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6. EFFECTS OF THE TRANSACTIONS

The effects of the Transactions are as follows:

6.1 Issued and paid-up share capital and substantial shareholder's shareholdings

The Transactions will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of Censof as the Purchase Consideration will be satisfied wholly in cash and does not involve any issuance of new Censof Shares.

6.2 NA and gearing

The proforma effects of the Transactions on the NA and the gearing position of Censof based on its latest audited consolidated financial statements as at 31 December 2012, assuming that the Transactions was completed on that date and based on the following scenarios are set out below:

Scenario I:

Assuming that the Private Placement is undertaken on the minimum scenario basis whereby only 15,772,968 new Censof Shares which have yet to be issued as at LPD pursuant to the Private Placement will be issued (none of the 29,495,325 outstanding warrants are exercised);

Scenario II:

Assuming that the Private Placement is undertaken on the maximum scenario basis whereby 18,722,500 new Censof Shares which have yet to be issued as at LPD pursuant to the Private Placement will be issued (and all 29,495,325 outstanding warrants are exercised);

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Scenario I

	Audited as at 31 December 2012	Proforma I After taking into account material events subsequent to 31 December 2012	Proforma II After I and the Acquisition	Proforma III After II and the MGO [4]	Proforma IV After III and the Private Placement	Proforma V After IV and the Proposed Issue of RCN	Proforma VI After V and upon full conversion of the RCN
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	34,420	[1] 37,773	37,773	37,773	[5] 39,350	39,350	[10] 69,254
Share premium	1,308	[1] 13,479	13,479	13,479	[6] 18,615	18,615	[10] 99,398
Estimated equity component arising from the issuance of RCN	-	-	-	-	-	10,687	-
Merger deficit	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)
Retained profits	41,212	41,212	[2] 37,312	37,312	37,312	[8] 35,755	25,068
Foreign exchange translation reserve	(130)	(130)	(130)	(130)	(130)	(130)	(130)
NA attributable to owners of the Company	64,510	80,034	76,134	76,134	82,847	91,977	181,290
Non-controlling interests	990	990	69,565	69,565	69,565	69,565	69,565
Total Equity	65,500	81,024	145,699	145,699	152,412	161,542	250,855
Number of Shares ('000)	344,200	[1] 377,730	377,730	377,730	[5] 393,503	393,503	692,546
NA per Share (RM)	0.19	0.21	0.39	0.39	0.39	0.41	0.36
Total borrowings (RM'000)	7,635	7,635	[3] 141,021	141,021	[7] 137,821	[9] 223,572	137,821
Gearing ratio (times)	0.12	0.10	1.66	1.66	1.66	2.43	0.76

Notes:

(1) Taking into account of the exercise of 13,529,675 warrants at an exercise price of RM0.46 per warrant and the issuance of 20,000,000 new Censof Shares pursuant to the Private Placement at an issue price of RM0.465.

(2) After setting off the estimated expenses in relation to the Transactions of RM3,900,000.

(3) After including the borrowings of the TEB Group of RM67,386,000 and new borrowings of RM66,000,000 to partially finance the Acquisition.

(4) Taking into account the the closing of the MGO on 20 November 2013 where the Acceptance Condition was not fulfilled, resulting in Censof holding only 45.03% equity interest of TEB.

(5) Based on the assumption of a minimum issuance of 15,772,968 new Censof Shares which have yet to be issued as at the LPD pursuant to the Private Placement. The minimum issuance of 15,772,968 new Censof Shares represents the remaining portion after deducting the 20,000,000 new Censof Shares which had already been issued pursuant to the Private Placement allowed to be issued under the Private Placement of up to 10% of the issued and paid up share capital of Censof of 357,727,800 Censof Shares (after taking into account of the exercise of 13,529,675 warrants).

(6) Based on an indicative issue price of RM0.465 per Censof Share after netting off the estimated expenses of approximately RM621,000 in relation to the Private Placement.

(7) After repayment of loans of RM3,200,000 utilised from the proceeds arising from the Private Placement.

(8) Taking into account the estimated expenses of approximately RM1,557,000 in relation to the Proposed Issue of RCN.

(9) Taking into account RM85,751,000 representing the financial liabilities arising from the issuance of the RCN pursuant to the Proposed Issue of RCN.

(10) Based on the assumption of the conversion of 299,043,062 RCN into new Censof Shares at an indicative conversion price of RM0.3344. (Source: Circular to shareholders of Censof dated 14 November 2013 in relation to the Proposed RCN Issue).

Scenario II

		Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI
	Audited as at 31 December 2012	After taking into account material events subsequent to 31 December 2012	After I and the Acquisition	After II and the MGO (4)	After III and the Private Placement	After IV and the Proposed Issue of RCN	After V and upon full conversion of the RCN
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	34,420	(1) 37,773	37,773	37,773	(5) 42,595	42,595	(10) 72,499
Share premium	1,308	(1) 13,479	13,479	13,479	(6) 30,308	30,308	(10) 111,091
Estimated equity component arising from the issuance of RCN	-	-	-	-	-	10,687	-
Merger deficit	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)
Retained profits	41,212	41,212	(2) 37,312	37,312	37,312	(8) 35,755	25,068
Foreign exchange translation reserve	(130)	(130)	(130)	(130)	(130)	(130)	(130)
NA attributable to owners of the Company	64,510	80,034	76,134	76,134	97,785	106,915	196,228
Non-controlling interests	990	990	69,565	69,565	69,565	69,565	69,565
Total Equity	65,500	81,024	145,699	145,699	167,350	176,480	265,793
Number of Shares ('000)	344,200	(1) 377,730	377,730	377,730	(5) 425,948	425,948	724,991
NA per Share (RM)	0.19	0.21	0.39	0.39	0.39	0.41	0.37
Total borrowings (RM'000)	7,635	7,635	(3) 141,021	141,021	(7) 137,821	(9) 223,572	137,821
Gearing ratio (times)	0.12	0.10	1.85	1.85	1.41	2.09	0.70

Notes:

(1) Taking into account of the exercise of 13,529,675 warrants at an exercise price of RM0.46 per warrant and the issuance of 20,000,000 new Censof Shares pursuant to the Private Placement at an issue price of RM0.465.

(2) After setting off the estimated expenses in relation to the Transactions of RM3,900,000.

(3) After including the borrowings of the TEB Group of RM67,386,000 and new borrowings of RM66,000,000 to partially finance the Acquisition.

(4) Taking into account the closing of the MGO on 20 November 2013 where the Acceptance Condition was not fulfilled, resulting in Censof holding only 45.03% equity interest of TEB.

(5) Based on the assumption of the exercise of 29,495,325 outstanding Warrants at an exercise price of RM0.46 per Warrant and maximum issuance of 18,722,500 new Censof Shares at an issue price of RM0.465 which have yet to be issued as at the LPD pursuant to the Private Placement. The maximum issuance of 18,722,500 new Censof Shares represents the remaining portion after deducting the 20,000,000 new Censof Shares which had already been issued pursuant to the Private Placement allowed to be issued under the Private Placement of up to 10% of the issued and paid up share capital of Censof of 387,225,000 Censof Shares (after taking into account of the exercise of 43,025,000 warrants).

(6) Based on an indicative issue price of RM0.465 per Censof Share after netting off the estimated expenses of approximately RM623,000 in relation to the Private Placement.

(7) After repayment of loans of RM3,200,000 utilised from the proceeds arising from the Private Placement.

(8) Taking into account the estimated expenses of approximately RM1,557,000 in relation to the Proposed Issue of RCN.

(9) Taking into account RM85,751,000 representing the financial liabilities arising from the issuance of the RCN pursuant to the Proposed Issue of RCN.

(10) Based on the assumption of the conversion of 299,043,062 RCN into new Censof Shares at an indicative conversion price of RM0.3344 (Source: Circular to shareholders of Censof dated 14 November 2013 in relation to the Proposed RCN Issue).

6.3 Earnings and EPS

For illustrative purposes only, based on Censof's latest audited consolidated financial statements for the FYE 31 December 2012 and on the assumption that the Transactions had been completed on 1 January 2012 (being the beginning of the FYE 31 December 2012), the proforma effects of the Transactions on the consolidated earnings and EPS of Censof for the FYE 31 December 2012 are as follows:

Scenario I		**Proforma I**	**Proforma II**	**Proforma III**	**Proforma IV**
	Audited as at 31 December 2012	**After taking into account material events subsequent to 31 December 2012**	**After I and the Acquisition**	**After II and the MGO**	**After III and the Private Placement**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Profit after tax	9,449.8	9,449.8	[2] (4,616.2)	(4,616.2)	(4,616.2)
(Loss)/ profit attributable to:					
- Owners of the parent	9,326.9	9,326.9	(5,076.0)	(5,076.0)	(5,076.0)
- Non-controlling interest	122.9	122.9	459.8	459.8	459.8
	9,449.8	9,449.8	(4,616.2)	(4,616.2)	(4,616.2)
Number of Censof Shares ('000)	344,200	[1] 377,730	377,730	377,730	[3] 393,503
(Loss)/ earnings per Censof Share (sen)	2.7	2.5	(1.3)	(1.3)	(1.3)

Notes:

(1) Taking into account of the exercise of 13,529,675 warrants at an exercise price of RM0.46 per warrant and the issuance of 20,000,000 new Censof Shares pursuant to the Private Placement at an issue price of RM0.465.

(2) After setting off the estimated expenses in relation to the Transactions of RM3.9 million, borrowing costs of approximately RM7.0 million as well as consolidating the loss after tax and loss attributable to TEB Group of RM3.17 million arising from Censof's 45.03% equity interest in TEB. Further information on the losses incurred by TEB Group for the FYE 31 December 2012 set out in the Appendix I of this Circular.

(3) Based on the assumption of a minimum issuance of 15,772,968 new Censof Shares at an issue price of RM0.465 which have yet to be issued as at the LPD pursuant to the Private Placement. The minimum issuance of 15,772,968 new Censof Shares represents the remaining portion after deducting the 20,000,000 new Censof Shares which had already been issued pursuant to the Private Placement allowed to be issued under the Private Placement of up to 10% of the issued and paid up share capital of Censof of 357,727,800 Censof Shares (after taking into account of the exercise of 13,529,675 warrants).

Scenario II

		Proforma I	Proforma II	Proforma III	Proforma IV
	Audited as at 31 December 2012	After taking into account material events subsequent to 31 December 2012	After I and the Acquisition	After II and the MGO	After III and the Private Placement
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit after tax	9,449.8	9,449.8	[2] (4,616.2)	(4,616.2)	(4,616.2)
(Loss)/ profit attributable to:					
- Owners of the parent	9,326.9	9,326.9	(5,076.0)	(5,076.0)	(5,076.0)
- Non-controlling interest	122.9	122.9	459.8	459.8	459.8
	9,449.8	9,449.8	(4,616.2)	(4,616.2)	(4,616.2)
Number of Censof Shares	344,200	[1] 377,730	377,730	377,730	[3] 425,948
(Loss)/ earnings per Censof Share (sen)	2.7	2.5	(1.3)	(1.3)	(1.2)

Notes:

(1) Taking into account of the exercise of 13,529,675 warrants at an exercise price of RM0.46 per warrant and the issuance of 20,000,000 new Censof Shares pursuant to the Private Placement at an issue price of RM0.465.

(2) After setting off the estimated expenses in relation to the Transactions of RM3.9 million, borrowing costs of approximately RM7.0 million as well as consolidating the loss after tax and loss attributable to TEB Group of RM3.17 million arising from Censof's 45.03% equity interest in TEB.

(3) Based on the assumption of the exercise of 29,495,325 outstanding Warrants at an exercise price of RM0.46 per Warrant and maximum issuance of 18,722,500 new Censof Shares at an issue price of RM0.465 which have yet to be issued as at the LPD pursuant to the Private Placement. The maximum issuance of 18,722,500 new Censof Shares represents the remaining portion after deducting the 20,000,000 new Censof Shares which had already been issued pursuant to the Private Placement allowed to be issued under the Private Placement of up to 10% of the issued and paid up share capital of Censof of 387,225,000 Censof Shares (after taking into account of the exercise of 43,025,000 warrants).

The Board has noted that the TEB Group recorded a LAT of approximately RM3.17 million for the FYE 31 December 2012. Notwithstanding the above, barring unforeseen circumstances and having considered the rationale and synergistic benefits for the Transactions as discussed in Section 3.1 of this Circular, the Board is of the opinion that the Transactions is expected to contribute positively to the earnings of the Censof Group in the future financial years.

7. APPROVALS REQUIRED

The Proposed Ratifications are subject to the following approvals:

(a) the shareholders of Censof at an EGM to be convened; and

(b) Any other relevant authorities or parties, if required.

The Proposed Ratification of the Acquisition and the Proposed Ratification of the MGO are inter-conditional upon each other. The Proposed Ratifications are not conditional upon any other corporate exercise undertaken or to be undertaken by Censof.

8. ESTIMATED TIMEFRAME FOR COMPLETION

The tentative timeline in relation to the Transactions is as follow:

Tentative timeline	Proposed events
12 September 2013	Signing of SSA and announcement of the same together with the Transactions to Bursa Securities
9 October 2013	SSA became unconditional and serving of the notice of take-over offer pursuant to the MGO
11 October 2013	Completion Date I
30 October 2013	Despatch of the Offer Document
20 November 2013	Closing date for the MGO
27 November 2013	Completion Date II and the completion of the Acquisition
9 December 2013	Despatch of the Circular
24 December 2013	EGM for the Proposed Ratifications

The Acquisition and MGO were completed on 27 November 2013 and 20 November 2013 respectively.

9. CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

As at the LPD, save as disclosed below and save for the Proposed Ratifications, there are no other outstanding proposals that have been announced by Censof which are not yet completed prior to the printing of this Circular:

(a) The Private Placement of up to ten percent (10%) of the issued and paid-up share capital of Censof to third party investor(s) announced by Kenanga Investment Bank Berhad on 28 June 2013. The proceeds arising from the Private Placement will be utilised for amongst others, working capital, future strategic acquisitions and loan repayments. Subsequently on 9 July 2013, Kenanga Investment Bank Berhad on behalf of the Board announced that Bursa Securities had, vide its letter dated 8 July 2013, approved the listing of and quotation for up to 38,722,500 new Censof Shares (excluding treasury shares) to be issued pursuant to the Private Placement. The Company had, on 25 September 2013 and 27 September 2013, issued 10,000,000 new Censof Shares per tranche respectively at an issuance price of RM0.465 per Censof Share pursuant to the Private Placement.

Further information in relation to the Private Placement are set out in the announcements dated 28 June 2013, 1 July 2013, 3 July 2013, 9 July 2013, 20 September 2013, 25 September 2013 and 27 September 2013 by the Company on Bursa Securities.

(b) The Proposed RCN Issue of redeemable convertible notes with an aggregate principal amount of up to RM100.0 million announced by Kenanga Investment Bank

Berhad on 14 May 2013. The RCN are convertible at the option of the subscriber into new Censof Shares at the conversion terms as set out in the subscription agreement, and to be issued in four (4) tranches. The proceeds arising from the Proposed RCN Issue will be utilised for future strategic acquisitions. In relation thereto and on behalf of the Board, Kenanga Investment Bank Berhad announced

(i) on 5 September 2013, that Bank Negara Malaysia had, vide its letter dated 3 September 2013 which was received on 4 September 2013, approved the Proposed RCN Issue;

(ii) on 25 October 2013, that Bursa Securities had, vide its letter dated 24 October 2013, approved the listing of such number of new Censof Shares to be issued pursuant to the conversion of the RCN; and

(iii) on 1 November 2013, that the SC had, vide its letter dated 31 October 2013, authorised the issuance of the RCN;

On 29 November 2013, the shareholders of Censof had passed and approved the ordinary resolution in relation to the Proposed RCN Issue.

As at the LPD, the Company has yet to issue the RCN in relation to the Proposed RCN Issue.

