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 advisers 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:

PROPOSED ACQUISITION OF FIFTY ONE PERCENT (51%) EQUITY INTEREST IN ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

AmInvestment Bank

AmInvestment Bank Berhad
(Company No. 23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting of Censof Holdings Berhad to be convened at A-8, Block A, Level 8, Sunway PJ 51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 30 November 2015 at 10.00 a.m., or at any adjournment thereof, is enclosed together with the Form of Proxy in this Circular.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Form of Proxy must be lodged with the share registrar of Censof Holdings Berhad, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time stipulated for holding the Extraordinary General Meeting, as indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting, should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	: Saturday, 28 November 2015 at 10.00 a.m.
Date and time of the Extraordinary General Meeting	: Monday, 30 November 2015 at 10.00 a.m.

This Circular is dated 13 November 2015

DEFINITIONS

For the purpose of this Circular and the accompanying appendices, the following definitions shall apply, except where the context otherwise requires:

ABSS	:	Asian Business Software Solutions Pte Ltd (Company No. 200914556R)
ABSS Group	:	ABSS and its subsidiary (including any associate existing as at the LPD)
ABSS Products	:	Products altered and developed from ABSS Source Code
ABSS Sdn Bhd	:	Asian Business Software Solutions Sdn Bhd (Company No. 868100-H)
ABSS Share(s)	:	Ordinary share(s) of SGD1.00 each in ABSS
ABSS Source Code	:	Source code for ABSS Products
Act	:	Companies Act, 1965 as amended from time to time or any re-enactment thereof
AmInvestment Bank or the **Principal Adviser**	:	AmInvestment Bank Berhad (Company No. 23742-V)
Balance Purchase Price	:	SGD9.0 million (approximately RM25.259 million), which is the Purchase Price less the Deposit
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of Censof
Board of ABSS	:	Board of Directors of ABSS
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Censof or the **Company**	:	Censof Holdings Berhad (Company No. 828269-A)
Censof ABSS Sdn Bhd or **Joint Venture Entity**	:	Censof ABSS Sdn Bhd (*formerly known as the Centennial Profile Sdn Bhd*) (Company No. 967688-P)
Censof Group or the **Group**	:	Censof and its subsidiaries
Censof Share(s) or the **Share(s)**	:	Ordinary share(s) of RM0.10 each in Censof
Century Software (M) Sdn Bhd	:	Century Software (Malaysia) Sdn Bhd (Company No. 445590-U), a wholly-owned subsidiary of Censof
Circular	:	This circular to the shareholders of Censof in relation to the Proposed Acquisition dated 13 November 2015
Completion Date	:	Thirty (30) days from the date all relevant conditions in the Share Sale and Purchase Agreement, as set out in Section 2.4.3.1 of this Circular, are fulfilled or in any event, seven (7) days after the EGM of Censof, or such other dates as the Parties may agree upon
Conditional Letter of Offer	:	The conditional letter of offer from Censof to ABSS dated 15 June 2015 which sets out the principal terms and conditions of the Proposed Acquisition
DCF	:	Discounted cash flow
Deposit	:	SGD1.0 million (approximately RM2.807 million) was paid upon the execution of the Share Sale and Purchase Agreement on 9 July 2015

Director(s)	:	Has the meaning assigned to it in Section 2(1) of the Capital Markets and Services Act, 2007, as amended from time to time
EBITDA	:	Earnings before interest, taxes, depreciation and amortisation
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per share
Expert's Fairness Report	:	The expert's report on the fairness of the Purchase Price for the Proposed Acquisition prepared by Adastra IP (M) Sdn Bhd (Company No. 916535-T), as set out in Section V of this Circular
Expert's Foreign Investments, Taxation and Profits Report	:	The expert's report on the policies on foreign investments, taxation and repatriation of profits of Singapore prepared by Infinitus Law Corporation (Company No. 200100031K), as set out in Section IV of this Circular
FPE	:	Financial period ended / ending, as the case may be
FYE	:	Financial year ended / ending, as the case may be
GDP	:	Gross domestic product
GST	:	Goods and services tax
ICT	:	Information and communications technology
Legal Opinion	:	Legal opinion on the ownership of title to securities or assets in Singapore, enforceability of all agreements, representations and undertakings given by foreign counterparties under relevant laws of Singapore and other relevant matters in Singapore prepared by Infinitus Law Corporation (Company No. 200100031K) as set out in Appendix III of this Circular
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	15 October 2015 being the latest practicable date prior to the printing of this Circular
MVIC	:	Market value of invested capital
MYOB	:	MYOB Technology Pty Ltd (Company No. ACN 086760269)
NA	:	Net assets
Party(ies)	:	ABSS, the Vendors and/or Censof
PAT	:	Profit after tax
PBT	:	Profit before tax
Placement Shares	:	New Censof Shares issued pursuant to the Proposed Private Placement
Proposed Acquisition	:	Proposed acquisition of 51% equity interest in ABSS
Proposed Private Placement	:	Proposed private placement of up to ten percent (10%) of the issued and paid-up share capital of Censof as announced on 12 November 2014. As at the LPD, a total of 45,000,000 Placement Shares has been issued with a total gross proceeds of RM16,625,000. 25,000,000 Placement Shares were issued during Censof Group's FYE 31 March 2015 and 20,000,000 Placement Shares were issued after Censof Group's FYE 31 March 2015. As at the LPD, the number of Censof Shares left to be issued is up to 17,843,334

Purchase Price	:	Aggregate purchase price of SGD10.0 million (approximately RM28.066 million) to be fully settled in cash pursuant to the Proposed Acquisition
RCN	:	Redeemable convertible notes
RM and **sen**	:	Ringgit Malaysia and sen respectively
Sale Shares	:	The 306,000 ABSS Shares held by the Vendors in ABSS in the proportions set out in Section 2.1.2 of this Circular
SGD	:	Singapore Dollar
Shareholders Agreement	:	Shareholders agreement between Censof and the remaining shareholders of ABSS
Share Sale and Purchase Agreement	:	The share sale and purchase agreement dated 9 July 2015 entered into between Censof, the Vendors and ABSS in relation to the Proposed Acquisition
Transition Programme	:	A programme that encompasses the gradual transition of ABSS Products from the "MYOB" brand name to the "ABSS" brand name over the next three (3) years from July 2015
USD	:	United States Dollar
Vendors	:	Collectively, Paul Alistair Jennings ("**PAJ**"), Matthew Edward Critchley ("**MEC**"), Simone Gross ("**SG**"), Foo Chee Pin ("**FCP**"), Irine Lopez ("**IL**"), Rhys Paul Brown ("**RPB**"), Lum Choong Eu ("**LCE**"), Gauri Thanasingam ("**GT**"), Shanmugapriya Kanesan ("**SK**"), Elavarasu Balasubramaniam ("**EB**") and Lim Suan Kooi ("**LSK**")
Warrants-A	:	Warrants issued on 19 July 2012 and due to expire on 18 July 2017, at the exercise price of RM0.46 per warrant
Warrants-B	:	Warrants issued on 8 October 2014 and due to expire on 7 October 2019, at the exercise price of RM0.46 per warrant

Exchange rate

Unless otherwise stated, the following exchange rate, being the middle rate of the exchange rate published by BNM as at 5.00 p.m. on 7 July 2015, being the latest practicable date prior to the execution of Share Sale and Purchase Agreement, are used throughout this Circular, where applicable:

SGD1.00: RM2.8066

The exchange rate above should be used as a reference only and shall not indicate the actual exchange rate in relation to the implementation of the Proposed Acquisition.

Further notes

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa.

References to persons shall include corporations. All references to "our Company" in this Circular are to Censof. References to "we", "us", "our" and "ourselves" are to our Company and where the context otherwise requires, shall include our subsidiaries.

All references to "you" in this Circular are to the shareholders of Censof. Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

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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
Malaysia

13 November 2015

The Board:

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

To: The shareholders of Censof

Dear Sir/Madam,

PROPOSED ACQUISITION

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1. INTRODUCTION

On 9 July 2015, AmInvestment Bank had, on behalf of the Board, announced that Censof had entered into the Share Sale and Purchase Agreement with the Vendors and ABSS to acquire 306,000 ABSS Shares held by the Vendors, which represent 51% of the issued and paid-up share capital of ABSS, for the aggregate Purchase Price of SGD10.0 million (approximately RM28.066 million) to be fully settled in cash.

Once the Proposed Acquisition is completed, ABSS will become a subsidiary of Censof.

The purpose of this Circular is to provide you with the relevant details of the Proposed Acquisition and to set out the view and recommendation of the Board as well as to seek your approval for the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM. The Notice of EGM and Form of Proxy are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES ATTACHED BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Proposed Acquisition

The Vendors had approached Censof and expressed their intention to dispose up to 51% equity interest in ABSS. Subsequently, Censof had, on 15 June 2015, reverted with the Conditional Letter of Offer. Consequently, the Vendors had accepted and signed the Conditional Letter of Offer on 17 June 2015.

Subsequent to the Conditional Letter of Offer, Censof, the Vendors and ABSS had entered into the Share Sale and Purchase Agreement on 9 July 2015. Under the Share Sale and Purchase Agreement, the Vendors agreed to sell and Censof agreed to purchase the Sale Shares free from all encumbrances and any other third party claims and with all rights attached or accruing thereto as of and including the Completion Date. The Deposit of SGD1.0 million (approximately RM2.807 million) was paid on 9 July 2015, concurrent with the execution of the Share Sale and Purchase Agreement. The Balance Purchase Price of SGD9.0 million (approximately RM25.259 million) for the Proposed Acquisition shall be fully satisfied by payment of cash. The completion of the Proposed Acquisition is subject to all of the relevant conditions stated in the Share Sale and Purchase Agreement being fulfilled, of which being disclosed in Section 2.4.3.1 of this Circular. Upon completion of the Proposed Acquisition, the equity interest held by Censof in ABSS is illustrated as below:

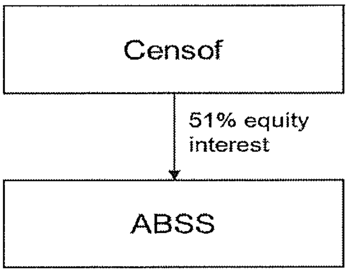

Figure 1. Completion of Proposed Acquisition

2.1.1 Details of ABSS

ABSS was incorporated in Singapore under the Singapore Companies Act on 7 August 2009 as a private company limited by shares. As at the LPD, the authorised share capital of ABSS is SGD600,000 comprising 600,000 ABSS Shares. The issued and paid-up share capital of ABSS is SGD600,000 comprising 600,000 ABSS Shares. ABSS commenced its business on 19 August 2009.

As at the LPD, ABSS Group's principal activities are the selling of computerised accounting system and providing support services.

Aside from the principal activities above, ABSS Group also develops ABSS Products, among others, MYOB Business Basics, MYOB Accounting, MYOB Premier and MYOB Payroll. ABSS Products are currently marketed under the "MYOB" brand name.

On 10 September 2014, ABSS, through ABSS Sdn Bhd, entered into a joint venture agreement with Century Software (M) Sdn Bhd, which is a wholly-owned subsidiary of Censof, to form a joint venture, namely Censof ABSS Sdn Bhd, which was incorporated in Malaysia on 11 November 2011. The objective of Censof ABSS Sdn Bhd was to be the Joint Venture Entity that combined both ABSS's and Censof's resources in order to leverage on the introduction of GST in Malaysia and drive a strong growth of sales of "MYOB" branded ABSS Products in Malaysia. As such, ABSS and Censof have an established business relationship prior to the Proposed Acquisition, as shown in the following diagram:

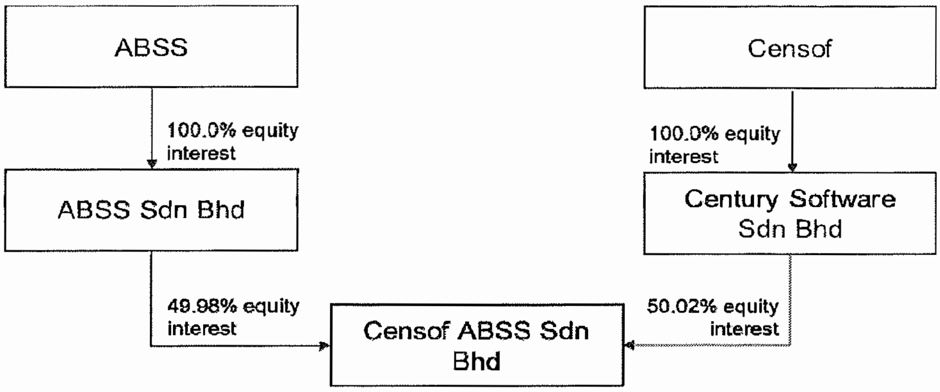

Figure 2. Equity interest in Censof ABSS Sdn Bhd prior to the Proposed Acquisition.