Further information in relation to the Proposed RCN Issue are set out in the announcements dated 14 May 2013, 25 June 2013, 5 September 2013, 25 October 2013, 1 November 2013 and 29 November 2013 by the Company on Bursa Securities.

10. DIRECTORS AND/OR MAJOR SHAREHOLDERS' INTEREST AND/OR PERSONS CONNECTED TO DIRECTORS AND/OR MAJOR SHAREHOLDERS

None of the Directors and/or major shareholders of Censof and/or persons connected to them have any interest, directly or indirectly, in relation to the Transactions.

11. DIRECTORS' RECOMMENDATION

After taking into consideration all aspects of the Transactions including but not limited to the rationale and prospects of the Transactions, salient terms of the SSA and financial effects of the Transactions, the Board is of the opinion that the Transactions are in the best interest of the Company.

Accordingly, the Board, recommends you to vote in favour of the ordinary resolutions pertaining to the Proposed Ratifications to be held at the forthcoming EGM of the Company.

12. EGM

An EGM, the notice of which is set out in this Circular, will be held at A-8, Block A, Level 8, Sunway PJ51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 24 December 2013 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to the Proposed Ratifications to give effect to the Transactions.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instruction provided thereon so as to arrive at the share registrar of the Company at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before that time fixed for holding the EGM. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
CENSOF HOLDINGS BERHAD

DATUK SAMSUL BIN HUSIN
Group Managing Director

BACKGROUND INFORMATION ON TEB

1. BACKGROUND AND HISTORY

TEB was incorporated in Malaysia under the name of TIME Engineering Sdn Bhd on 12 October 1970 as a trading company distributing welding products and was subsequently converted into a public limited company on 24 June 1983 upon which it assumed its present name. The company was listed on the then Main Board of the Kuala Lumpur Stock Exchange (currently known as Main Market of Bursa Securities) on 12 September 1983.

2. PRINCIPAL ACTIVITY AND PRODUCTS/ SERVICES

The principal activity of TEB is that of investment holding whilst the principal activities of its principal subsidiaries are:

(a) development, management and provision of B2G and B2B e-commerce and computerized transaction facilitation services;

(b) providing expertise in information technology project management and consultancy, supply and maintenance of information and communication technology hardware and equipment, and asset management; and

(c) providing IT solutions, cyber security services, managed services and supply of computer hardware, software and peripherals.

The principal market for the products and services provided by TEB Group's businesses is in Malaysia.

The statutory information of TEB and historical financial information of TEB Group for the past three (3) FYE 31 December 2012 together with the unaudited financial information for the six (6)-month FPE 30 June 2013 are set out in the Appendix I of this Circular.

NSW

Dagang Net is the developer and operator of NSW, a national initiative that provides a one-stop trade facilitation system linking federal statutory bodies and government agencies with trading communities. The NSW enables electronic exchange of data, submission of documents and transmission of messages for cargo clearance to support the country's strong international trade business.

In 1989, Dagang Net was awarded a 15-year Government concession for the implementation of Malaysia's NSW for trade facilitation with two (2) extensions of five (5) years each. In September 2009, the NSW concession was extended for the second time for five (5) years and is expiring in September 2014.

(Source: The management of TEB)

The core products offered under the NSW are as follows:

Product	Description
eDeclare	A web-based service that facilitates the preparation and submission of trade declarations to the Customs by the users namely, forwarding agents, importers and exporters.
eManifest	A shipping community system which allows port users to submit their application for the ship call number and ship manifest to the respective authorities.
ePermit	▪ A web-based service that enables importers, exporters and appointed forwarding agents to apply for permit to Permit Issuing Agencies (PIA) and Other Government Agencies (OGA) and obtain approval via the Internet. ▪ The facilities connects exporters to twenty-six (26) PIA and OGA.

BACKGROUND INFORMATION ON TEB *(cont'd)*

Product	Description
ePermit STA	A web-based permit application for Strategic Trade Act 2010 (STA 2010) that enables application and approval of pre-registration and permits under the purview of the STA 2010. The application of permits for export, transit, transshipment and brokering for strategic items (gazatted under the Strategic Trade Act 2010). Users include exporters who require permits for purposes of exporting goods governed under STA 2010.
ePCO	A web-based Certificate of Origin application and approval system. It is an online document that certifies the country of origin of a particular product and is intended solely to prove the origin of goods in order to satisfy customs or trade requirements. It can be used also as supporting documents for the issuance of corresponding Certificate of Origin by another authorised party. Users include local exporters who are governed by free trade agreements.
ePayment	A web-based duty payment service that enables preparation and submission of duty payment to Customs. The ePayment is facilitated through its FSPG, a payment gateway (which is integrated to FPX system operated by Malaysian Electronic Clearing Corporation Sdn Bhd or MyClear, a wholly-owned subsidiary of Bank Negara Malaysia (principally involved in offering a full-suite of electronic payment solutions catering to different financial needs and different sets of customers that includes the financial institutions, corporations, retailers and consuming public) to facilitate online payment of Custom's duty, permit payments to federal statutory bodies and government agencies which have the participation of local banks.

(Source: Annual Reports and the management of TEB)

The charges under the NSW are mainly pay-per-usage basis, which include electronic data interchange-volume-based usage and document based charges, whilst its fixed fee basis includes, one time customer registration fee, mailbox purchase and subscription, and on-site technical support charges.

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3. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the LPD, the Directors of TEB and their respective shareholdings in TEB are as follows:

		Direct		Indirect	
Name	Nationality	No. of TEB Shares held	%	No. of TEB Shares held	%
Datuk Haji Mohd Khalil bin Dato' Haji Mohd Noor *(Chairman/ Independent Non-Executive Director)*	Malaysian	5,000	*-	-	-
Datuk Samsul bin Husin *(Acting Group Managing Director/ Group Chief Executive Officer)*	Malaysian	-	-	^349,112,731	45.03
Dato' Zainul Azman bin Dato' Zainul Aziz *(Non-Independent Non-Executive Director)*	Malaysian	-	-	-	-
Haji Abdullah Yusof *(Independent Non-Executive Director)*	Malaysian	-	-	-	-
Rosnah Kamarul Zaman *(Independent Non-Executive Director)*	Malaysian	-	-	-	-

Notes:
^ *Deemed interest through SAAS Global and Censof pursuant to Section 6A of the Act.*
* *Negligible.*

As at the LPD, the substantial shareholders of TEB and their respective shareholdings in TEB are as follows:

		Direct		Indirect	
Substantial shareholders	Nationality/ County of incorporation	No. of TEB Shares held	%	No. of TEB Shares held	%
Censof	Malaysia	349,112,731	45.03	-	-
SAAS Global	Malaysia	-	-	349,112,731^	45.03
Datuk Samsul	Malaysian	-	-	349,112,731^^	45.03
Ameer	Malaysian	-	-	349,112,731^^	45.03

Notes:
^ *Deemed interest through Censof pursuant to Section 6A of the Act.*
^^ *Deemed interest through SAAS Global and Censof pursuant to Section 6A of the Act.*

4. SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of TEB is as follows:

	No. of TEB Shares	Par value (RM)	Amount (RM)
Authorised	10,000,000,000	0.20	2,000,000,000
Issued and fully paid-up	775,244,683	0.20	155,048,937

BACKGROUND INFORMATION ON TEB *(cont'd)*

5. SUBSIDIARIES AND ASSOCIATES

As at the LPD, the subsidiaries and associates of TEB are as follows:

Company	Principal Activities	Date of Incorporation/ Country of Incorporation	Issued and Paid-up Capital (RM)	Equity interest held as at the LPD (%)
Subsidiaries of TEB:				
Dagang Net	Development, management and provision of business to business (B2B) e-commerce and computerised transaction facilitation services	18 January 1989/ Malaysia	27,000,027	71.25
TSI	Providing expertise in IT project management and consultancy, supply of ICT hardware equipment, maintenance and asset management	25 November 1981/ Malaysia	6,500,000	100%
TQT	Providing IT solutions, cybersecurity, managed services and supply of computer hardware, software and peripherals	17 June 1994/ Malaysia	25,000,000	100%
Toplink Advisory and Management Services Sdn Bhd*	Dormant	15 November 1988/ Malaysia	100,000	100%
TIME Automation and Management Services Sdn Bhd *****	Dormant	4 August 1978/ Malaysia	5,000,000	100%
Subsidiary held through TIME Automation and Management Services Sdn Bhd:				
TIME Spectrum Communication Sdn Bhd *	Dormant	15 August 1995/ Malaysia	1,000,000	100%

Note:

* *These companies have been placed under members' voluntary liquidation during the FYE 31 December 2012 and no audit reports were issued for these companies for the FYE 31 December 2012. The results of these companies (prior to liquidation) are consolidated using management accounts.*

6. FINANCIAL SUMMARY

The summary of key financial information of TEB based on its audited consolidated financial statements for the past three (3) FYEs up to 31 December 2012 and the unaudited quarterly financial results for the six (6)-month FPE 30 June 2012 and 2013 are set out below:

	<--------------------------- Audited		----------------------->	Unaudited	Unaudited
	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	9-month FPE 30 September 2012 RM'000	9-month FPE 30 September 2013 RM'000
Revenue	87,693	65,340	144,594	74,734	65,765
PBT/ (LBT)	20,998	95,909	114	107	10,881
Zakat	(269)	(295)	(281)	-	-
Taxation	(7,064)	(4,488)	(2,999)	(2,229)	(2,815)
PAT/ (LAT)	13,665	91,126	(3,166)	(2,122)	8,066
Non-controlling interests	(5,476)	(3,636)	(4,613)	(3,760)	(5,654)
PATMI/ (LATMI)	8,189	87,490	(7,779)	(5,882)	2,412
No. of ordinary shares in issue ('000)	775,245	775,245	775,245	775,245	775,245
Shareholders' funds/ NA (RM'000)	329,871	134,239	103,203	105,100	82,358
Gross EPS/(loss) per share (sen) [(1)]	2.71	12.37	0.01	0.01	1.40
Net EPS/(loss) per share (sen) [(2)]	1.06	11.29	(1.00)	(0.76)	(0.31)
NA per share (RM)	0.43	0.17	0.13	0.14	0.11
Borrowings (interest-bearing) (RM'000)	263,334	-	67,386	-	61,648
Current ratio (times)	5.76	4.83	2.07	5.35	2.61
Gearing (times) [(3)]	0.80	-	0.65	-	0.75

Notes:

(1) The gross EPS/(loss) per share was derived by dividing the PBT/(LBT) with the number of TEB Shares in issue.

(2) The net EPS/(loss) per share was derived by dividing the PATMI/(LATMI) with the number of TEB Shares in issue.

(3) The gearing ratio was derived by dividing the total borrowings with the shareholders' funds/ NA.

There were no exceptional and/or extraordinary items reported in the audited consolidated financial statements of TEB other than those which have been disclosed in the commentary below for the financial years/period under review. There have been no peculiar accounting policies adopted by TEB and there have been no audit qualifications reported in the audited consolidated financial statements of TEB during the financial years under review.

Commentary of past financial performance

FYE 31 December 2012 compared to FYE 31 December 2011

TEB Group recorded RM144.6 million in revenue for FYE 31 December 2012 as compared to RM65.3 million for FYE 31 December 2011, a year-on-year increase of 121.4%. The higher revenue was mainly due to work related to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges which were commenced on June 2012 and completed in the fourth quarter of 2012.

The PBT of TEB Group decreased from RM95.9 million in FYE 31 December 2011 to RM0.1 million in FYE 31 December 2012, mainly due to the one-off gains recorded in FYE 31 December 2011 on the disposal of TEB's entire 24.74% equity interest in TIME dotCom Berhad ("**TdC**") amounting to RM91.9 million. In addition, the PBT for the FYE 31 December 2012 was further impacted by the one-off provision for claim made by a sub-contractor of RM4.5 million and higher depreciation charges of RM8.2 million in FYE 31 December 2012 as compared to RM4.2 million in FYE 31 December 2011, due to the additional depreciation charge on TEB Group's investment in the IEC.

FYE 31 December 2011 compared to FYE 31 December 2010

TEB Group recorded RM65.3 million in revenue for the FYE 31 December 2011 as compared to RM87.7 million for the FYE 31 December 2010, representing a decline of RM22.4 million or 25.5%. The lower revenue in FYE 31 December 2011 was affected by the completion of the two (2)-year support and maintenance contract for Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) and supply of ICT equipment for management information system implementation in Vietnam in the first quarter of 2010.

TEB Group recorded a PBT of RM95.9 million in FYE 31 December 2011 compared to PBT of RM21.0 million in FYE 31 December 2010, mainly attributable to the gain on disposal of TEB's entire 24.74% equity interest in TdC amounting to RM91.9 million in the FYE 31 December 2011.

FYE 31 December 2010 compared to FYE 31 December 2009

TEB Group recorded RM87.7 million in revenue for the FYE 31 December 2010 as compared to RM124.1 million for the FYE 31 December 2009, representing a decline of RM36.4 million or 29.3%. The lower revenue in FYE 31 December 2010 primarily due to the revised lower transaction rates under the NSW including amongst others, reduction in tarrif from RM1.20 per kilobyte previously to RM0.88 per kilobyte effective from 29 September 2009, and completion of the support and maintenance contract for the final phase of Teaching and Learning of Mathematics and Science in the English Programme (PPSMI) in the first quarter of 2010 as well as stiffer challenges in securing sizeable system integration projects.

The lower revenue for FYE 31 December 2010 was partially offset by the one-off gain on disposal of available-for-sale financial assets amounting to approximately RM19.64 million arising from the disposal of 100,000,000 TdC Share in the open market.

Notwithstanding the above-mentioned one-off gain on disposal, the TEB Group recorded a lower PBT of RM21.0 million for the FYE 31 December 2010 as compared to RM30.5 million for the FYE 31 December 2009, attributed mainly to the higher financing cost on the redeemable secured loan stock amounting to RM20.4 million for the FYE 31 December 2010 as compared to RM7.7 million for the preceding financial year.

Nine (9)-month FPE 30 September 2013

The TEB Group recorded RM65.7 million in revenue for the nine (9)-month FPE 30 September 2013 as compared to RM74.7 million in the preceding nine (9)-month FPE 30 September 2012. The higher revenue in the preceding preceding nine (9)-month FPE 30 September 2012 was mainly due to work related to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to local polytechnics and community colleges. These projects commenced on June 2012 and were completed in the fourth quarter of 2012.

The higher PBT of RM10.9 million in the nine (9)-month FPE 30 September 2013 as compared to PBT of RM0.1 million in the nine (9)-month FPE 30 September 2012 was due to operational efficiency.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

7.1 Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by the TEB Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the TEB Group.

7.2 Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by the TEB Group which, upon becoming enforceable, may have material impact on the financial results/ position of the TEB Group.

8. MATERIAL CONTRACTS

Neither TEB nor any of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the LPD of this Circular.

9. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither TEB nor any of its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and that there are no other proceedings pending or threatened against TEB or its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the TEB Group.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 OF CENSOF GROUP IN RELATION TO THE TRANSACTIONS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

Crowe Horwath

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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5 December 2013

The Board of Directors
Censof Holdings Berhad
A-8, Block A, Level 8, Sunway PJ 51A,
Jalan SS9A/19, Seri Setia,
47810 Petaling Jaya,
Selangor Darul Ehsan

Dear Sirs

CENSOF HOLDINGS BERHAD ("CENSOF")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of Censof as at 31 December 2012, together with the accompanying notes thereto. The pro forma consolidated statement of financial position, as set out in the accompanying statements (which we have stamped for the purpose of identification), has been compiled by the Board of Directors for the inclusion in the Circular to Shareholders of Censof in relation to the following:

(i) Proposed ratification of the acquisition by Censof of 349,112,731 ordinary shares of RM0.20 each in Time Engineering Berhad ("TEB") ("TEB shares"), representing 45.03% equity interest in TEB, from Khazanah Nasional Berhad ("Khazanah") for a total cash consideration of approximately RM69.82 million ("the Acquisition"); and

(ii) Proposed ratification of the mandatory take-over offer by Censof to acquire all the remaining TEB shares not already owned by Censof ("the MGO").