Nonetheless, as at the LPD, the operations of the Joint Venture Entity is terminated in view of the Proposed Acquisition. As the objective mentioned above can be achieved through ABSS Sdn Bhd (a wholly-owned subsidiary of ABSS), it is not necessary to have the Joint Venture Entity. The terms with regard to the Joint Venture Entity in the Share Sale and Purchase Agreement are disclosed in Section 2.4.4 of this Circular.

Please refer to Appendix I of this Circular for further information on ABSS.

2.1.2 Details of the Vendors' shareholdings in ABSS in relation to the Share Sale and Purchase Agreement

In relation to the Share Sale and Purchase Agreement, below is a table containing the name of the Vendors and (i) the proportion of ABSS Shares held by them before the Proposed Acquisition, (ii) the proportion of the Sale Shares to be sold by them pursuant to the Proposed Acquisition; and (iii) the remaining ABSS Shares held by them after the Proposed Acquisition:

Vendors	Before the Proposed Acquisition (i)		Pursuant to the Proposed Acquisition (ii)		After the Proposed Acquisition (iii)	
	No. of ABSS Shares held	**%***	**(No. of Sale Shares to be sold)**	**%***	**No. of ABSS Shares remaining**	**%***
Paul Alistair Jennings	312,000	52.0	(163,530)	(27.3)	148,470	24.7
Matthew Edward Critchley	78,000	13.0	(39,780)	(6.6)	38,220	6.4
Simone Gross	60,000	10.0	(60,000)	(10.0)	-	-
Foo Chee Pin	36,000	6.0	(9,540)	(1.6)	26,460	4.4
Irine Lopez	36,000	6.0	(9,540)	(1.6)	26,460	4.4
Rhys Paul Brown	36,000	6.0	(9,540)	(1.6)	26,460	4.4
Lum Choong Eu	18,000	3.0	(4,770)	(0.8)	13,230	2.2
Gauri Thanasingam	6,000	1.0	(1,590)	(0.3)	4,410	0.7
Shanmugapriya Kanesan	6,000	1.0	(1,590)	(0.3)	4,410	0.7
Elavarasu Balasubramaniam	6,000	1.0	(3,060)	(0.5)	2,940	0.5
Lim Suan Kooi	6,000	1.0	(3,060)	(0.5)	2,940	0.5
Total	**600,000**	**100**	**(306,000)**	**(51.0)**	**294,000**	**49.0**

Note:
* *Percentage shareholdings in ABSS.*

2.2 Basis at arriving at the Purchase Price and justifications

The Purchase Price of SGD10.0 million (approximately RM28.066 million) was arrived at a willing-buyer and willing-seller basis, which was on a quantitative basis of EBITDA of approximately 5x, based on ABSS's audited consolidated financial statements for the FYE 31 December 2014. This is shown in the table below:

Description	Total	51%
EBITDA (Based on ABSS's audited consolidated financial statements for the FYE 31 December 2014)	SGD3,941,558	SGD2,010,195
EBITDA 5x	SGD 20,000,000*	SGD10,000,000*

Note:

* *Rounded to the nearest million.*

The Purchase Price was arrived at on the basis of EBITDA 5x, taking into account the following:

(a) Since the year 2010, ABSS Group has shown annual growth in terms of its profits. The year 2014 shows a higher growth in comparison to the year 2013 in terms of profits due to the demand created by the need to comply with Government of Malaysia's implementation of GST, which was effective on 1 April 2015;

(b) Historically, the profit margins of ABSS Group are high as most direct costs and operating expenses are fixed. The profit margins are expected to remain high especially if the revenue of ABSS Group continues its upward trend;

(c) ABSS Group has no borrowings resulting in zero gearing and also, has kept the cash balance at optimum level, which is sufficient for working capital purposes;

(d) Pursuant to the distribution agreement signed between ABSS and MYOB on 26 January 2015 (which shall continue to be in force until termination by either party due to any material breach), ABSS Group is able to use the ABSS Source Code pursuant to the perpetual license granted by MYOB to ABSS, to alter and develop ABSS Products. ABSS Group is able to market and distribute ABSS Products in the territories of Singapore, Malaysia, Hong Kong, Macau, Philippines, Thailand, Vietnam, Laos, Cambodia, Indonesia, Myanmar, Brunei, Bangladesh and Sri Lanka, using the "MYOB" brand name. However, the right to use "MYOB" brand name that was granted on 20 August 2009, is non-renewable and will expire on 31 December 2017, or an earlier date specified by MYOB, in a prior notice of not less than 12 months' from MYOB. Moving forward, all ABSS products will be marketed under the "ABSS" brand name; and

(e) The valuation derived as per the Expert's Fairness Report, which is appended in Appendix V of this Circular, is summarised as below:

	Adjusted value (SGD million)
Guideline publicly traded company method (Indicative value SGD63.0 million)	25.20$^{(i)}$
DCF method (Indicative value SGD17.0 million)	10.20$^{(i)}$
Overall total	35.40
(rounded off)	35.00
Less interest bearing debt	(0.0)
Total equity value$^{(ii)}$	35.00
Adding control premium of 25%$^{(iii)}$	8.75
	43.75

Less discount of 40%(iv)	(17.50)
Final equity value(v)	**26.25**
(rounded off)	**26.00**

<u>Notes:</u>

(i) *The adjusted values are arrived after taking into account the weightage percentage derived from the indicative values of SGD63.0 million and SGD17.0 million of guideline publicly traded company method and DCF methods respectively, which is shown below:*

Method	**Indicative value (SGD million)**	**Weightage**	**Adjusted value (SGD Million)**
Guideline publicly traded company	63.0	40%	25.20
DCF	17.0	60%	10.20
		Weightage value	**35.40**
			35.00 (rounded off)

(ii) *The value of 100% shareholdings in ABSS.*

(iii) *A 25% control premium is added to the total equity value to reflect the value of the controlling shareholder who has 51% equity or more in ABSS. Based on Shannon Pratt's Control Premium Study, which is an online database containing of all takeovers of public companies in the United States of America resulting in over 50% ownership, the mean control premium paid ranged from 29% to 54% and median control premium paid ranged from a low of 20% to a high of 38%. The Shannon Pratt's Control Premium Study covered takeovers of public companies from the year 1996 to 2006. As per the Expert's Fairness Letter, no sufficient data is available on control premium of the Malaysian and Singaporean stock markets. As ABSS only has about five (5) years of operational history, a low control premium of 25% for the controlling shareholding of ABSS, is assumed.*

(iv) *A 40% discount is added to the total equity value plus control premium to account for lack of marketability, which is due to the illiquidity of the unlisted ABSS Shares. A major difference between ABSS Shares and those of its publicly traded counterparts is the lack of marketability of ABSS Shares. The marketability of shares of a firm, which is not listed, can be estimated from the data of the rise of the price of shares of other firms when they are listed on the stock market, which is called the "first-day listing price". Based on the research on the Malaysian stock market data, which is based on first-day listing of companies on the ACE Market of Bursa Securities from the year 2012 to 2014, the "first-day listing price" rose by 19% to 80% from the initial public offering price. The jump in the share price can be considered as the discount of the price of unlisted shares as compared to the price of listed shares due to lack of marketability. As ABSS is a relatively small unlisted company, lack of marketability is high, which is assumed to be 40%.*

(v) *The final equity value is the final value of 100% shareholdings in ABSS after taking into account the control premium of 25% to the total equity value and discount of 40% to total equity value plus control premium.*

Thus, based on the Expert's Fairness Report, the estimated Final Equity Value of ABSS is SGD26.25 million or SGD26.00 million (rounded off). Accordingly, a 51% equity shareholding in ABSS is worth SGD13.26 million or SGD13.00 million (rounded off).

Please refer to the Expert's Fairness Report set out in Appendix V of this Circular for further information on the valuation.

<u>Indicative values based on guideline publicly traded company and DCF methods</u>

The guideline publicly traded company method is utilised to estimate the value of a closely-held company (which has limited number of shareholders) i.e. ABSS, by looking to the market for the prices in which investors are willing to pay for similarly comparable publicly traded companies. Within this method, an invested capital valuation multiple is used to derive a single indicative MVIC. This is also the enterprise value of the closely-held company i.e. ABSS.

The summary of the guideline on publicly traded company method computation is as below:

Method	ABSS's weighted actual financial results (SGD million)[(a)]	Median of comparable companies[(b)]	Indicative MVIC of ABSS/ Enterprise value (SGD million) (i) x (ii)	Weightage (%)[(c)]	Proportion indicative MVIC of ABSS/ Enterprise value (SGD million) (iii) x (iv)
	(i)	(ii)	(iii)	(iv)	(v)
MVIC/revenue multiple	6.98	4.63	32.32	80	25.86
MVIC/PAT multiple	2.67	68.74	183.54	20	36.71
					62.57
				Weightage value	**63.00 (rounded off)[(d)]**

<u>Notes:</u>

(a) *ABSS's weighted actual revenue from the year 2012 to 2014 and ABSS's weighted actual PAT from the year 2012 to 2014 accordingly.*

(b) *Median of comparable companies' market capitalisation over their respective revenues and median of comparable companies' market capitalisation over their respective PATs accordingly.*

(c) *The weightage given to the respective indicative MVICs of ABSS.*

(d) *The single indicative MVIC, which is also the enterprise value of ABSS.*

The DCF method estimates the enterprise value on the basis of future cash flows over an investment horizon using empirical market data, macroeconomic and industry evidence, and the underlying fundamental trends for the subject company. The DCF method applies a present discount rate (in the case of ABSS, it is 20%), known as the required rate of return on investment, to the projected future free cash flows during a projected period (in the case of ABSS, it is from the year 2016 to 2020), which results in the estimation of the net present values of a series of free cash flows (cumulative net present value). The discount rate of 20% is used, which is a present discount rate to reflect the riskiness of future cash flows for a medium-sized company with five (5) years operational history such as ABSS. As a comparison, a high discount rate of 40% to 50% is often used to reflect the riskiness of future cash flows of a new venture, while a low discount rate of 10% to 15% is used to reflect the riskiness of future cash flows of a large established firm. A net present terminal value beyond the projected period is also derived using the Gordon Growth model, which includes final year cash flow (in the case of ABSS, it is the year 2020 of SGD3.22 million), present discount rate (in the case of ABSS, it is 20%), an appropriate long term growth rate (in the case of ABSS, it is 5%) and a present value factor (in the case of ABSS, it is 0.40). The cumulative net present value and net present value of terminal value is then added together to arrive at the enterprise value of ABSS. A long-term growth rate of 5% is assumed, which follows the recent economic growth rate of Malaysia, which recorded an average rate of 4.77% from the year 2000 to 2015, as reported by the Department of Statistics of Malaysia. A long-term growth rate of 5% is used, despite the fact that ABSS's revenue grew by an annual average of 10% from the year 2010 to 2014.The present value factor of 0.40 is derived by the formula listed below, in which, r stood for the present discount rate and t represents the number of years in the projected period.

$$\frac{1}{(1+r)^t} = \frac{1}{(1+0.2)^5} = 0.4$$

The summary of the DCF method computation is provided as follows:

Year	2016	2017	2018	2019	2020
Estimated free cash flows (SGD million)	2.22	2.57	2.99	2.97	3.22
Net present value* (SGD million)	1.85	1.78	1.73	1.72	1.29

<u>Note:</u>

**Present discount rate used is 20%.*

The enterprise value of ABSS is then arrived as follows:

Components	SGD million
-Cumulative net present value (2016-2020)	8.37
-Net present value of terminal value*	9.06
Enterprise value	**17.43** **17.00 (rounded off)**

Note:
** Net present value of terminal value is based on the Gordon Growth model, which is shown in the calculation below:*

$$= \left(\frac{\text{Final year projected free cash flow (SGD3.22 million)} \times (1 + \text{Long term growth rate (5\%)})}{\text{Present discount rate (20\%)} - \text{Long term growth rate (5\%)}} \right) \times \text{Present value factor (0.40)}$$

2.3 Sources and breakdown of funding

The Proposed Acquisition is expected to be funded via the proceeds from the Proposed Private Placement which was announced by AmInvestment Bank on 12 November 2014 and bank borrowings. The Board is of the view that the combination of funding is necessary as Censof can leverage on the relatively low cost of readily available funds from the Proposed Private Placement and at the same time obtain bank borrowings, which will facilitate in not further diluting Censof existing shareholders' shareholdings through further private placement.