(Collectively referred to as "the Transactions").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated statement of financial position are specified in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and set out in Note 1 of the pro forma consolidated statement of financial position.

The pro forma consolidated statement of financial position has been compiled by the Board of Directors to illustrate the impact of the Transactions, as set out in Note 1 of the pro forma consolidated statement of financial position, on Censof's financial position as at 31 December 2012.

As part of this process, information about Censof's financial position has been extracted by the Board of Directors from Censof's audited consolidated financial statements for the financial year ended 31 December 2012, on which the audit report was dated 23 April 2013.

Crowe Horwath

Directors' Responsibility for the preparation of the Pro Forma Consolidated Statement of Financial Position

The Board of Directors of Censof is solely responsible for compiling the pro forma consolidated statement of financial position on the basis set out in Note 1 of the pro forma consolidated statement of financial position and in accordance with the Listing Requirements.

Our Responsibilities

Our responsibility is to express an opinion, as required by the Listing Requirements, about whether the pro forma consolidated statement of financial position has been compiled, in all material respects, by the Board of Directors on the basis set out in Note 1 of the pro forma consolidated statement of financial position and in accordance with the Listing Requirements.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated statement of financial position on the basis set out in Note 1 of the pro forma consolidated statement of financial position and in accordance with the Listing Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position.

The purpose of the pro forma consolidated statement of financial position included in the Circular to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2012 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis set out in Note 1 of the pro forma consolidated statement of financial position and in accordance with the Listing Requirements involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated statement of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statement of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statement of financial position has been compiled, and other relevant engagement circumstances.

Crowe Horwath

Our Responsibilities (Cont'd)

The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(i) the pro forma consolidated statement of financial position of Censof, which has been prepared by the Directors of Censof, has been properly prepared on the basis of the notes set out therein using Censof's audited consolidated financial statements as at 31 December 2012 prepared in accordance with Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Censof; and

(ii) each material adjustment made to the information used in the preparation of the pro forma consolidated statement of financial position is appropriate for the purposes of preparing the pro forma consolidated statement of financial position, on Censof's financial position as at 31 December 2012.

Other Matters

We understand that this letter will be used solely for the purpose of inclusion in the Circular to Shareholders in connection with the Transactions. 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,

Crowe Horwath

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/15 (J)
Chartered Accountant

Kuala Lumpur

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 OF CENSOF GROUP IN RELATION TO THE TRANSACTIONS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(cont'd)*

Initialed For Identification Purposes Only
Crowe Horwath.
AF 1018

CENSOF HOLDINGS BERHAD ("CENSOF")
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012
MINIMUM SCENARIO

	Note	Audited as at 31 December 2012 RM'000	Adjustments RM'000	Proforma I After material events subsequent to 31 December 2012 RM'000	Adjustments RM'000	Proforma II Pursuant to the Acquisition of TEB RM'000	Adjustments RM'000	Proforma III Pursuant to the MGO RM'000
ASSETS								
NON-CURRENT ASSETS								
Plant and equipment	2	4,114	-	4,114	34,606	38,720	-	38,720
Development expenditure	3	15,653	-	15,653	3,313	18,966	-	18,966
Goodwill on consolidation	4	6,540	-	6,540	23,350	29,890	-	29,890
Other investments		100	-	100	-	100	-	100
Trade and other receivables	5	-	-	-	73,157	73,157	-	73,157
		26,407	-	26,407	134,426	160,833	-	160,833
CURRENT ASSETS								
Amount due from contract customers		14,915	-	14,915	-	14,915	-	14,915
Inventories	6	-	-	-	1,808	1,808	-	1,808
Trade receivables	7	31,722	-	31,722	37,898	69,620	-	69,620
Other receivables, deposits and prepayments	8	1,843	-	1,843	10,650	12,493	-	12,493
Tax refundable	9	211	-	211	1,723	1,934	-	1,934
Fixed deposits with licensed banks	10	3,836	-	3,836	72,723	76,559	-	76,559
Cash and bank balances	11	3,247	15,524	18,771	(1,685)	17,086	-	17,086
		55,774	15,524	71,298	123,117	194,415	-	194,415
TOTAL ASSETS		**82,181**	15,524	**97,705**	257,543	**355,248**	-	**355,248**
EQUITY AND LIABILITIES								
EQUITY								
Share capital	12	34,420	3,353	37,773	-	37,773	-	37,773
Share premium	13	1,308	12,171	13,479	-	13,479	-	13,479
Estimated equity component arising from issuance of RCN	14	-	-	-	-	-	-	-
Merger deficit		(12,300)	-	(12,300)	-	(12,300)	-	(12,300)
Retained profits	15	41,212	-	41,212	(3,900)	37,312	-	37,312
Foreign exchange translation reserve		(130)	-	(130)	-	(130)	-	(130)
Equity attributable to owners of the Company		64,510	15,524	80,034	(3,900)	76,134	-	76,134
Non-controlling interests	16	990	-	990	68,575	69,565	-	69,565
TOTAL EQUITY		65,500	15,524	81,024	64,675	145,699	-	145,699
NON-CURRENT LIABILITIES								
Deferred tax liabilities	17	-	-	-	2,598	2,598	-	2,598
Deferred income	18	-	-	-	12,169	12,169	-	12,169
Long-term borrowings	19	667	-	667	48,886	49,553	-	49,553
Financial liabilities - RCN	20	-	-	-	-	-	-	-
		667	-	667	63,653	64,320	-	64,320
CURRENT LIABILITIES								
Trade payables	21	2,142	-	2,142	9,755	11,897	-	11,897
Other payables and accruals	22	6,153	-	6,153	34,955	41,108	-	41,108
Short-term borrowings	23	6,968	-	6,968	84,500	91,468	-	91,468
Provision for taxation	24	751	-	751	5	756	-	756
		16,014	-	16,014	129,215	145,229	-	145,229
TOTAL LIABILITIES		16,681	-	16,681	192,868	209,549	-	209,549
TOTAL EQUITY AND LIABILITIES		**82,181**	15,524	**97,705**	257,543	**355,248**	-	**355,248**
No. of ordinary shares of of RM0.10 each ('000)		344,200		377,730		377,730		377,730
Net assets per share (RM)#		**0.19**		**0.21**		**0.39**		**0.39**
Total Borrowings		7,635		7,635		141,021		141,021
Gearing (times)^		**0.12**		**0.10**		**1.85**		**1.85**

Note:-

 # - Net assets represent total equity attributable to the owners of Censof and non- controlling interest

^ - Gearing ratio is derived at total debts divided by total equity attributable to owners of the Company

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 OF CENSOF GROUP IN RELATION TO THE TRANSACTIONS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(cont'd)*

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Crowe Horwath.

AF 1018

CENSOF HOLDINGS BERHAD ("CENSOF")
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONT'D)
MINIMUM SCENARIO

	Note	Proforma III Pursuant to the MGO RM'000	Adjustments RM'000	Proforma IV Pursuant to the Private Placement RM'000	Adjustments RM'000	Proforma V Pursuant to the Proposed RCN Issue RM'000	Adjustments RM'000	Proforma VI Upon full conversion of RCN RM'000
ASSETS								
NON-CURRENT ASSETS								
Plant and equipment	2	38,720	-	38,720	-	38,720	-	38,720
Development expenditure	3	18,966	-	18,966	-	18,966	-	18,966
Goodwill on consolidation	4	29,890	-	29,890	-	29,890	-	29,890
Other investments		100	-	100	-	100	-	100
Trade and other receivables	5	73,157	-	73,157	-	73,157	-	73,157
		160,833	-	160,833	-	160,833	-	160,833
CURRENT ASSETS								
Amount due from contract customers		14,915	-	14,915	-	14,915	-	14,915
Inventories	6	1,808	-	1,808	-	1,808	-	1,808
Trade receivables	7	69,620	-	69,620	-	69,620	-	69,620
Other receivables, deposits and prepayments	8	12,493	-	12,493	-	12,493	-	12,493
Tax refundable	9	1,934	-	1,934	-	1,934	-	1,934
Fixed deposits with licensed banks	10	76,559	-	76,559	-	76,559	-	76,559
Cash and bank balances	11	17,086	3,513	20,599	98,443	119,042	-	119,042
		194,415	3,513	197,928	98,443	296,371	-	296,371
TOTAL ASSETS		**355,248**	3,513	**358,761**	98,443	**457,204**	-	**457,204**
EQUITY AND LIABILITIES								
EQUITY								
Share capital	12	37,773	1,577	39,350	-	39,350	29,904	69,254
Share premium	13	13,479	5,136	18,615	-	18,615	80,783	99,398
Estimated equity component arising from issuance of RCN	14	-	-	-	10,687	10,687	(10,687)	-
Merger deficit		(12,300)	-	(12,300)	-	(12,300)	-	(12,300)
Retained profits	15	37,312	-	37,312	(1,557)	35,755	(10,687)	25,068
Foreign exchange translation reserve		(130)	-	(130)	-	(130)	-	(130)
Equity attributable to owners of the Company		76,134	6,713	82,847	9,130	91,977	89,313	181,290
Non-controlling interests	16	69,565	-	69,565	-	69,565	-	69,565
TOTAL EQUITY		145,699	6,713	152,412	9,130	161,542	89,313	250,855
NON-CURRENT LIABILITIES								
Deferred tax liabilities	17	2,598	-	2,598	3,562	6,160	(3,562)	2,598
Deferred income	18	12,169	-	12,169	-	12,169	-	12,169
Long-term borrowings	19	49,553	-	49,553	-	49,553	-	49,553
Financial liabilities - RCN	20	-	-	-	85,751	85,751	(85,751)	-
		64,320	-	64,320	89,313	153,633	(89,313)	64,320
		-						
CURRENT LIABILITIES		-						
Trade payables	21	11,897	-	11,897	-	11,897	-	11,897
Other payables and accruals	22	41,108	-	41,108	-	41,108	-	41,108
Short-term borrowings	23	91,468	(3,200)	88,268	-	88,268	-	88,268
Provision for taxation	24	756	-	756	-	756	-	756
		145,229	(3,200)	142,029	-	142,029	-	142,029
TOTAL LIABILITIES		209,549	(3,200)	206,349	89,313	295,662	(89,313)	206,349
TOTAL EQUITY AND LIABILITIES		**355,248**	3,513	**358,761**	98,443	**457,204**	-	**457,204**
No. of ordinary shares of of RM0.10 each ('000)		377,730		393,503		393,503		692,546
Net assets per share (RM)#		**0.39**		**0.39**		**0.41**		**0.36**
Total Borrowings		141,021		137,821		223,572		137,821
Gearing (times)^		**1.85**		**1.66**		**2.43**		**0.76**

Note:-

 # - Net assets represent total equity attributable to the owners of Censof and non- controlling interest

^ - Gearing ratio is derived at total debts divided by total equity attributable to owners of the Company

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 OF CENSOF GROUP IN RELATION TO THE TRANSACTIONS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(cont'd)*

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Crowe Horwath.
AF 1018

CENSOF HOLDINGS BERHAD ("CENSOF")
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONT'D)
MAXIMUM SCENARIO

	Note	Audited as at 31 December 2012	Adjustments	Proforma I After material events subsequent to 31 December 2012	Adjustments	Proforma II Pursuant to the Acquisition of TEB	Adjustments	Proforma III Pursuant to the MGO
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
NON-CURRENT ASSETS								
Plant and equipment	2	4,114	-	4,114	34,606	38,720	-	38,720
Development expenditure	3	15,653	-	15,653	3,313	18,966	-	18,966
Goodwill on consolidation	4	6,540	-	6,540	23,350	29,890	-	29,890
Other investments		100	-	100	-	100	-	100
Trade and other receivables	5	-	-	-	73,157	73,157	-	73,157
		26,407	-	26,407	134,426	160,833	-	160,833
CURRENT ASSETS								
Amount due from contract customers		14,915	-	14,915	-	14,915	-	14,915
Inventories	6	-	-	-	1,808	1,808	-	1,808
Trade receivables	7	31,722	-	31,722	37,898	69,620	-	69,620
Other receivables, deposits and prepayments	8	1,843	-	1,843	10,650	12,493	-	12,493
Tax refundable	9	211	-	211	1,723	1,934	-	1,934
Fixed deposits with licensed banks	10	3,836	-	3,836	72,723	76,559	-	76,559
Cash and bank balances	11	3,247	15,524	18,771	(1,685)	17,086	-	17,086
		55,774	15,524	71,298	123,117	194,415	-	194,415
TOTAL ASSETS		**82,181**	15,524	**97,705**	257,543	**355,248**	-	**355,248**
EQUITY AND LIABILITIES								
EQUITY								
Share capital	12	34,420	3,353	37,773	-	37,773	-	37,773
Share premium	13	1,308	12,171	13,479	-	13,479	-	13,479
Estimated equity component arising from issuance of RCN	14	-	-	-	-	-	-	-
Merger deficit		(12,300)	-	(12,300)	-	(12,300)	-	(12,300)
Retained profits	15	41,212	-	41,212	(3,900)	37,312	-	37,312
Foreign exchange translation reserve		(130)	-	(130)	-	(130)	-	(130)
Equity attributable to owners of the Company		64,510	15,524	80,034	(3,900)	76,134	-	76,134
Non-controlling interests	16	990	-	990	68,575	69,565	-	69,565
TOTAL EQUITY		65,500	15,524	81,024	64,675	145,699	-	145,699
NON-CURRENT LIABILITIES								
Deferred tax liabilities	17	-	-	-	2,598	2,598	-	2,598
Deferred income	18	-	-	-	12,169	12,169	-	12,169
Long term borrowings	19	667	-	667	48,886	49,553	-	49,553
Financial liabilities - RCN	20	-	-	-	-	-	-	-
		667	-	667	63,653	64,320	-	64,320
CURRENT LIABILITIES								
Trade payables	21	2,142	-	2,142	9,755	11,897	-	11,897
Other payables and accruals	22	6,153	-	6,153	34,955	41,108	-	41,108
Short-term borrowings	23	6,968	-	6,968	84,500	91,468	-	91,468
Provision for taxation	24	751	-	751	5	756	-	756
		16,014	-	16,014	129,215	145,229	-	145,229
TOTAL LIABILITIES		16,681	-	16,681	192,868	209,549	-	209,549
TOTAL EQUITY AND LIABILITIES		**82,181**	15,524	**97,705**	257,543	**355,248**	-	**355,248**
No. of ordinary shares of of RM0.10 each ('000)		344,200		377,730		377,730		377,730
Net assets per share (RM)#		**0.19**		**0.21**		**0.39**		**0.39**
Total Borrowings		7,635		7,635		141,021		141,021
Gearing (times)^		**0.12**		**0.10**		**1.85**		**1.85**

Note:-

 # - Net assets represent total equity attributable to the owners of Censof and non- controlling interest

^ - Gearing ratio is derived at total debts divided by total equity attributable to owners of the Company

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 OF CENSOF GROUP IN RELATION TO THE TRANSACTIONS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(cont'd)*

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Crowe Horwath.
AF 1018

CENSOF HOLDINGS BERHAD ("CENSOF")
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONT'D)
MAXIMUM SCENARIO

	Note	Proforma III Pursuant to the MGO	Adjustments	Proforma IV Pursuant to the Private Placement	Adjustments	Proforma V Pursuant to the Proposed RCN Issue	Adjustments	Proforma VI Upon full conversion of RCN
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
NON-CURRENT ASSETS								
Plant and equipment	2	38,720	-	38,720	-	38,720	-	38,720
Development expenditure	3	18,966	-	18,966	-	18,966	-	18,966
Goodwill on consolidation	4	29,890	-	29,890	-	29,890	-	29,890
Other investments		100	-	100	-	100	-	100
Trade and other receivables	5	73,157	-	73,157	-	73,157	-	73,157
		160,833	-	160,833	-	160,833	-	160,833
CURRENT ASSETS								
Amount due from contract customers		14,915	-	14,915	-	14,915	-	14,915
Inventories	6	1,808	-	1,808	-	1,808	-	1,808
Trade receivables	7	69,620	-	69,620	-	69,620	-	69,620
Other receivables, deposits and prepayments	8	12,493	-	12,493	-	12,493	-	12,493
Tax refundable	9	1,934	-	1,934	-	1,934	-	1,934
Fixed deposits with licensed banks	10	76,559	-	76,559	-	76,559	-	76,559
Cash and bank balances	11	17,086	18,451	35,537	98,443	133,980	-	133,980
		194,415	18,451	212,866	98,443	311,309	-	311,309
TOTAL ASSETS		**355,248**	18,451	**373,699**	98,443	**472,142**	-	**472,142**
EQUITY AND LIABILITIES								
EQUITY								
Share capital	12	37,773	4,822	42,595	-	42,595	29,904	72,499
Share premium	13	13,479	16,829	30,308	-	30,308	80,783	111,091
Estimated equity component arising from issuance of RCN	14	-	-	-	10,687	10,687	(10,687)	-
Merger deficit		(12,300)	-	(12,300)	-	(12,300)	-	(12,300)
Retained profits	15	37,312	-	37,312	(1,557)	35,755	(10,687)	25,068
Foreign exchange translation reserve		(130)	-	(130)	-	(130)	-	(130)
Equity attributable to owners of the Company		76,134	21,651	97,785	9,130	106,915	89,313	196,228
Non-controlling interests	16	69,565	-	69,565	-	69,565	-	69,565
TOTAL EQUITY		145,699	21,651	167,350	9,130	176,480	89,313	265,793
NON-CURRENT LIABILITIES								
Deferred tax liabilities	17	2,598	-	2,598	3,562	6,160	(3,562)	2,598
Deferred income	18	12,169	-	12,169	-	12,169	-	12,169
Long term borrowings	19	49,553	-	49,553	-	49,553	-	49,553
Financial liabilities - RCN	20	-	-	-	85,751	85,751	(85,751)	-
		64,320	-	64,320	89,313	153,633	(89,313)	64,320
CURRENT LIABILITIES								
Trade payables	21	11,897	-	11,897	-	11,897	-	11,897
Other payables and accruals	22	41,108	-	41,108	-	41,108	-	41,108
Short-term borrowings	23	91,468	(3,200)	88,268	-	88,268	-	88,268
Provision for taxation	24	756	-	756	-	756	-	756
		145,229	(3,200)	142,029	-	142,029	-	142,029
TOTAL LIABILITIES		209,549	(3,200)	206,349	89,313	295,662	(89,313)	206,349
TOTAL EQUITY AND LIABILITIES		**355,248**	18,451	**373,699**	98,443	**472,142**	-	**472,142**
No. of ordinary shares of of RM0.10 each ('000)		377,730		425,948		425,948		724,991
Net assets per share (RM)#		**0.39**		**0.39**		**0.41**		**0.37**
Total Borrowings		141,021		137,821		223,572		137,821
Gearing (times)^		**1.85**		**1.41**		**2.09**		**0.70**

Note:-

 # - Net assets represent total equity attributable to the owners of Censof and non- controlling interest

^ - Gearing ratio is derived at total debts divided by total equity attributable to owners of the Company

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. BASIS OF PREPARATION

The pro forma consolidated statement of financial position of Censof has been prepared based on the audited consolidated statement of financial position of Censof as at 31 December 2012 to illustrate the impact on Censof's consolidated financial position as at 31 December 2012 had the material events subsequent to 31 December 2012, the Acquisition, the MGO, private placement and the proposed redeemable convertible notes issue as described in Note 1(a) and 1(b) below, been effected on that date. The pro forma consolidated statement of financial position of Censof has been compiled on the basis stated using financial statements prepared in accordance with Malaysia Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of Censof.

The pro forma consolidated statement of financial position has been prepared solely for illustrative purposes, to show the effects on the consolidated financial position of Censof after taking into consideration the following:

(i) material events subsequent to 31 December 2012 in respect of the exercise of 13,529,675 warrants into ordinary share of RM0.10 each in Censof ("Censof shares") at an exercise price of RM0.46 and the issuance of 20,000,000 new Censof shares pursuant to the private placement at an issue price of RM0.465;

(ii) The acquisition of 349,112,731 of TEB shares representing 45.03% equity interest in TEB for a total cash consideration of RM69,822,546;

(iii) The mandatory take-over offer by Censof to acquire all the remaining 426,131,952 TEB shares not already owned by Censof for a total cash consideration of RM85,226,390;

(iv) Private placement of up to ten percent (10%) of the issued and paid-up share capital of Censof ("Private Placement") in the following manner:

   (a) Issuance of 15,772,968 private placement shares at an issue price of RM0.465 under the Minimum Scenario (assuming none of the remaining warrants after the subsequent event stated in 1(i) above is exercised); and

   (b) Issuance of 18,722,500 private placement shares at an issue price of RM0.465 (assuming the exercise of the remaining 29,495,325 warrants into Censof shares at an exercise price of RM0.46) under the Maximum Scenario.

(v) Proposed issuance of redeemable convertible notes ("RCN") with an aggregate principal amount of up to RM100.0 million ("Proposed RCN Issue"); and

(vi) Full conversion of the RCN.

The pro forma consolidated statement of financial position is prepared on the basis as described above solely for purposes stated above. The final determination of the purchase price allocation will be based on established fair value of the assets acquired, including the fair value of the identifiable intangible assets, liabilities assumed as of the acquisition date, in accordance with MFRS 3 – Business Combinations. The excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill, or vice versa be reflected as discount on acquisition. Accordingly, the final determination of the purchase price fair value and resulting goodwill or discount on acquisition may differ significantly from what is reflected in the pro forma consolidated statement of financial position.

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. BASIS OF PREPARATION (CONT'D)

The details of the minimum and maximum scenarios are set out below:-

(a) Minimum Scenario

The minimum scenario assumes the following:-

(i) Taking into account the Acquisition is completed and the MGO failed to fulfil the acceptance condition, resulting in Censof holding only 45.03% equity interest in TEB;

(ii) Private placement of up to ten percent (10%) of the issued and paid-up share capital of Censof to third party investor(s) is undertaken on the Minimum Scenario basis whereby 15,772,968 new Censof shares which has yet to be issued pursuant to the private placement are issued at an indicative price of RM0.465 (assuming none of the remaining warrants after the subsequent event stated in 1(i) above are exercised); and

(iii) The issuance and conversion of RCN pursuant to the Proposed RCN Issue.

The pro forma under the Minimum Scenario incorporates the effects of the following:

Pro forma I

Pro forma I incorporates the effects of material events subsequent to 31 December 2012 in respect of the exercise of 13,529,675 warrants into new Censof shares at an exercise price of RM0.46 per Censof share to raise gross proceeds of RM6,223,651 and the issuance of 20,000,000 new Censof shares pursuant to the private placement at an issue price of RM0.465 per Censof share to raise gross proceeds of RM9,300,000.

Pro forma II

Pro forma II incorporates the effects of pro forma I and the acquisition of 349,112,731 TEB shares, representing 45.03% of the issued and paid-up share capital of TEB for a total purchase consideration of RM69,822,546. The purchase consideration for the acquisition of TEB will be financed by bank borrowings and internal generated funds of RM66,000,000 and RM3,822,546 respectively.

Upon completion of the Acquisition, TEB will become a 45.03% subsidiary of Censof based on the assumption that Censof will have de facto control over TEB's business activities.

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. BASIS OF PREPARATION (CONT'D)

(a) Minimum Scenario (Cont'd)

Pro forma II (Cont'd)

Details of the purchase consideration for TEB shares are as follows:

	No. of TEB shares acquired	Price per TEB share (RM)	Purchase consideration RM
The Acquisition	349,112,731	0.20	69,822,546

Estimated expenses relating to the Acquisition of RM3,900,000 will be charged to the retained profits.

Pro forma III

Upon the share sale agreement signed in relation to the Acquisition being unconditional, the MGO was triggered whereby Censof offered to acquire all the remaining TEB shares not already owned by Censof at an offer price of RM0.20 per TEB share, pursuant to Section 218(2) of the Capital Market & Service Act, 2007 ("CMSA") and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010.

However, on 20 November 2013, the MGO failed to fulfil the acceptance condition, resulting in Censof holding only 45.03% equity interest in TEB.

Pro forma IV

Pro forma IV incorporates the effects of pro forma III and the private placement of up to ten percent (10%) of the issued and paid-up share capital of Censof involving the issuance of 15,772,968 new Censof shares which has yet to be issued pursuant to the private placement are issued at an indicative price of RM0.465 (assuming none of the remaining warrants after the subsequent event stated in 1(i) above are exercised) to raise gross proceeds of RM7,334,430.

Expenses of approximately RM621,000 in relation to the private placement will be charged to the share premium.

An amount of RM3,200,000 received from the above private placement will be utilised to repay Censof's existing bank borrowings.

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. **BASIS OF PREPARATION (CONT'D)**

(a) **Minimum Scenario (Cont'd)**

Pro forma V

Pro forma V incorporates the effects of pro forma IV and the effects of the following:-

(i) **Issuance of RCN by Censof**

Proposed RCN Issue with an aggregate principal amount of up to RM100.0 million comprising two (2) tranches of a principal amount of RM25.0 million each for Tranche 1 and Tranche 2, RM30.0 million for Tranche 3 and RM20 million for Tranche 4 (collectively, the RCN shall be referred to as the "Notes" and individually, the four (4) tranches of the Notes shall be referred to as "Tranche 1 Notes", "Tranches 2 Notes" "Tranche 3 Notes" and "Tranche 4 Notes" respectively). Each of Tranche 1 and Tranche 2 Notes shall comprise twenty (20) equal sub-tranches of RM1.25 million each, Tranche 3 Notes shall comprise twenty (20) equal sub-tranches of RM1.5 million each and Tranche 4 Notes shall comprise ten (10) sub-tranches of RM2.0 million each. The tenure of the RCN is thirty six (36) months from the closing date of the first sub-tranche of Tranche 1 notes.

Expenses of approximately RM1.56 million in relation to the Proposed RCN Issue will be charged to the retained profits.

(ii) **Equity and liability component of RCN**

The estimated equity component arising from the Proposed RCN Issue amounted to RM10.69 million after deducting the liability component of the RCN of RM85.75 million and the deferred tax adjustment on the equity component of the RCN of RM3.56 million respectively.

Pro forma VI

Pro forma VI incorporates the effects of pro forma V and the full conversion of the RM100.0 RCN into new Censof shares at an indicative conversion price of RM0.3344. Assuming full conversion of the RCN at the indicative conversion price, there will be 299,043,062 new Censof shares to be issued.

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. **BASIS OF PREPARATION (CONT'D)**

(b) Maximum Scenario

The maximum scenario assumes the following:

(i) Taking into account the Acquisition is completed and the MGO failed to fulfil the acceptance condition, resulting in Censof holding only 45.03% equity interest in TEB;

(ii) Private placement of up to ten percent (10%) of the issued and paid-up share capital of Censof to third party investor(s) is undertaken on the Maximum Scenario basis whereby 18,722,500 new Censof shares which has yet to be issued pursuant to the private placement are issued at an indicative price of RM0.465 (assuming all the remaining 29,495,325 warrants after the subsequent event stated in 1(i) above are exercised); and

(iii) The issuance and conversion of RCN pursuant to the Proposed RCN Issue

The pro forma under the Maximum Scenario incorporates the effects of the following:

Pro forma I

Pro forma I incorporates the effects of material events subsequent to 31 December 2012, details are set out in paragraph 1(a) above.

Pro forma II

Pro forma II incorporates the effects of pro forma I and the effects of the Acquisition, details are set out in paragraph 1(a) above.

Pro forma III

Pro forma III incorporates the effects of pro forma II and the effects of the MGO, details are set out in paragraph 1(a) above.

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. **BASIS OF PREPARATION (CONT'D)**

(b) Maximum Scenario (Cont'd)

Pro forma IV

Pro forma IV incorporates the effects of pro forma III and the private placement of up to ten percent (10%) of the issued and paid-up share capital of Censof at an issue price of RM0.465 in the following manner:

(i) issuance of 29,495,325 new Censof shares upon the exercise of the remaining 29,495,325 warrants at an exercise price of RM0.46 which will raise gross proceeds of RM13,567,850; and

(ii) Issuance of 18,722,500 new Censof shares which has yet to be issued pursuant to the private placement are issued at an indicative price of RM0.465 (assuming all the remaining warrants after the subsequent event stated in 1(i) above are exercised) which will raise gross proceeds of RM8,705,963.

Expenses of approximately RM623,000 in relation to the private placement will be charged to the share premium.

An amount of RM3,200,000 from the proceeds raised will be utilised to repay Censof 's existing bank borrowings.

Pro forma V

Pro forma V incorporates the effects of pro forma IV and the Proposed RCN Issue, details are set out in paragraph 1(a) above.

Pro forma VI

Pro forma VI incorporates the effects of pro forma V and the effects of the full conversion of the RCN into new Censof shares pursuant to the Proposed RCN Issue, details are set out in paragraph 1(a) above.

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

2. PLANT AND EQUIPMENT

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/As per pro forma I	4,114	4,114
Acquisition of TEB	34,606	34,606
As per pro forma II/III/IV/V/VI	38,720	38,720

3. DEVELOPMENT EXPENDITURE

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	15,653	15,653
Acquisition of TEB	3,313	3,313
As per pro forma II/III/IV/V/VI	18,966	18,966

4. GOODWILL ON CONSOLIDATION

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	6,540	6,540
Acquisition of TEB	23,350	23,350
As per pro forma II/III/IV/V/VI	29,890	29,890

The final goodwill on acquisition will depend on the purchase price allocation to be conducted in accordance with MFRS 3 – Business Combinations, whereby the fair value of the assets and liabilities of TEB acquired will be ultimately determined. Accordingly, the final determination of the purchase price fair value and resulting goodwill or discount on acquisition may differ significantly from what is reflected in this pro forma consolidated statement of financial position.