As at the LPD, Censof has issued a total of 45,000,000 Placement Shares, which raised a total gross proceeds of RM16.625 million. As at the LPD, approximately RM4.387 million is allocated and/or used for working capital of Censof Group and estimated expenses for the Proposed Private Placement. Therefore, the total net proceeds from the Proposed Private Placement that can be used for the part payment of the Purchase Price is up to RM12.238 million. The remaining Purchase Price will be settled through bank borrowings of RM18.0 million.

The estimated breakdown of the sources of funding for the Purchase Price of SGD10.0 million (approximately RM28.066 million) is as below:

Sources	Estimated breakdown (RM'000)
Proposed Private Placement	10,066[(a)]
Bank borrowings	18,000
Total	**28,066**

Note:
(a) Comprises net proceeds obtained from the Proposed Private Placement.

2.4 Salient terms of the Share Sale and Purchase Agreement

The salient terms of the Share Sale and Purchase Agreement are as set out below:

2.4.1 Sale of the shares

Subject to the terms and conditions of the Share Sale and Purchase Agreement, and in consideration for the payment of the Purchase Price, the Vendors shall sell and transfer to Censof, and Censof shall purchase the Sale Shares free from all encumbrances and any other third party claims and with all rights attached or accruing thereto as of and including the Completion Date.

2.4.2 Consideration for purchase of the Sale Shares and payment

2.4.2.1 Share Sale

On the terms and subject to the fulfillment of the conditions of the Share Sale and Purchase Agreement, the Vendors agree to offer, sell, assign and transfer/deliver to Censof, and Censof agrees to purchase, acquire and accept from the Vendors on the Completion Date, all of the Sale Shares.

2.4.2.2 Amount of Purchase Price

Subject to the terms and conditions of the Share Sale and Purchase Agreement, on the Completion Date, the Vendors shall offer, sell and deliver to Censof, and Censof shall purchase, acquire and accept from the Vendors the Sale Shares for an aggregate Purchase Price of SGD10,000,000.

2.4.2.3 Vendors' dividend and adjustment of sale price

There shall be a dividend calculated and paid to the Vendors immediatelyprior to the Completion Date. The dividend will be the amount of any net profit plus retained profit* made by ABSS up to the day prior to the Completion Date. Following the declaration and payment of the dividend, if ABSS's operating cash balance is above SGD1,000,000, then the difference between the operating cash balance and the amount of SGD1,000,000 will be added to the Purchase Price.

**The net profit plus retained profit from 1 January 2015 until the day prior to the Completion Date will be audited.*

2.4.2.4 Payment of Purchase Price

2.4.2.4.1 The Purchase Price shall be paid and satisfied as follows:

(a) Concurrently with the execution of the Share Sale and Purchase Agreement, Censof had paid to the Vendors, the sum of SGD1,000,000 as a Deposit to be dealt with in accordance with the following provisions:

(i) The Deposit will be released and applied toward satisfaction of the Purchase Price upon the execution of the Share Sale and Purchase Agreement;

(ii) If the purchase and sale of the Sale Shares and all other transactions contemplated by the Share Sale and Purchase Agreement are not completed for any reason, other than the failure of Censof to satisfy its obligations, the Deposit will be released and returned to Censof without interest;

(iii) If the purchase and sale of the Sale Shares and all other transactions contemplated by the Share Sale and Purchase Agreement are not completed due to the failure of Censof to satisfy its obligations, then the Deposit will be forfeited and paid to the Vendors, after the expiration of an extended period up to two (2) weeks thereafter, and the Vendors may choose whether to proceed with the sale and purchase contemplated under the Share Sale and Purchase Agreement.

(b) On the Completion Date, Censof will pay to its solicitors, the sum of SGD9,000,000, which is the Balance Purchase Price, to be deposited in its solicitors' clients account.

(c) Censof's solicitors shall release by bank draft or other means of immediately available funds the Balance Purchase Price, but less any sum due, if any, from the Vendors to Censof and/or the relevant authorities in respect of the Sale Shares to the Vendors within seven (7) days after Censof's solicitors receipt of the Balance Purchase Price.

2.4.3 Conditions precedent

2.4.3.1 Conditions

The obligation of Censof to purchase the Sale Shares is conditional upon the following conditions having been fulfilled (or otherwise waived by the mutual agreement of Censof and the Vendors) on or before the Completion date:

(a) The results of the due diligence exercises by Censof (or Censof's representatives) on ABSS being satisfactory to Censof in its sole and absolute discretion and/or any due diligence findings or irregularities having been rectified or resolved to the satisfaction of Censof, which was approved by the Board on 21 July 2015;

(b) The approval of the Board and shareholders of Censof to the acquisition of the Sale Shares pursuant to the terms of the Share Sale and Purchase Agreement;

(c) The Vendors have obtained all necessary corporate approvals to enter into the Share Sale and Purchase Agreement and the transactions contemplated, upon execution of the Share Sale and Purchase Agreement on 9 July 2015;

(d) Execution of Shareholders Agreement between Censof and the remaining shareholders of ABSS;

(e) ABSS maintaining a positive figure in net tangible assets consisting of no less than SGD1,000,000 in operating cash balance in its accounts on completion of the share purchase;

(f) All regulatory and other approvals having been obtained by all Parties for the matters contemplated in the Share Sale and Purchase Agreement.