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

5. TRADE AND OTHER RECEIVABLES – NON CURRENT ASSETS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	-	-
Acquisition of TEB	73,157	73,157
As per pro forma II/III/IV/V/VI	73,157	73,157

6. INVENTORIES

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	-	-
Acquisition of TEB	1,808	1,808
As per pro forma II/III/IV/V/VI	1,808	1,808

7. TRADE RECEIVABLES – CURRENT ASSETS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	31,722	31,722
Acquisition of TEB	37,898	37,898
As per pro forma II/III/IV/V/VI	69,620	69,620

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

8. OTHER RECEIVABLES, DEPOSIT AND PREPAYMENTS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	1,843	1,843
Acquisition of TEB	10,650	10,650
As per pro forma II/III/IV/V/VI	12,493	12,493

9. TAX REFUNDABLE

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	211	211
Acquisition of TEB	1,723	1,723
As per pro forma II/III/IV/V/VI	1,934	1,934

10. FIXED DEPOSITS WITH LICENSED BANKS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	3,836	3,836
Acquisition of TEB	72,723	72,723
As per pro forma II/III/IV/V/VI	76,559	76,559

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

11. CASH AND BANK BALANCES

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012	3,247	3,247
After material subsequent events	15,524	15,524
As per pro forma I	18,771	18,771
Acquisition of TEB		
- TEB's cash and bank balances	6,038	6,038
- Internal generated funds to finance the Acquisition	(3,823)	(3,823)
- Estimated expenses related to the Acquisition	(3,900)	(3,900)
As per pro forma II/III	17,086	17,086
Arising from private placement	3,513	18,451
As per pro forma IV	20,599	35,537
Arising from Proposed RCN Issue	98,443	98,443
As per pro forma V/VI	119,042	133,980

12. SHARE CAPITAL

	Minimum Scenario No. of Censof Shares ('000)	Minimum Scenario RM'000	Maximum Scenario No. of Censof Shares ('000)	Maximum Scenario RM'000
At 31 December 2012	344,200	34,420	344,200	34,420
After material subsequent events	33,530	3,353	33,530	3,353
As per pro forma I/II/III	377,730	37,773	377,730	37,773
Arising from private placement	15,773	1,577	48,218	4,822
As per pro forma IV/V	393,503	39,350	425,948	42,595
Upon full conversion of RCN	299,043	29,904	299,043	29,904
As per pro forma VI	692,546	69,254	724,991	72,499

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

13. SHARE PREMIUM

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012	1,308	1,308
After material subsequent events	12,171	12,171
As per pro forma I/II/III	13,479	13,479
Arising from private placement	5,136	16,829
As per pro forma IV/V	18,615	30,308
Upon full conversion of RCN	80,783	80,783
As per pro forma VI	99,398	111,091

14. ESTIMATED EQUITY COMPONENT ARISING FROM THE PROPOSED RCN ISSUE

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/As per pro forma I/II/III/IV	-	-
Arising from Proposed RCN Issue	10,687	10,687
As per pro forma V	10,687	10,687
Upon full conversion of RCN	(10,687)	(10,687)
As per pro forma VI	-	-

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

15. RETAINED PROFITS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/As per pro forma I	41,212	41,212
Acquisition of TEB		
- Estimated expenses related to the Acquisition	(3,900)	(3,900)
As per pro forma II/III/IV	37,312	37,312
Proposed RCN Issue		
- Estimated expenses	(1,557)	(1,557)
As per pro forma V	35,755	35,755
Upon full conversion of RCN	(10,687)	(10,687)
As per pro forma VI	25,068	25,068

16. NON- CONTROLLING INTERESTS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	990	990
Acquisition of TEB	68,575	68,575
As per pro forma II/III/IV/V/VI	69,565	69,565

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

17. DEFERRED TAX LIABILITIES

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	-	-
Acquisition of TEB	2,598	2,598
As per pro forma II/III/IV	2,598	2,598
Arising from Proposed RCN Issue	3,562	3,562
As per pro forma V	6,160	6,160
Upon full conversion of RCN	(3,562)	(3,562)
As per pro forma VI	2,598	2,598

18. DEFERRED INCOME

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	-	-
Acquisition of TEB	12,169	12,169
As per pro forma II/III/IV/V/VI	12,169	12,169

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

19. LONG-TERM BORROWINGS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	667	667
Acquisition of TEB	48,886	48,886
As per pro forma II/III/IV/V/VI	49,553	49,553

20. FINANCIAL LIABILITIES - RCN

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/As per pro forma I/II/III/IV	-	-
Arising from Proposed RCN Issue	85,751	85,751
As per pro forma V	85,751	85,751
Upon full conversion of RCN	(85,751)	(85,751)
As per pro forma VI	-	-

21. TRADE PAYABLES

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	2,142	2,142
Acquisition of TEB	9,755	9,755
As per pro forma II/III/IV/V/VI	11,897	11,897

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

22. OTHER PAYABLES AND ACCRUALS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	6,153	6,153
Acquisition of TEB	34,955	34,955
As per pro forma II/III/IV/V/VI	41,108	41,108

23. SHORT-TERM BORROWINGS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/As per pro forma I	6,968	6,968
Acquisition of TEB	84,500	84,500
As per pro forma II/III	91,468	91,468
Repayment of bank borrowings	(3,200)	(3,200)
As per pro forma IV/V/VI	88,268	88,268

24. PROVISION OF TAXATION

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2012/ As per pro forma I	751	751
Acquisition of TEB	5	5
As per pro forma II/III/IV/V/VI	756	756

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CENSOF HOLDINGS BERHAD ("CENSOF")
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

Approved and adopted by the Board of Directors in accordance with a resolution dated 28 November 2013.

Datuk Samsul Bin Husin
Group Managing Director

TIME Engineering Berhad

(Company No. 10039-P)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 December 2012

TIME Engineering Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activities

The principal activity of the Company is that of investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Shareholders of the Company	(7,779)	27,389
Non-controlling interests	4,613	-
	(3,166)	27,389

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of the previous financial year, the Company paid a final dividend of 4.0 sen per ordinary share less tax at 25% totalling RM23,257,340 (3.0 sen net per ordinary share) in respect of the financial year ended 31 December 2011 on 1 June 2012.

The final dividend recommended by the Directors in respect of the financial year ended 31 December 2012 is 4.0 sen per ordinary share less tax at 25% totalling RM23,257,340 (3.0 sen net per ordinary share).

Directors of the Company

Directors who served since the date of the last report are:

Datuk Hj Mohd Khalil Dato' Hj Mohd Noor (Chairman)
Hj Abdullah Yusof
Elakumari Kantilal
Dato' Mohd Izzaddin Idris
Rosnah Kamarul Zaman
Hj Zaiviji Ismail Abdullah (appointed on 28 November 2012)
Dato' Dr Gan Khuan Poh (resigned on 31 January 2012)
Annuar Marzuki Abdul Aziz (resigned on 23 November 2012)

Directors' interests

The interests and deemed interests in the ordinary shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.20 each			
	At 1.1.2012	**Bought**	**Sold**	**At 31.12.2012**
Interests in the Company:				
Datuk Hj Mohd Khalil Dato' Hj Mohd Noor				
Interest in the Company:				
- own	5,000	-	-	5,000

None of the other Directors holding office at 31 December 2012 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate allowance made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Company No. 10039-P

Other statutory information (continued)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the operations of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Datuk Hj Mohd Khalil Dato' Hj Mohd Noor

....

Hj Abdullah Yusof

Kuala Lumpur,

Date: 28 February 2013

TIME Engineering Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Statements of financial position at 31 December 2012

	Note	Group			Company		
		31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Assets							
Plant and equipment	3	34,606	27,540	7,746	23	49	80
Intangible assets	4	3,313	4,697	3,954	5	2	-
Investment property	5	-	303	303	-	-	-
Investments in subsidiaries	6	-	-	-	70,045	75,045	75,045
Other investments	7	-	-	497,846	-	-	497,814
Trade and other receivables	8	73,157	-	-	-	-	-
Total non-current assets		111,076	32,540	509,849	70,073	75,096	572,939
Trade and other receivables	8	48,548	16,058	21,894	1,494	1,773	2,870
Amount due from subsidiaries	9	-	-	-	62,251	26,622	12,818
Inventories	10	1,808	331	9	-	-	-
Tax recoverable		1,723	1,370	654	-	150	150
Cash and cash equivalents	11	78,761	135,382	102,217	21,715	69,358	25,432
Total current assets		130,840	153,141	124,774	85,460	97,903	41,270
Total assets		241,916	185,681	634,623	155,533	172,999	614,209
Equity							
Share capital	12	155,049	155,049	155,049	155,049	155,049	155,049
Reserves		(51,846)	(20,810)	174,822	(1,754)	(5,886)	184,356
Total equity attributable to shareholders of the Company		103,203	134,239	329,871	153,295	149,163	339,405
Non-controlling interests	13	11,845	18,396	18,239	-	-	-
Total equity		115,048	152,635	348,110	153,295	149,163	339,405

Company No. 10039-P

Statements of financial position at 31 December 2012

(continued)

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Liabilities							
Deferred tax liabilities	14	2,598	1,334	1,522	-	-	-
Redeemable Secured Loan Stocks ("RSLS")	15	-	-	263,334	-	-	263,334
Borrowing	16	48,886	-	-	-	-	-
Deferred income	17	12,169	-	-	-	-	-
Total non-current liabilities		63,653	1,334	264,856	-	-	263,334
Trade and other payables	18	44,710	14,731	18,910	1,927	2,578	6,150
Borrowing	16	18,500	-	-	-	-	-
Amount due to subsidiaries	9	-	-	-	311	5,753	5,320
Dividend payable		-	15,505	-	-	15,505	-
Tax payable		5	1,476	2,747	-	-	-
Total current liabilities		63,215	31,712	21,657	2,238	23,836	11,470
Total liabilities		126,868	33,046	286,513	2,238	23,836	274,804
Total equity and liabilities		241,916	185,681	634,623	155,533	172,999	614,209

The notes on pages 14 to 73 are an integral part of these financial statements.

TIME Engineering Berhad

(Company No. 10039-P)
(Incorporated in Malaysia)

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Continuing operations					
Revenue	19	144,594	65,340	32,768	9,423
Cost of goods sold		(90,393)	(15,886)	(81)	(439)
Gross profit		54,201	49,454	32,687	8,984
Sales and marketing expenses		(3,631)	(2,843)	-	-
Administrative expenses		(10,763)	(9,518)	(2,210)	(2,302)
Other operating expenses		(43,569)	(35,446)	(11,359)	(7,591)
Other operating income	20	1,756	696	7,410	2,226
Gain on disposal of available-for-sale financial assets		-	91,927	-	91,927
Results from operating activities		(2,006)	94,270	26,528	93,244
Finance costs	21	(538)	(1,517)	-	(1,495)
Finance income		2,658	3,156	861	1,131
Profit before tax	22	114	95,909	27,389	92,880
Zakat		(281)	(295)	-	-
Tax expense	23	(2,999)	(4,488)	-	-
(Loss)/Profit for the year		(3,166)	91,126	27,389	92,880

Company No. 10039-P

Statements of profit or loss and other comprehensive income for the year ended 31 December 2012

(continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Other comprehensive income, net of tax					
Loss arising during the year		-	(62,618)	-	(62,618)
Less: Reversal of gain on fair value of available-for-sale financial assets upon disposal		-	(197,247)	-	(197,247)
Other comprehensive loss for the year		-	(259,865)	-	(259,865)
Total comprehensive (loss)/income for the year		(3,166)	(168,739)	27,389	(166,985)
(Loss)/Profit attributable to:					
Owners of the Company		(7,779)	87,490	27,389	92,880
Non-controlling interests		4,613	3,636	-	-
(Loss)/Profit for the year		(3,166)	91,126	27,389	92,880
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(7,779)	(172,375)	27,389	(166,985)
Non-controlling interests		4,613	3,636	-	-
Total comprehensive (loss)/income for the year		(3,166)	(168,739)	27,389	(166,985)
Basic (loss)/profit per ordinary share (sen)	24	(1.00)	11.29	3.53	11.98

The notes on pages 14 to 73 are an integral part of these financial statements.

TIME Engineering Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Statements of changes in equity for the year ended 31 December 2012

		Attributable to the owners of the Company					
		← Non-distributable →					
Group	**Note**	**Share capital RM'000**	**Available-for-sale reserve RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2011		155,049	259,865	(85,043)	329,871	18,239	348,110
Loss arising during the year		-	(62,618)	-	(62,618)	-	(62,618)
Reversal of gain on fair value of available-for-sale financial assets upon disposal		-	(197,247)	-	(197,247)	-	(197,247)
Profit for the year		-	-	87,490	87,490	3,636	91,126
Total comprehensive income/(loss) for the year		-	(259,865)	87,490	(172,375)	3,636	(168,739)
Dividends to owners of the Company	25	-	-	(23,257)	(23,257)	-	(23,257)
Dividend paid by a subsidiary to non-controlling interests		-	-	-	-	(3,479)	(3,479)
Total distribution to owners		-	-	(23,257)	(23,257)	(3,479)	(26,736)
At 31 December 2011		155,049	-	(20,810)	134,239	18,396	152,635
		Note 12	Note 12			Note 13	

Company No. 10039-P

Statement of changes in equity for the year ended 31 December 2012 (continued)

Group	Note	Share capital RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to the owners of the Company				
		Non-distributable				
At 1 January 2012		155,049	(20,810)	134,239	18,396	152,635
Loss for the year		-	(7,779)	(7,779)	4,613	(3,166)
Total comprehensive income/(loss) for the year		-	(7,779)	(7,779)	4,613	(3,166)
Dividends to owners of the Company	25	-	(23,257)	(23,257)	-	(23,257)
Dividend paid/payable by a subsidiary to non-controlling interests		-	-	-	(11,164)	(11,164)
Total distribution to owners		-	(23,257)	(23,257)	(11,164)	(34,421)
At 31 December 2012		155,049	(51,846)	103,203	11,845	115,048
		Note 12			Note 13	

Company No. 10039-P

Statement of changes in equity for the year ended 31 December 2012 (continued)

		Attributable to the owners of the Company			
		← Non-distributable →			
Company	**Note**	**Share capital RM'000**	**Available-for-sale reserve RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
At 1 January 2011		155,049	259,865	(75,509)	339,405
Loss arising during the year		-	(62,618)	-	(62,618)
Reversal of gain on fair value of available-for-sale financial assets upon disposal		-	(197,247)	-	(197,247)
Profit for the year		-	-	92,880	92,880
Total comprehensive income/(loss) for the year		-	(259,865)	92,880	(166,985)
Dividends to owners of the Company	25	-	-	(23,257)	(23,257)
Total distribution to owners		-	-	(23,257)	(23,257)
At 31 December 2011/ 1 January 2012		155,049	-	(5,886)	149,163
Profit for the year		-	-	27,389	27,389
Total comprehensive income for the year		-	-	27,389	27,389
Dividends to owners of the Company	25	-	-	(23,257)	(23,257)
Total distribution to owners		-	-	(23,257)	(23,257)
At 31 December 2012		155,049	-	(1,754)	153,295
		Note 12	Note 12		

The notes on pages 14 to 73 are an integral part of these financial statements.

TIME Engineering Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Statements of cash flows for the year ended 31 December 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities				
Dividends received from investees	-	-	11,510	13,621
Cash receipts from customers	76,481	76,793	244	1,831
Cash payments to suppliers	(101,550)	(10,339)	-	(1,082)
Cash payments to employees and for expenses	(40,194)	(54,191)	(6,750)	(10,301)
Cash flows (used in)/generated from operating activities	(65,263)	12,263	5,004	4,069
Taxation (paid)/refunded	(3,559)	(6,663)	150	-
Interest and other income received	-	-	861	1,131
Zakat paid	(281)	(295)	-	-
Net cash (used in)/generated from operating activities	(69,103)	5,305	6,015	5,200
Cash flows from investing activities				
Advances to subsidiaries	-	-	(16,568)	(18,798)
Interest received	2,658	3,156	-	-
Net proceeds from disposal of available-for-sale financial assets	-	329,876	-	329,876
Proceeds from disposal of plant and equipment	2	10	2	1
Purchase of plant and equipment, and intangible assets	(16,093)	(26,221)	(9)	(28)
Net cash (used in)/generated from investing activities	(13,433)	306,821	(16,575)	311,051
Cash flows from financing activities				
Dividend paid by a subsidiary to non-controlling interests	(2,625)	(3,479)	-	-
Dividend paid to owners of the Company	(38,762)	(7,752)	(38,762)	(7,752)
Interest paid	(84)	(6,370)	-	(6,370)
(Increase)/Decrease in deposits pledged	(1,177)	1,251	-	-
Payment from subsidiary companies	-	-	1,679	3,157
Repayment of borrowings	-	(261,360)	-	(261,360)
Drawndown of term loan	67,386	-	-	-
Net cash generated from/(used in) financing activities	24,738	(277,710)	(37,083)	(272,325)

Company No. 10039-P

Statements of cash flows for the year ended 31 December 2012

(continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Net change in cash and cash equivalents		(57,798)	34,416	(47,643)	43,926
Cash and cash equivalents at 1 January		133,505	99,089	69,358	25,432
Cash and cash equivalents at 31 December	(i)	75,707	133,505	21,715	69,358

Notes to the statements of cash flows

i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current				
Restricted and pledged				
- Cash and bank balances	1,247	-	-	-
- Deposits with licensed banks	1,807	1,877	-	-
	3,054	1,877	-	-
Unrestricted				
- Cash and bank balances	4,791	8,204	1,228	3,910
- Deposits with licensed banks	70,916	125,301	20,487	65,448
	75,707	133,505	21,715	69,358
	78,761	135,382	21,715	69,358
Less: Cash and cash equivalents pledged as security	(3,054)	(1,877)	-	-
	75,707	133,505	21,715	69,358

The notes on pages 14 to 73 are an integral part of these financial statements.