The obligation of the Vendors to sell the Sale Shares is conditional upon the following conditions being fulfilled (or otherwise waived by the mutual agreement of the Vendors and Censof) on or before the Completion Date:

(a) The execution of a mutually agreed Shareholders Agreement;

(b) The approval of the Board of ABSS, and the shareholders of ABSS of the Share Sale and Purchase Agreement and the Shareholders Agreement, on or before the Completion Date.

2.4.3.2 Waiver

Censof may, with the written agreement of the Vendors, waive any of the conditions stated in Section 2.4.3.1(a) to (f) above.

2.4.3.3 Lapse

If any of the conditions stipulated in Section 2.4.3.1 above are not satisfied or otherwise waived by Censof and the Vendors under Section 2.4.3.2 above on or before the Completion Date, the Share Sale and Purchase Agreement will lapse and cease to have any further force or effect and none of the Parties will have any further rights or claims whatsoever against the other except for any antecedent breaches.

2.4.4 Joint Venture Entity

2.4.4.1 The operations of Censof ABSS Sdn Bhd, the Joint Venture Entity, has been terminated as at the LPD with final dividends (being the total audited profits generated by Censof ABSS Sdn Bhd from the period of 1 April 2015 until 31 October 2015), paid to the shareholders of Censof ABSS Sdn Bhd, being ABSS Sdn Bhd and Century Software (M) Sdn Bhd, immediately prior to the Completion Date.

2.4.4.2 All operations of the Joint Venture Entity will be rolled back into ABSS* as part of ABSS's standard operations. This shall include** all sales, partners, resellers, special agreements made and/or managed by the Joint Venture Entity, and such Joint Venture Entity's employees as are agreed between the ABSS Sdn Bhd and Century Software (M) Sdn Bhd.

** After the operations are rolled back (which means goes back) into ABSS as at the LPD (**include assets (and any liabilities) of the Joint Venture Entity), the Joint Venture Entity, does not have any assets or liabilities (which is after the payment of the final dividends). Also, there will be a transfer of 1,000 shares held by ABSS Sdn Bhd and 1,001 shares held by Century Software (M) Sdn Bhd respectively to Censof, for a total cash consideration of RM2,001 or RM1.00 for each share and will be followed by a change in the name of the Joint Venture Entity. Hence, the Joint Venture Entity is not wound up but ownership of the Joint Venture Entity will be ultimately changed.*

2.4.5 Completion

Upon completion, Censof shall be entitled to all rights, dividends, entitlements and advantages attaching or accruing to the Sale Shares as of and including the Completion Date, except if there are any delays in paying the agreed dividends to the Vendors, consisting of one hundred percent (100%) of ABSS's net PAT and retained earnings plus the dividends from the Joint Venture Entity up to the Completion Date. In such event, the dividends shall be paid the soonest possible to the Vendors subsequent to the Completion Date.

2.4.6 Default

2.4.6.1 Default by the Vendors / ABSS

In the event the Vendors and/or ABSS:

(a) Shall be unable to pay their/its debts; and/or

(b) Has a bankruptcy or winding up petition issued against them/it or is wound up; and/or

(c) Is in breach of any of their material obligations under the terms of the Share Sale and Purchase Agreement;

(d) Ceases or threatens to cease carrying on its existing business; and/or

(e) Fails to complete the sale of the Sale Shares or any part thereof, other than ABSS and the Vendors not approving the Share Sale and Purchase Agreement and the subsequent Shareholders Agreement as provided in Section 2.4.3.1 above,

Censof may give fourteen (14) business days' written notice to the Vendors and ABSS to remedy the same. If any of the Vendors and ABSS shall fail to remedy their respective default or breaches within such timeframe, Censof may at its discretion elect to:

(a) Terminate the Share Sale and Purchase Agreement and the purchase of all the Sale Shares and Censof shall be at liberty to claim for damages and costs incurred including due diligence costs and professional and advisor fees; and/or

(b) Seek specific performance of the provisions of the Share Sale and Purchase Agreement and damages.

2.4.6.2 Default by Censof

In the event Censof fails to complete the purchase of the Sale Shares or has a winding up petition brought against it or a receiver and manager appointed over its assets and/or property, the Vendors may give fourteen (14) business days' written notice to Censof to remedy the same. If Censof fails to remedy the breach within such timeframe, the Vendors may elect to:

(a) Terminate the Share Sale and Purchase Agreement and the sale of all the Sale Shares and the Vendors shall be at liberty to retain the Deposit as liquidated damages together with costs incurred including professional and advisor fees; and/or

(b) Seek specific performance of the provisions of the Share Sale and Purchase Agreement and damages.

2.4.7 Governing laws and dispute resolutions

2.4.7.1 The Share Sale and Purchase Agreement is governed by and is to be construed in accordance with the laws of Singapore.

2.4.7.2 Any dispute arising out of or in connection with the Share Sale and Purchase Agreement, including any question regarding its validity, enforceability or termination shall be referred to and finally resolved by arbitration, the place of which is to be mutually decided by the Parties.

2.5 Estimated liabilities to be assumed

As at the LPD, there are no liabilities, including contingent liabilities and guarantees, to be assumed by Censof pursuant to the Proposed Acquisition.

2.6 Estimated additional financial commitment

Censof Group is not expected to incur any financial commitment to ABSS Group in the near future in order to put the business of ABSS Group on-stream subsequent to the Proposed Acquisition.

3. POLICIES ON SINGAPORE'S FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS

3.1 Policies on Singapore's foreign investments

There is generally no restriction imposed on foreign persons to invest in Singapore companies.

There is no limitation applicable to the right of a foreign shareholder to own shares in a company nor any restriction on the shareholder exercising the right to vote in relation to the ordinary shares held by them in a company.

Foreign investment on residential property is subject to restrictions set out under the Residential Property Act. This includes a company which has foreign shareholders and/or directors in relation to a purchase and ownership in residential property which is classified as a "restricted property" under the said Residential Property Act (only applicable if the subject company has such assets).

3.2 Policies on Singapore's taxation

Singapore tax is territorial based and income tax is imposed on Singapore tax residents, individual and corporate.

A company is regarded as a tax resident in Singapore if the management and control of its business are exercised in Singapore. Normally, control and management of a company is vested in the board of directors and the company is resident in the country where directors' meetings are held.

A Singapore corporate tax payer is subject to Singapore Income Tax on income accrued in or derived from Singapore or received in Singapore from outside Singapore. Income is received in Singapore from outside Singapore when it is remitted to, transmitted or brought into Singapore, applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore, or applied to purchase any movable property which is brought into Singapore. The corporate tax rate for 2014 to 2015 financial year is 17%.

Foreign dividends, branch profits and foreign service income received in Singapore by a Singapore resident company are exempt from Singapore tax if (a) such income is subject to tax of a similar character to Income Tax under the laws of the jurisdiction from which such income is received; (b) at the time the dividend is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and (c) the comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

Singapore does not have capital gains tax. If however, a sale of capital assets was found to be trading a transaction (as opposed to a capital transaction), income tax will be payable.

Since 1 January 2003, Singapore moved to a one-tier taxation system where tax collected at the corporate level is final and all dividend payments made by Singapore resident companies are exempt from tax in the hands of the shareholders.

Companies that repurchase their shares, having complied with the legal requirements, are considered to have paid a dividend out of distributable profits in respect of the amount paid in excess of the contributed capital.

Payments under share capital reductions or redemptions of redeemable preference shares in excess of the original capital contribution would be treated as a dividend distribution as far as the company is concerned but under certain circumstances the income may not be treated as dividend income in the hands of the shareholders, depending on whether such payments will be considered capital or revenue in the hands of the shareholder.

A GST of 7% is imposed on most goods and services in Singapore. As a consumption tax, GST is paid by the final consumer and is charged by a GST registered person at every step of the supply and services chain from producer to retailer or services provider which is GST registered save for some exceptions, the applicable one in this case being the sale of shares. There is no GST charged on sale of shares in a company.

Dividend payments made to non-resident or resident shareholders are not subject to withholding tax. Other payments of an income nature to non-tax resident persons (whether individual or corporate) may attract withholding tax. A Singapore incorporated company has to withhold tax when it makes payments of the following nature to a non-resident person:

- Interest, fee, commission and any payment related to a loan of some form of indebtedness;
- Royalty;
- Use of know-how;
- Management fee or technical assistance fees;
- Director's remuneration;
- Distribution of real estate investment trust;
- Rent or other payments for the use of any movable property;
- Payment for the purchase of real property from a non-resident property trader.

The tax rate imposed would be between 10% and 17% unless lowered or exempt pursuant to prevailing regulations granting exceptions or pursuant to tax incentive schemes or concessions, or otherwise specified in an applicable double tax treaty/ agreement between Singapore and the other tax jurisdictions.

An existing treaty signed between the Singapore Government and the Government of Malaysia for the Avoidance of Double Taxation provides relief /reduced withholding tax rates in relation to withholding tax on remittances of the above income to Malaysian residents.

Stamp duty is levied on written documents for the sale of stock, shares and immovable property. For the share sale in this case, the rate of stamp duty payable on the Share Transfer document is 0.2% on the higher of the sale price or net asset value.

3.3 Policies on Singapore's repatriation of profits

Singapore has no significant exchange controls. Funds may be repatriated freely from Singapore. There are no restrictions and/or formalities for repatriation of profits and/or dividends out of Singapore.

Under the Singapore Companies Act Cap 50, dividends may only be paid out of the profits of the company. There are no restrictions on payment of dividends to a foreign shareholder.

Capital may not be returned to shareholders unless a capital reduction exercise is carried out in accordance with the provisions of the Singapore Companies Act Cap 50 and the company's Articles of Association. There are no restrictions on payment of capital from a capital reduction exercise to foreign shareholders.

A company may, if so authorised by its constitution (Articles of Association) and subject to the limits imposed by the Singapore Companies Act, buy back its own shares. Similarly, there are no restrictions on payment of the purchase price in respect of such purchase to foreign shareholders.

4. RATIONALE FOR THE PROPOSED ACQUISITION

Censof and ABSS have an established business relationship, through the Joint Venture Entity, prior to the Proposed Acquisition and as such, Censof is familiar with the management, products and growth potential of ABSS Group.

Through ABSS Group, Censof Group can tap into the growing small medium enterprises, a springboard for the Group to participate in efforts on small medium enterprises informatisation, especially within several Asian countries, for example, South East Asian countries. Affordable accounting applications and business intelligence tools are enablers for small medium enterprises' access to finance, which is a key element of national small medium enterprises' sector development.

Therefore, the Proposed Acquisition is also an expansion from Censof's joint venture with ABSS, through the Joint Venture Entity, which only focuses on the Malaysian market only.

Furthermore, ABSS Products, which are currently "MYOB" branded software products, are GST approved and are marketed throughout Asia. Even though the right to use "MYOB" brand name that was granted on 20 August 2009, is non-renewable and will expire on 31 December 2017, or an earlier date specified by MYOB, in a prior notice of not less than 12 months' from MYOB, ABSS Group has formulated plans to market "ABSS" branded software products in the future.

Since ABSS Group already has presence in several Asian countries, therefore, there is significant potential for further geographic expansion in the Asian region as a whole in the medium to long term time. Censof Group, through this Proposed Acquisition, can leverage on this potential.

5. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS

Based on the fact that the three (3) principal markets of ABSS Group, which are Singapore, Malaysia and Hong Kong (each market contributes more than five percent (5%) of the total sales of ABSS Group for the full year 2014), below are the overview and outlook of the economies of global, Singapore, Malaysia and Hong Kong and ICT industry overview and outlook in those three (3) principal markets and also the future prospects of ABSS Group.

5.1 Overview and outlook of the economies of global, Singapore, Malaysia and Hong Kong

<u>Global</u>

The global economy expanded at a moderate pace in the second quarter of the year 2015. In the major advanced economies, growth in the US and the UK continued to improve while the pace of economic activity in the euro area and Japan was more modest. Growth in most Asian economies moderated in the second quarter. Domestic demand continued to support growth in an environment of weak export performance. Several central banks in major and emerging economies lowered policy rates amid rising growth concerns and low inflation.