TIME Engineering Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

TIME Engineering Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office and principal place of business
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The consolidated financial statements as at 31 December 2012 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 February 2013.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The Group and the Company have early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning 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* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for MFRS 11, MFRS 127, MFRS 128, IC Interpretation 20 and Amendments to MFRS 12 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.

- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

Material impacts of initial application of a standard, an amendment or an interpretation are discussed below:

MFRS 9, Financial Instruments
MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

The initial application of other standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2(c).

1. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS Framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction cost, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisition before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisition before 1 January 2011 has been carried forward from the previous FRS Framework as at the date of transition.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. Significant accounting policies (continued)

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant accounting policies (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially transferring all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(d) Plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Office renovations	5 years
• Plant and machinery	3 - 5 years
• Office equipment, furniture and fittings	5 - 10 years
• Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leased assets

Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(v) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful live of capitalised development costs and software is 3 years respectively.

(g) Investment property

Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for plant and equipment as stated in accounting policy Note 2(d).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 25 to 50 years for buildings. Freehold land is not depreciated.

2. Significant accounting policies (continued)

(h) Inventories

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

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits and restricted cash.

(j) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each period at the same time.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

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.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting date 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 since the last impairment loss was recognised. 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 depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. Significant accounting policies (continued)

(k) Borrowings and Redeemable Secured Loan Stocks ("RSLS")

Loans, borrowings and RSLS are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the loans and borrowings using the effective interest method in accordance with Note 2(c).

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. Significant accounting policies (continued)

(o) Revenue recognition

(i) Goods sold

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the revenue can be measured reliably.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Contracts

Revenue from fixed price contracts is recognised on the percentage of completion method, measured by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs that are probable to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies (continued)

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

2. Significant accounting policies (continued)

(q) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chairman of Executive Committee of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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3. Plant and equipment

Group *Cost*	**Office renovations RM'000**	**Plant and machinery RM'000**	**Office equipment, furniture and fittings RM'000**	**Computer equipment RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
At 1 January 2011	3,872	4,596	2,379	29,571	580	40,998
Additions	30	20,784	91	1,421	1,689	24,015
Disposals	-	-	(17)	(15)	-	(32)
Written off	(131)	-	(94)	(758)	-	(983)
Reclassifications	271	-	63	952	(1,286)	-
At 31 December 2011/1 January 2012	4,042	25,380	2,422	31,171	983	63,998
Additions	77	96	159	1,549	13,404	15,285
Disposals	-	-	(7)	(49)	-	(56)
Written off	-	-	(11)	-	-	(11)
Reclassifications	23	-	58	8,436	(8,517)	-
At 31 December 2012	4,142	25,476	2,621	41,107	5,870	79,216

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3. Plant and equipment (continued)

Group (continued)	Office renovations RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment loss						
At 1 January 2011						
Accumulated depreciation	1,492	2,586	1,389	26,083	-	31,550
Accumulated impairment loss	-	1,702	-	-	-	1,702
	1,492	4,288	1,389	26,083	-	33,252
Depreciation charge	870	416	198	2,693	-	4,177
Disposals	-	-	(9)	(9)	-	(18)
Written off	(128)	-	(76)	(749)	-	(953)
At 31 December 2011/ 1 January 2012						
Accumulated depreciation	2,234	3,002	1,502	28,018	-	34,756
Accumulated impairment loss	-	1,702	-	-	-	1,702
	2,234	4,704	1,502	28,018	-	36,458
Depreciation charge	911	4,257	191	2,846	-	8,205
Disposals	-	-	(8)	(45)	-	(53)
At 31 December 2012						
Accumulated depreciation	3,145	7,259	1,685	30,819	-	42,908
Accumulated impairment loss	-	1,702	-	-	-	1,702
	3,145	8,961	1,685	30,819	-	44,610

3. Plant and equipment (continued)

Group (continued)	Office renovations RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Capital work-in progress RM'000	Total RM'000
Carrying amounts						
At 1 January 2011	2,380	308	990	3,488	580	7,746
At 31 December 2011/ 1 January 2012	1,808	20,676	920	3,153	983	27,540
At 31 December 2012	997	16,515	936	10,288	5,870	34,606

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3. Plant and equipment (continued)

Company	**Office renovations**	**Office equipment, furniture and fittings**	**Computer equipment**	**Total**
Cost	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2011	13	117	287	417
Additions	-	5	19	24
Disposals	-	(7)	-	(7)
At 31 December 2011/ 1 January 2012	13	115	306	434
Additions	-	3	-	3
Disposals	-	(7)	(5)	(12)
At 31 December 2012	13	111	301	425
Accumulated depreciation				
At 1 January 2011	3	71	263	337
Depreciation charge	3	23	30	56
Disposals	-	(8)	-	(8)
At 31 December 2011/ 1 January 2012	6	86	293	385
Depreciation charge	7	11	5	23
Disposals	-	(5)	(1)	(6)
At 31 December 2012	13	92	297	402
Carrying amounts				
At 1 January 2011	10	46	24	80
At 31 December 2011/ 1 January 2012	7	29	13	49
At 31 December 2012	-	19	4	23

4. Intangible assets

Group *Cost*	Software in progress RM'000	Software RM'000	Development expenditure RM'000	Total RM'000
At 1 January 2011	1,684	17,438	315	19,437
Additions	1,981	225	-	2,206
Reclassification	(82)	82	-	-
At 31 December 2011/ 1 January 2012	3,583	17,745	315	21,643
Additions	508	300	-	808
Reclassification	(2,289)	2,289	-	-
Written off	(530)	-	-	(530)
At 31 December 2012	1,272	20,334	315	21,921
Accumulated amortisation and impairment loss				
At 1 January 2011				
Accumulated amortisation	-	14,976	315	15,291
Accumulated impairment loss	-	192	-	192
Amortisation for the year	-	1,463	-	1,463
At 31 December 2011/ 1 January 2012				
Accumulated amortisation	-	16,439	315	16,754
Accumulated impairment loss	-	192	-	192
Amortisation for the year	-	1,662	-	1,662
At 31 December 2012				
Accumulated amortisation	-	18,101	315	18,416
Accumulated impairment loss	-	192	-	192
Carrying amounts				
At 1 January 2011	1,684	2,270	-	3,954
At 31 December 2011/ 1 January 2012	3,583	1,114	-	4,697
At 31 December 2012	1,272	2,041	-	3,313

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4. Intangible assets (continued)

Company	**Software**
Cost	**RM'000**
At 1 January 2011	438
Additions	4
At 31 December 2011/1 January 2012	442
Additions	6
At 31 December 2012	448
Accumulated amortisation	
At 1 January 2011	438
Amortisation for the year	2
At 31 December 2011/1 January 2012	440
Amortisation for the year	3
At 31 December 2012	443
Carrying amount	
At 1 January 2011	-
At 31 December 2011/1 January 2012	2
At 31 December 2012	5

5. Investment property

Group *Cost*	Freehold land RM'000	Building RM'000	Total RM'000
At 1 January 2011/31 December 2011/ 1 January 2012	397	217	614
Disposals	(397)	(217)	(614)
At 31 December 2012	-	-	-
Accumulated amortisation and impairment loss			
At 1 January 2011/31 December 2011/ 1 January 2012			
Accumulated depreciation	-	37	37
Accumulated impairment	94	180	274
	94	217	311
Disposals	(94)	(217)	(311)
At 31 December 2012	-	-	-
Carrying amounts			
At 1 January 2011/31 December 2011/ 1 January 2012	303	-	303
At 31 December 2012	-	-	-

In the prior year, the title of the building and a freehold land had not been issued to the Group as the master title had not been sub-divided.

6. Investments in subsidiaries

	Company 31.12.2012 RM'000	 31.12.2011 RM'000	 1.1.2011 RM'000
Unquoted shares			
At cost	110,045	115,145	115,145
Less: Impairment loss	(40,000)	(40,100)	(40,100)
	70,045	75,045	75,045

During the year, the investments in subsidiaries with a carrying amount of RM5,000,000 (net of impairment loss) has been written off to profit or loss.

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6. Investments in subsidiaries (continued)

The principal activities of the companies in the Group, all incorporated in Malaysia and the interests of TIME Engineering Berhad are shown below:

Name of subsidiary	Principal activities	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
Information Communication Technology				
Dagang Net Technologies Sdn. Bhd. ("DNT")	Development, management and provision of business to business (B2B) e-commerce and computerised transaction facilitation services.	71.25	71.25	71.25
TEB Systems Integrators Sdn. Bhd.	Providing expertise in IT project management and consultancy, supply of (ICT) hardware equipment, maintenance and asset management.	100	100	100
TEB Quantum Technology Sdn. Bhd.	Providing IT solutions, cyber security, managed services and supply of computer hardware, software and peripherals.	100	100	100
Toplink Advisory and Management Services Sdn. Bhd. **	Dormant.	-	100	100
TIME Automation and Management Services Sdn. Bhd. and its subsidiary **	Dormant.	-	100	100
TIME Spectrum Communication Sdn. Bhd. ** (Indirect subsidiary company)	Dormant.	-	100	100

** These companies have been placed under members' voluntary liquidation during the year and no audit reports were issued for these companies for financial year ended 31 December 2012. The results of these companies (prior to liquidation) are consolidated using management accounts.

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7. Other investments

Group	Quoted shares RM'000	Quoted unit trust RM'000	Total RM'000
31 December 2012			
Non-current			
Available-for-sale financial assets			
- at fair value	-	-	-
31 December 2011			
Non-current			
Available-for-sale financial assets			
- at fair value	497,832	14	497,846
Less: Disposal	(497,814)	-	(497,814)
Less: Written off	(18)	(14)	(32)
	-	-	-
1 January 2011			
Non-current			
Available-for-sale financial assets			
- at fair value	497,832	14	497,846

Company	Quoted shares RM'000	Quoted unit trust RM'000	Total RM'000
31 December 2012			
Non-current			
Available-for-sale financial assets			
- at fair value	-	-	-
31 December 2011			
Non-current			
Available-for-sale financial assets			
- at fair value	497,814	-	497,814
Less: Disposal	(497,814)	-	(497,814)
	-	-	-
1 January 2011			
Non-current			
Available-for-sale financial assets			
- at fair value	497,814	-	497,814

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7. Other investments (continued)

Other investments comprise mainly investment in TIME dotCom Berhad which is incorporated in Malaysia is as follows:

Name of subsidiary	Principal activities	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
TIME dotCom Berhad ("TdC")	Investment holding in tele-communication companies providing communication and internet services (including wireless transmission) through its established domestic and international network.	-	-	24.74

On 2 August 2011, the Company disposed off 626,181,720 ordinary shares of RM1.00 each (representing 24.74%) in TdC representing its entire shareholding in TdC by way of offer for sale to its shareholders for a total consideration of RM331,876,000.

In the prior years, the Company's quoted shares were pledged with the development bank (Note 15) as security for credit facilities granted to the Company. The carrying values of the pledged quoted shares were as follows:

	Group and Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Pledged with development bank	-	-	497,814

8. Trade and other receivables

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Non-current							
Trade							
Trade receivables	8.1	67,228	-	-	-	-	-
Less: Fair value loss on receivables		(5,300)	-	-	-	-	-
		61,928	-	-	-	-	-
Prepayments	8.2	11,229	-	-	-	-	-
		73,157	-	-	-	-	-

8. Trade and other receivables (continued)

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Current							
Trade							
Trade receivables	8.1	39,480	11,928	17,510	-	-	-
Less: Fair value loss on receivables		(409)	-	-	-	-	-
Less: Impairment loss		(1,173)	(2,735)	(3,158)	-	-	-
		37,898	9,193	14,352	-	-	-
Prepayments	8.2	3,743	-	-	-	-	-
		41,641	9,193	14,352	-	-	-
Non-trade							
Other receivables		5,775	5,088	6,061	1,895	1,655	2,838
Less: Impairment loss		(1,293)	(813)	(886)	(623)	(109)	(220)
		4,482	4,275	5,175	1,272	1,546	2,618
Prepayments	8.2	2,425	2,590	2,367	222	227	252
		6,907	6,865	7,542	1,494	1,773	2,870
		48,548	16,058	21,894	1,494	1,773	2,870
		121,705	16,058	21,894	1,494	1,773	2,870

8.1 Included in trade receivables of the Group is an amount of RM92,206,904 (31.12.2011: Nil; 1.1.2011: Nil) owing by a receivable that will be collected over 48 months.

During the year, the Group has written off trade receivables of RM1,993,000 (31.12.2011: RM588,479; 1.1.2011: RM817,092) against impairment loss.

8.2 Included in prepayments is an amount of RM14,971,963 (31.12.2011: Nil; 1.1.2011: Nil) for future services that was billed in advance by a supplier. The current portion and non-current portion is RM3,742,991 and RM11,228,972 respectively.

9. Amount due from/(to) subsidiaries

The amount due from/(to) subsidiaries consist of the following:

	Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Amount due from subsidiaries			
- Non-trade	62,251	26,622	12,818
Amount due to subsidiaries			
- Trade	(311)	(492)	(52)
- Non-trade	-	(5,261)	(5,268)
	(311)	(5,753)	(5,320)

Certain inter-company advances bear interest at 4% (31.12.2011: 4%; 1.1.2011: 4%) per annum and repayable on demand.

10. Inventories

	Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
At cost:			
Finished goods - prepaid stock	270	331	-
Finished goods - computer equipment	1,538	-	-
Finished goods - smart cards and smartcard readers	-	-	9
	1,808	331	9

11. Cash and cash equivalents

	Group			Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Current						
Deposits with licensed banks	72,723	127,178	94,043	20,487	65,448	21,028
Cash and bank balances	6,038	8,204	8,174	1,228	3,910	4,404
	78,761	135,382	102,217	21,715	69,358	25,432

Included in cash and bank balances and deposits with licensed banks of the Group is a sum of RM3,054,000 (31.12.2011: RM1,877,000; 1.1.2011: RM3,128,000) restricted and pledged to banks during the year for credit facilities granted to subsidiaries.

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12. Share capital

	Group and Company					
	Amount 31.12.2012 RM'000	Number of shares 31.12.2012 '000	Amount 31.12.2011 RM'000	Number of shares 31.12.2011 '000	Amount 1.1.2011 RM'000	Number of shares 1.1.2011 '000
Authorised:						
Ordinary shares of RM0.20 each	2,000,000	10,000,000	2,000,000	10,000,000	2,000,000	10,000,000
Issued and fully paid:						
Ordinary shares of RM0.20 each	155,049	775,245	155,049	775,245	155,049	775,245

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Available-for-sale reserve

The reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

13. Non-controlling shareholders' interests

This consists of the non-controlling shareholders' proportion of share capital and reserves of subsidiaries.

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14. Deferred tax liabilities

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) of the Group are attributable to the following:

Group	Assets			Liabilities			Net		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Plant and equipment	-	-	-	(2,837)	(1,579)	(1,832)	(2,837)	(1,579)	(1,832)
Provisions	239	245	310	-	-	-	239	245	310
Net deferred tax assets/(liabilities)	239	245	310	(2,837)	(1,579)	(1,832)	(2,598)	(1,334)	(1,522)

Movement in temporary differences during the year

Group	At 1.1.2011 RM'000	Recognised in profit or loss (Note 23) RM'000	At 31.12.2011 RM'000	Recognised in profit or loss (Note 23) RM'000	At 31.12.2012 RM'000
Plant and equipment	(1,832)	253	(1,579)	(1,258)	(2,837)
Provisions	310	(65)	245	(6)	239
	(1,522)	188	(1,334)	(1,264)	(2,598)

14. Deferred tax liabilities (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Plant and equipment	(9,884)	(7,017)	(654)	3	(8)	(9)
Provisions	240	776	240	240	240	240
Unabsorbed capital allowances	20,517	21,394	6,285	204	53	-
Unutilised tax losses	64,603	54,474	62,054	43,149	41,084	44,704
	75,476	69,627	67,925	43,596	41,369	44,935
Unrecognised deferred tax assets	18,869	17,407	16,981	10,899	10,342	11,234

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

15. Redeemable Secured Loan Stocks ("RSLS")

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
RSLS - Nominal Value	-	-	287,760
Less: Discount	-	-	(24,426)
	-	-	263,334

RM342 million of the RSLS (712,500,000 number of RSLS at RM0.48 each) was issued on 11 June 2009 and matures on 31 December 2015. It bears interest at 2% per annum from the date of issuance until 31 December 2012 and 3% per annum from 1 January 2012 until maturity. The RSLS was secured against TIME dotCom shares (Note 7).

15. Redeemable Secured Loan Stocks ("RSLS") (continued)

On 8 August 2011, the Company partially utilised its proceeds from the disposal of investment to fully redeem its outstanding RSLS and accrued interest totalling RM261,975,000.

16. Borrowing

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current			
Term loan	48,886	-	-
Current			
Term loan	18,500	-	-
	67,386	-	-

The term loan is secured, repayable in equal installments over a period of 48 months and subject to interest rate of 1% per annum above the cost of funds.

The term loan is secured by way of a charge over all monies in a designated Escrow Account maintained by a receivable and a corporate guarantee by the Company.

17. Deferred income

		Group		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current				
Deferred income		12,169	-	-
Current				
Deferred income	18	4,097	-	-
		16,266	-	-

The contract pursuant to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges undertaken by the Group in 2012 includes the maintenance of equipment for a period of four years from the date of commissioning. A certain portion of the contract value in relation to the maintenance service is recognised as deferred income and amortised over the contractual period of 48 months which will end by 2016.

18. Trade and other payables

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Trade							
Trade payables		9,755	1,374	1,482	-	-	-
Non-trade							
Other payables and accrued expenses	18.1	21,728	13,357	14,527	1,927	2,578	3,249
Interest payable							
– Borrowing		188	-	-	-	-	-
– RSLS		-	-	2,901	-	-	2,901
Provision	18.2	4,500	-	-	-	-	-
Amount due to non-controlling interest		8,539	-	-	-	-	-
		34,955	13,357	17,428	1,927	2,578	6,150
		44,710	14,731	18,910	1,927	2,578	6,150

18.1 Included in other payables is a deferred income of RM4,097,043 (Note 17) (31.12.2011: Nil; 1.1.2011: Nil) that was billed in advance to a customer.

18.2 The provision relates to an estimated cost of legal claim arising from an action brought by a sub-contractor.

19. Revenue

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Continuing operations				
Sale of goods	76,367	5,001	-	-
Rendering of services	68,227	60,339	97	802
Gross dividend income from:				
- Subsidiary company	-	-	32,671	8,621
	144,594	65,340	32,768	9,423

20. Other operating income

Included in other operating income are the following:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Bad debts recovered	193	106	-	-
Gain on disposal of plant and equipment	-	1	-	1
Management fee	-	-	2,223	2,019
Waiver of debts on liquidation of subsidiaries	-	-	4,840	-
Reversal of impairment loss on investment in subsidiaries	-	-	100	-
Reversal of impairment loss:				
- Trade receivables	109	-	-	-
- Other receivables	70	151	70	151

21. Finance costs

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Finance charges/interest expense on:				
RSLS	-	1,495	-	1,495
Revolving credit	-	22	-	-
Interest on borrowing	275	-	-	-
Others	263	-	-	-
	538	1,517	-	1,495

22. Profit before tax

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit before tax is arrived at after charging:-				
Amortisation of intangible assets	1,662	1,463	3	2
Auditors' remuneration				
- Audit fees				
KPMG Malaysia	166	142	58	58
- Non-audit fees				
KPMG Malaysia	33	88	33	88
Depreciation of plant and equipment	8,205	4,177	23	56
Directors' remuneration	570	626	413	441
Gain on liquidation of subsidiaries	-	-	468	-
Impairment loss of				
- Trade receivables	540	165	-	-
- Other receivables	550	78	584	40
Intangible assets written off	530	-	-	-
Investments in subsidiaries written off (net of impairment)	-	-	5,000	-
Loss on disposal of plant and equipment	1	4	4	-
Personnel expenses				
- Contributions to Employees Provident Fund	2,237	2,648	283	378
- Wages, salaries and others	19,030	21,042	2,740	2,944
Plant and equipment written off	-	30	-	-
Provision for legal claim	4,500	-	-	-
Rental of premises payable to:				
- Related company	-	-	636	513
- Others	3,494	2,727	-	172
Rental of site and equipment	958	717	449	390
Rental of storage and others	75	-	48	-
Voluntary separation scheme and other related compensation cost	-	1,264	-	734
Write off of available-for-sale financial assets	-	32	-	-

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23. Tax expense

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Current tax expense				
- Current year	2,439	5,304	-	-
- Over provision in prior year	(704)	(628)	-	-
Total current tax expense	1,735	4,676	-	-
Deferred tax expense				
- Current year	1,195	(486)	-	-
- Under provision in prior year	69	298	-	-
Total deferred tax expense	1,264	(188)	-	-
Total tax expense	2,999	4,488	-	-

Reconciliation of effective tax expense

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Net (loss)/profit after tax	(3,166)	91,126	27,389	92,880
Total tax expense	2,999	4,488	-	-
Zakat payment	281	295	-	-
Net profit excluding tax and zakat	114	95,909	27,389	92,880
Income tax using Malaysian tax rate of 25% (2011: 25%)	29	23,977	6,847	23,220
Income not subject to tax	(59)	(23,035)	(9,453)	(25,189)
Expenses not deductible for tax purposes	2,202	3,450	2,049	2,143
Effect of unrecognised/(recognised) deferred tax assets	1,462	426	557	(174)
	3,634	4,818	-	-
Over provision of tax expense in prior year	(704)	(628)	-	-
Under provision of deferred tax expense in prior year	69	298	-	-
Total tax expense	2,999	4,488	-	-

24. Basic (loss)/profit per ordinary share

a) Basic (loss)/profit per ordinary share

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Continuing operations			
	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Loss)/Profit for the year attributable to shareholders	(7,779)	87,490	27,389	92,880

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Weighted average number of ordinary shares at 31 December	775,245	775,245	775,245	775,245

	Group		Company	
	2012 Sen	2011 Sen	2012 Sen	2011 Sen
Basic (loss)/profit per ordinary share from continuing operations	(1.00)	11.29	3.53	11.98

25. Dividends

2012	Sen per share (net of tax)	Total amount RM'000	Date of payment
Final 2011 ordinary	3.0	23,257	1 June 2012
2011			
Final 2010 ordinary	1.0	7,752	6 July 2011
Interim 2011 ordinary	2.0	15,505	16 February 2012
		23,257	

After the reporting period, a final dividend in respect of the financial year ended 31 December 2012 of 4.0 sen per ordinary share less tax at 25% totalling RM23,257,340 (3.0 sen net per ordinary share) was proposed by the Directors. The dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

26. Operating segments

The Group has two reportable segments, as described below, which represent the Group's strategic business units. The strategic business units offer different services and are managed separately because they require different technical expertise and marketing strategies. For each of the strategic business unit, the Chairman of the Executive Committee reviews internal management report on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Corporate

The Company is an investment holding company. The segment is in provision of corporate services to the entities within the Group.

Information communication technology

Supply, delivery, installation, testing, commissioning and maintenance of IT hardware, development, management and provision of business to business (B2B) e-commerce and computerised transaction facilitation services, providing of cyber security solutions, managed services, project fulfilment, assets maintenance and contact centres.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Chairman of the Executive Committee. Segment total assets is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Chairman of the Executive Committee.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire plant and equipment and intangible assets other than goodwill.

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26. Operating segments (continued)

Business segment **2012** ***Business segments***	**Information communication technology** **RM'000**	**Corporate** **RM'000**	**Eliminations** **RM'000**	**Consolidated** **RM'000**
Revenue from external customers	144,497	97	-	144,594
Inter-segment revenue	10,825	32,671	(43,496)	-
Total revenue	155,322	32,768	(43,496)	144,594
Segment result				
Profit/(Loss) from operations	6,154	(8,160)	-	(2,006)
Finance costs				(538)
Interest income				2,658
Profit before tax				114
Zakat				(281)
Tax expense				(2,999)
Net loss after tax				(3,166)
Attributable to:				
Shareholders of the Company				(7,779)
Non-controlling interests				4,613
Net loss for the year				(3,166)
Segment assets	232,126	155,533	(145,743)	241,916
Segment liabilities	200,328	2,238	(75,698)	126,868
Capital expenditure	16,084	9	-	16,093
Depreciation and amortisation	9,841	26	-	9,867

Geographical segment

No geographical segment information has been prepared as all the business operations of the Group are located in Malaysia.

26. Operating segments (continued)

Business segment **2011** ***Business segments***	**Information communication technology** **RM'000**	**Corporate** **RM'000**	**Eliminations** **RM'000**	**Consolidated** **RM'000**
Revenue from external customers	64,538	802	-	65,340
Inter-segment revenue	1,877	8,621	(10,498)	-
Total revenue	66,415	9,423	(10,498)	65,340
Segment result				
Profit/(Loss) from operations	11,266	(8,923)	-	2,343
Finance costs	(22)	(1,495)	-	(1,517)
Interest income	2,025	1,131	-	3,156
Gain on disposal of available-for-sale financial assets	-	91,927	-	91,927
Profit before tax				95,909
Zakat				(295)
Tax expense				(4,488)
Net profit after tax				91,126
Attributable to:				
Shareholders of the Company				87,490
Non-controlling interests				3,636
Net profit for the year				91,126
Segment assets	125,155	178,766	(118,240)	185,681
Segment liabilities	52,316	23,925	(43,195)	33,046
Capital expenditure	26,193	28	-	26,221
Depreciation and amortisation	5,582	58	-	5,640

Geographical segment

No geographical segment information has been prepared as all the business operations of the Group are located in Malaysia.

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27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial assets ("AFS"); and
(c) Other liabilities ("OL").

Financial assets	**Carrying amount RM'000**	**L&R RM'000**	**AFS RM'000**
Group			
31 December 2012			
Trade and other receivables (excluding prepayments)	104,308	104,308	-
Cash and cash equivalents	78,761	78,761	-
	183,069	183,069	-
31 December 2011			
Trade and other receivables (excluding prepayments)	13,468	13,468	-
Cash and cash equivalents	135,382	135,382	-
	148,850	148,850	-
1 January 2011			
Other investments	497,846	-	497,846
Trade and other receivables (excluding prepayments)	19,527	19,527	-
Cash and cash equivalents	102,217	102,217	-
	619,590	121,744	497,846
Company			
31 December 2012			
Trade and other receivables (excluding prepayments)	1,272	1,272	-
Amount due from subsidiaries	62,251	62,251	-
Cash and cash equivalents	21,715	21,715	-
	85,238	85,238	-

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

Financial assets	Carrying amount RM'000	L&R RM'000	AFS RM'000
Company			
31 December 2011			
Trade and other receivables (excluding prepayments)	1,546	1,546	-
Amount due from subsidiaries	26,622	26,622	-
Cash and cash equivalents	69,358	69,358	-
	97,526	97,526	-
1 January 2011			
Other investments	497,814	-	497,814
Trade and other receivables (excluding prepayments)	2,618	2,618	-
Amount due from subsidiaries	12,818	12,818	-
Cash and cash equivalents	25,432	25,432	-
	538,682	40,868	497,814

Financial liabilities	Carrying amount RM'000	OL RM'000
Group		
31 December 2012		
Trade and other payables	40,613	40,613
Borrowing	67,386	67,386
	107,999	107,999
31 December 2011		
Trade and other payables	14,731	14,731
Dividend payable	15,505	15,505
	30,236	30,236
1 January 2011		
Redeemable Secured Loan Stocks ("RSLS")	263,334	263,334
Trade and other payables	18,910	18,910
	282,244	282,244

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

Financial liabilities	Carrying amount RM'000	OL RM'000
Company		
31 December 2012		
Trade and other payables	1,927	1,927
Amount due to subsidiaries	311	311
	2,238	2,238
31 December 2011		
Trade and other payables	2,578	2,578
Amount due to subsidiaries	5,753	5,753
Dividend payable	15,505	15,505
	23,836	23,836
1 January 2011		
RSLS	263,334	263,334
Trade and other payables	6,150	6,150
Amount due to subsidiaries	5,320	5,320
	274,804	274,804

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Available-for-sale financial assets				
- (reversal) from/recognised in other comprehensive income	-	(259,865)	-	(259,865)
- reclassified from equity to profit or loss	-	91,927	-	91,927
	-	(167,938)	-	(167,938)

27. Financial instruments (continued)

27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of receivables (excluding prepayments) as at the end of the reporting period was:

	Net		
Group	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Not past due	99,919	8,368	10,364
Past due 0 - 30 days	2,092	1,947	3,990
Past due 31 - 120 days	995	747	2,935
Past due more than 121 days	1,302	2,406	2,238
	104,308	13,468	19,527
Company			
Not past due	62,251	28,168	15,436

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group			Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
At 1 January	3,548	4,044	7,373	109	220	3,890
Impairment loss recognised	1,090	243	1,185	584	40	-
Impairment loss reversed	(179)	(151)	(3,697)	(70)	(151)	(3,670)
Impairment loss written off	(1,993)	(588)	(817)	-	-	-
At 31 December	2,466	3,548	4,044	623	109	220

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Inter company balances (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year. Non-current loans to subsidiaries are not overdue.

27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Company No. 10039-P

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
31 December 2012						
Trade and other payables	40,613	-	40,613	40,613	-	-
Borrowing	67,386	4.70 - 5.08	67,386	18,500	18,500	30,386
	107,999		107,999	59,113	18,500	30,386
31 December 2011						
Trade and other payables	14,731	-	14,731	14,731	-	-
Dividend payable	15,505	-	15,505	15,505	-	-
	30,236		30,236	30,236	-	-
1 January 2011						
RSLS	263,334	-	263,334	-	-	263,334
Trade and other payables	18,910	-	18,910	18,910	-	-
	282,244		282,244	18,910	-	263,334

Company No. 10039-P

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
31 December 2012						
Trade and other payables	1,927	-	1,927	1,927	-	-
Amount due to subsidiaries	311	-	311	311	-	-
	2,238		2,238	2,238	-	-
31 December 2011						
Trade and other payables	2,578	-	2,578	2,578	-	-
Amount due to subsidiaries	5,753	-	5,753	5,753	-	-
Dividend payable	15,505	-	15,505	15,505	-	-
	23,836		23,836	23,836	-	-
1 January 2011						
RSLS	263,334	-	263,334	-	-	263,334
Trade and other payables	6,150	-	6,150	6,150	-	-
Amount due to subsidiaries	5,320	-	5,320	5,320	-	-
	274,804		274,804	11,470	-	263,334

27. Financial instruments (continued)

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

27.6.1 Foreign currency risk

The Group is exposed to foreign currency risk on bank balance that is denominated in the currency other than the functional currency, Ringgit Malaysia (RM). The currency giving rise to this risk is primarily US Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group does not have a fixed policy to hedge its sales and purchases via forward contracts. However, the exposure to foreign currency risk is monitored from time to time by management.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in *USD*		
	31.12.2012	**31.12.2011**	**1.1.2011**
Group	**RM'000**	**RM'000**	**RM'000**
Cash and cash equivalents	202	239	452

Currency risk sensitivity analysis

A 10% (2011: 10%) strengthening of Ringgit Malaysia against the following currency at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2012	**2011**
	RM'000	**RM'000**
USD	(15)	(18)

A 10% (2011: 10%) weakening of Ringgit Malaysia against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.2 Interest rate risk

The Group's and the Company's significant interest-bearing financial assets and financial liabilities are mainly its deposit placements and borrowing.

The deposit placements as of financial position date are short term and therefore exposure to the effects of future changes in prevailing level of interest rates is limited.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates as at the end of the reporting period and the periods in which they reprice or mature, whichever is earlier.

Group	Effective interest rate p.a. %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
31 December 2012				
Fixed rate instruments				
Deposits placed with licensed banks	2.40 - 3.30	72,723	72,723	-
Floating rate instruments				
Borrowing	4.70 - 5.08	(67,386)	(18,500)	(48,886)
		5,337	54,223	(48,886)
31 December 2011				
Fixed rate instruments				
Deposits placed with licensed banks	2.53 - 3.25	127,178	127,178	-
1 January 2011				
Fixed rate instruments				
RSLS	4.80	(263,334)	-	(263,334)
Deposits placed with licensed banks	1.95 - 2.90	94,043	94,043	-
		(169,291)	94,043	(263,334)

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.2 Interest rate risk (continued)

Company	Effective interest rate p.a. %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
31 December 2012				
Fixed rate instruments				
Deposits placed with licensed banks	2.50 - 3.30	20,487	20,487	-
31 December 2011				
Fixed rate instruments				
Deposits placed with licensed banks	2.40 - 3.25	65,448	65,448	-
1 January 2011				
Fixed rate instruments				
RSLS	4.80	(263,334)	-	(263,334)
Deposits placed with licensed banks	2.00 - 2.85	21,028	21,028	-
		(242,306)	21,028	(263,334)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

27.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Company No. 10039-P

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.3 Other price risk (continued)

Equity price risk sensitivity analysis

Arising from the disposal of the Group's equity instruments in 2011 the Group does not have investments in equity securities at the end of the reporting date.

27.7 Fair value of financial instruments

The fair values of quoted securities are their quoted market prices at the end of the reporting period. The fair values of other investments are disclosed in Note 7.

The carrying amounts of short term receivables and payables and cash and cash equivalents approximate fair values due to the relatively short term nature of these financial instruments.

In the previous financial year, it was not practicable to estimate the fair value of the Group's and the Company's RSLS due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs. The Directors estimate the market interest rate for a comparable instrument to be approximately 4% to 8% per annum.

The fair values of other non-current financial assets and borrowing, together with the carrying amounts shown in the statement of financial position, are as follows:

		31.12.2012		31.12.2011		1.1.2011	
Group	**Note**	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Trade receivables	8	67,228	61,928	-	-	-	-
Borrowing		(48,886)	(48,886)	-	-	-	-

For non-current financial assets of RM67,228,000, it was not practicable to estimate the fair value of the Group's receivables due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs. The Directors estimate the market interest rate for a comparable instrument to be approximately 3% to 4% per annum.

27. Financial instruments (continued)

27.7 Fair value of financial instruments (continued)

27.7.1 Fair value hierarchy

Fair values recognised in the statement of financial position are measured using the following fair value hierarchy:

Group	31.12.2012 Carrying amount RM'000	31.12.2012 Level 1 RM'000	31.12.2011 Carrying amount RM'000	31.12.2011 Level 1 RM'000	1.1.2011 Carrying amount RM'000	1.1.2011 Level 1 RM'000
Available-for-sale equity securities	-	-	-	-	497,814	497,814

28. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios are as follows:

	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000
Total borrowing	67,386	-	263,334
Less: Cash and cash equivalents (Note 11)	(78,761)	-	(102,217)
Net (cash)/debt	(11,375)	-	161,117
Total equity	115,048	-	348,110
Debt-to-equity ratio	(0.09)	-	0.46

There were no changes in the Group's approach to capital management during the financial year.

28. Capital management (continued)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

29. Commitments

	Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Capital commitments:			
Plant and equipment			
Authorised and contracted for			
Within one year	138	389	7

30. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

30. Related parties (continued)

Identity of related parties (continued)

The significant related party transactions of the Group and the Company are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subsidiary companies				
Management fee income	-	-	2,223	2,019
Dividend income	-	-	32,671	8,621
Rental of premises	-	-	(636)	513
Facilities services	-	-	(369)	447
Purchase of IT products and services	-	-	(288)	(424)
Related companies				
Sale of IT products & services	1,442	74	-	-
Management fee	(264)	(264)	(264)	(264)
Purchase of access system	-	(99)	-	(99)
Other related parties*				
Lease line, phone and utilities charges	(976)	(291)	(154)	(160)
Maintenance and facility charges	-	(63)	-	(63)
Payment for multimedia and ISDN	(1,361)	(1,365)	-	-
Insurance	(327)	(895)	(75)	(126)

* The related parties and the Group are subject to common significant influence.

The terms and conditions for the above transactions are based on negotiated basis. Significant related party balances of the Group and the Company are disclosed in Note 9.

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

In addition to their salaries, the Group also voluntarily provided additional Employees Provident Fund (EPF) contributions over the statutory requirement for a significant number of employees.

There are no significant related party transactions of the Group and the Company and its key management personnel of the Group and holding company, other than key management personnel compensation as disclosed below:

Company No. 10039-P

30. Related parties (continued)

Identity of related parties (continued)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Key management personnel compensation				
Non-executive Directors				
- Fees	494	509	365	365
- Remuneration	76	117	48	76
Total short-term employee benefits	570	626	413	441
Other key management personnel				
- Remuneration	3,682	2,475	1,330	827
- Short-term employee benefits				
- EPF	535	458	189	194
- Others	479	666	137	333
Total short-term employee benefits	4,696	3,599	1,656	1,354
	5,266	4,225	2,069	1,795

31. Contingent liability

The Company provided a corporate guarantee to a bank in relation to a term loan obtained by a subsidiary company.

32. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the financial statements of the Group and of the Company.

33. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	(21,131)	9,504	(1,754)	(5,886)
- unrealised	(7,374)	(1,522)	-	-
	(28,505)	7,982	(1,754)	(5,886)
Less: Consolidation adjustments	(23,341)	(28,792)	-	-
Total accumulated losses	(51,846)	(20,810)	(1,754)	(5,886)

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

TIME Engineering Berhad

(Company No. 10039-P)
(Incorporated in Malaysia)

and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 73 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 33 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Datuk Hj Mohd Khalil Dato' Hj Mohd Noor

....

Hj Abdullah Yusof

Kuala Lumpur,

Date: 28 February 2013

TIME Engineering Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Lim Kek Siang**, the Officer primarily responsible for the financial management of TIME Engineering Berhad, do solemnly and sincerely declare that the financial statements set out on pages 5 to 74 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 28 February 2013.

....
Lim Kek Siang

Before me:

PESURUHJAYA SUMPAH
No. W 561
FAUZILAWATI
BINTI ISHAK
MALAYSIA

2-LG-17, KOMPLEKS NIAGA UTAMA,
TINGKAT TERBAWAH,
JALAN BANGSAR UTAMA 1,
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59000 KUALA LUMPUR.

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Independent auditors' report to the members of TIME Engineering Berhad

(Company No. 10039-P)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of TIME Engineering Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 73.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company No. 10039-P

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

KPMG

Company No. 10039-P

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Mok Wan Kong
Approval Number: 2877/12/14(J)
Chartered Accountant

Petaling Jaya,

Date: 28 February 2013

FURTHER INFORMATION

1. DIRECTOR'S RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Circular and they individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular. The Board confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no other fact, the omission of which would make any information or statement in this Circular and/or any information provided herein false or misleading or inaccurate.

2. CONSENT

2.1 Adviser

RHBIB being the Principal Adviser for the Transactions, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its names and all references thereto in the form and context in which they appear in this Circular.

2.2 Due diligence solicitors

Messrs. Cheang & Ariff, being the due diligence solicitors to the Company for the Transactions, have given and have not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

2.3 Reporting accountants

Crowe Horwarth, being the reporting accountants to the Company for the Transactions, have given and have not subsequently withdrawn its written consent for the inclusion in this Circular of its name, the reporting accountants' letter on the proforma consolidated statements of financial position as at 31 December 2012 of Censof Group in relation to the Transactions and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATIONS OF CONFLICTS OF INTEREST

3.1 Adviser

Save for a bridging term loan facility extended by RHBIB to Censof to part finance the Acquisition, as at the LPD, RHBIB is not aware of any equity, financial or any other relationship or circumstances with Censof that has resulted in or may result in a situation of conflict of interest in its role as the Principal Adviser in respect of the Transactions. In view of the term loan facility as stated above which may give rise to a potential conflict of interest, we are of the opinion that such concern is mitigated by the following:

(i) there are no common directors in the Board of Directors of RHBIB and the Board;

(ii) corporate finance division of RHBIB is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines call for, amongst others, firewall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and

.

(iii) structured lending division of RHBIB have their own distinct management teams and employees from that of corporate finance division. In addition, structure lending division has its own check and balances, including segregation of reporting structures, in that its lending activities are approved by its own Investment and Underwriting Committee and where applicable, affirmed by a board credit committee comprising the non-executive Directors of the RHB Banking Group. Furthermore, the bridging term loan is being granted in the ordinary course of RHBIB's investment banking business.

3.2 Due diligence solicitors

Messrs. Cheang & Ariff, being the due diligence solicitors for the Transactions confirms that as at the date of this Circular, there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the due diligence solicitors to the Company for the Transactions

3.3 Reporting accountants

Crowe Horwarth, being the reporting accountants for the Transactions confirms that as at the date of this Circular, there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the reporting accountants to the Company for the Transactions.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Censof Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Censof Group.

4.2 Contingent liabilities

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Censof Group which, upon becoming enforceable, may have material impact on the financial results/ position of the Censof Group:

		RM'000
(a)	The Company has pledged a fixed deposit for a bank guarantee facility of CSM, a wholly-owned subsidiary company	3,590
(b)	Corporate guarantees given to a licensed bank for credit facilities granted to CSM, a wholly-owned subsidiary company	28,500

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

There is a potential contingent liability arising from LAD claims by Dewan Bandaraya Kuala Lumpur ("**DBKL**"), in relation to a project contract undertaken by CSM, a wholly-owned subsidiary company.

An extension of time had been granted to CSM to complete the project by 30 June 2013 subject to an LAD per day of delay, payable at the rate of 1% of the value of the incomplete works until the completion date. The DBKL project undertaken by CSM is expected to be completed by the end of year 2013.

However, the Board are confident that the potential LAD claim is unlikely to be crystallised as they are confident that the project will be completed on time and the amount payable on this LAD claims, if any, will be waived or will be very minimal.

At this juncture, the management of Censof is unable to ascertain the amount of LAD claims.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of Censof at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, during normal business hours (i.e. between 8.30 a.m. to 5.30 p.m.) from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM, or at any adjournment thereof:

(a) Memorandum and Articles of Association of Censof;

(b) Memorandum and Articles of Association of TEB;

(c) audited consolidated financial statements of Censof for the past two (2) FYE 31 December 2011 and 31 December 2012 and the latest unaudited quarterly results for the FPE 30 September 2013;

(d) audited consolidated financial statements of TEB for the past two (2) FYE 31 December 2011 and 31 December 2012 and the latest unaudited quarterly results for the FPE 30 September 2013;

(e) the letters of consent referred to in Section 2 of Appendix IV;

(f) the declarations of conflict of interest referred to in Section 3 of Appendix IV;

(g) the SSA dated 12 September 2013 in relation to the Acquisition;

(h) the proforma consolidated statements of financial position as at 31 December 2012 of Censof Group in relation to the Transactions together with the reporting accountants' letter thereon;

(i) the Notice dated 9 October 2013 in relation to the MGO;

(j) the Offer Document dated 30 October 2013 in relation to the MGO and

(k) the press notices dated 12 September, 9 October 2013, 30 October 2013 and 20 November 2013 in relation to the MGO.

CENSOF HOLDINGS BERHAD
(Company No. 828269-A)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Censof Holdings Berhad ("**Censof**" or the "**Company**") will be held at A-8, Block A, Level 8, Sunway PJ51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 24 December 2013 at 3.00 p.m. for the purpose of considering and if thought fit, passing the following ordinary resolutions, with or without modification:

ORDINARY RESOLUTION 1

PROPOSED RATIFICATION OF THE ACQUISITION BY CENSOF OF 349,112,731 ORDINARY SHARES OF RM0.20 EACH IN TIME ENGINEERING BERHAD ("TEB") ("TEB SHARES"), REPRESENTING 45.03% EQUITY INTEREST IN TEB, FROM KHAZANAH NASIONAL BERHAD FOR A CASH CONSIDERATION OF RM69,822,546.20 ("ACQUISITION")

"**THAT** the acquisition by Censof of 349,112,731 TEB Shares, representing 45.03% equity interest in TEB from Khazanah Nasional Berhad for a total cash consideration of RM69,822,546.20, be and is hereby approved, ratified and confirmed.

AND THAT all actions taken by the the Directors of Censof as they had considered or deemed fit, expedient or advisable and/or appropriate and in the best interests of the Company in connection with the Acquisition be and are hereby approved, ratified and confirmed.

ORDINARY RESOLUTION 2

PROPOSED RATIFICATION OF THE MANDATORY TAKE-OVER OFFER BY CENSOF TO ACQUIRE ALL THE REMAINING TEB SHARES NOT ALREADY OWNED BY CENSOF ("MGO")

"**THAT** the mandatory take-over offer by Censof to acquire all the remaining TEB Shares not already owned by Censof upon the SSA becoming unconditional, be and is hereby approved, ratified and confirmed.

AND THAT all actions taken by the the Directors of Censof as they had considered or deemed fit, expedient or advisable and/or appropriate and in the best interests of the Company in connection with the MGO be and are hereby approved, ratified and confirmed."

By Order of the Board
CENSOF HOLDINGS BERHAD

LIM SECK WAH (MAICSA 0799845)
M. CHANDRASEGARAN A/L S. MURUGASU (MAICSA 0781031)
Company Secretaries

Kuala Lumpur
9 December 2013

Notes:

(1) Only a member whose name appears on the Record of Depositors as at 18 December 2013 shall be entitled to attend, vote and/or speak on his or her behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply.

(2) A member shall not be entitled to appoint more than two proxies to attend, vote and speak at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(3) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(5) The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.

(6) The Form of Proxy must be deposited at the share registrar of the Company at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

CENSOF HOLDINGS BERHAD

Number of ordinary shares held

PROXY FORM

(Before completing this form please refer to the notes below)

I/We ____________________________________ I/C No./Co. No./CDS A/C No_____________________

(Full name in Capital Letters)

of ____

(Full address)

being a member/members of **CENSOF HOLDINGS BERHAD**, hereby appoint the following person(s):

Name of proxy, NRIC No. and Address	No. of shares to be represented

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at A-8, Block A, Level 8, Sunway PJ51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 24 December 2013 at 3.00 p.m. and at any adjournment thereof, and to vote as indicated below:

	First Proxy		Second Proxy	
ORDINARY RESOLUTIONS	**FOR**	**AGAINST**	**FOR**	**AGAINST**
Proposed Ratification of the Acquisition				
Proposed Ratification of the MGO				

(Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

____

Signature of Shareholder(s)/Common Seal Signed this ______day of ____________2013

Notes:

(1) Only a member whose name appears on the Record of Depositors as at 18 December 2013 shall be entitled to attend, vote and/or speak on his or her behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply.

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR
CENSOF HOLDINGS BERHAD (828269-A)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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