In Asia, most economies growth continued to expand, albeit at a more moderate pace. Growth in the Chinese Taipei economy slowed sharply to 0.6% in the second quarter (First quarter (1Q) 2015: 3.4%), due to a decline in exports which offset the improvement in domestic demand. Growth in Indonesia was sustained at 4.7% in the second quarter, as a moderation in investment activity was offset by an improvement in net exports, amid sustained private consumption growth. In Korea, growth moderated to 2.2% (1Q 2015: 2.5%), on account of weaker external demand amid a continued expansion in domestic demand. In Singapore, growth moderated to 1.8% (1Q 2015: 2.8%), due mainly to a contraction in manufacturing activity, particularly the biomedical engineering and transport engineering clusters.

Inflationary pressures remained subdued in most Asian economies, as prices continued to be weighed down by lower energy prices. Of note, Thailand, Singapore and Chinese Taipei experienced deflation in the second quarter. Nonetheless, inflation rose in Indonesia, primarily as the outcome of an increase in the price of fuel, following the fuel subsidy rationalisation.

Going forward, the global economy is projected to remain on a moderate growth path, with diverging growth momentum across major economies. Overall global growth is expected to continue to benefit from low oil prices, but the impact will vary across economies. In Asia, with export growth remaining moderate, domestic demand is expected to remain the key driver of growth. Global growth, however, has become more vulnerable to increased downside risks. Any adverse developments in Europe, increased uncertainty over policy adjustments in the advanced and emerging economies and a re-emergence of geopolitical tensions could result in further international financial market volatility.

(Source: Moderate expansion in global economic activity, International Economic Environment, Developments in the Second Quarter of 2015, Quarterly Economic Bulletin, Second Quarter of 2015, BNM)

Global growth for 2015 is projected at 3.1%, 0.3 percentage point lower than in 2014, and 0.2 percentage point below the forecasts in the July 2015 World Economic Outlook (WEO) Update.

Prospects across the main countries and regions remain uneven. Relative to the year 2014, the recovery in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow for the fifth year in a row, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

(Source: Adjusting to Lower Commodity Prices, World Economic Outlook, October 2015, International Monetary Fund)

Singapore

The Ministry of Trade and Industry (MTI) announced today that it has narrowed the GDP growth forecast for Singapore for the year 2015 to 2.0-2.5% (from 2.9% in the year 2014).

(Source: MTI Narrows 2015 GDP Growth Forecast to 2.0 to 2.5 %, 11 August 2015, Media release, MTI)

Malaysia

The economy is seen slowing further through the second half (of the year 2015) to match in the full year (of 2015) the forecast made in March 2015 (of 4.7%). Private consumption faces headwinds from sagging consumer confidence, the new tax on goods and services, slowing growth in credit to households, and signs of softening in the labor market.

(Source: Asian Development Outlook 2015 Update: Enabling Women, Energising Asia, September 2015, Asian Development Bank)

Hong Kong

Taking into account the actual growth outturn of 2.6% in the first half, and with the Hong Kong economy poised for further moderate growth in the second half, the real GDP growth forecast for 2015 as a whole is revised to 2-3% in the current round of review, from that of the 1-3% in the May round. For reference, the latest forecasts by private sector analysts mostly range from 1.6% to 2.9%, averaging around 2.3%. The growth in 2014 according to the report was 3.2%.

(Source: Half-yearly Economic Report 2015 & Updated Economic Forecasts for 2015, Press Release, 14 August 2015, Hong Kong Special Administrative Region Government)

5.2 Overview and outlook of the ICT industry in Singapore, Malaysia and Hong Kong

Singapore

The information & communications sector grew by 4.5% year-on-year (2Q 2015 against 2Q 2014). The information & communications sector is expected to see modest growth for the remaining half of the year 2015.

(Source: Economic Survey of Singapore, Second Quarter 2015, Ministry of Trade and Industry)

According to the report, by the year 2015, Singapore will be the number one in the world in harnessing infocomm to add value to the economy and society, realise a two (2)-fold increase in the value-add of the infocomm industry to SGD26.0 billion, realise a three (3)-fold increase in infocomm export revenue to SGD60.0 billion, create 80,000 additional jobs, achieve 90% broadband usage in all homes and achieve 100% computer ownership in homes.

(Source: Realising the iN2015 vision, Singapore: an intelligent nation, a global city, powered by Infocomm, Infocomm Development Authority of Singapore (IDA))

A representative of IDA said that the Singapore Government will continue to invest in ICT to realise the Smart Nation vision (means people and businesses are empowered through increased access to data, more participatory through the contribution of innovative ideas and solutions, and a more anticipatory government that utilises technology to better serve citizens' needs) and seek collaboration with the industry to build capabilities and develop more citizen-centric services. It is projected that SGD2.2 billion worth of infocomm tenders will be called in the financial year of 2015 with key areas of procurement focused on digital and data services, web services, infocomm infrastructure, as well as the development of the Smart Nation Platform, which will be one of the anchor initiatives that will enable everyone and everything, everywhere, to be connected all the time in Singapore.

(Source: Opportunities Abound for Industry and Government to Collaborate in Effort to Becoming a Smart Nation, 27 May 2015, Media release, IDA)

Malaysia

The ICT sector encompasses a wide range of services and products from the internet and telecommunications field, satellite and data communication services, to hardware and software, publishing, media, data processing and others. Growth in this sector has been on the uptrend in the last fifteen (15) years.

In fact the ICT Services has been recording a double digit growth annually since the Global Financial Crisis, in the year 2009, clocking in RM51.6 billion in 2010 and then on to RM62.1 billion in 2014. The sector is poised to register a higher year on year growth rate at 14.2% to reach RM70.9 billion in 2015.

(Source: ICT Industry Outlook 2015/16, ICT Job Market Outlook in Malaysia, June 2015, National ICT Association of Malaysia)

During the Tenth Malaysia Plan, 2011-2015, several ICT initiatives continued to be implemented to transform the nation into an innovative digital economy. The national digital transformation agenda was primarily driven by the Strategic ICT Roadmap, which will provide a framework to enhance the productivity of key sectors of the economy and promote the development of new ICT-based and knowledge-intensive industries and the Digital Malaysia initiative, which is a national programme based on three strategic thrusts to advance the country towards a developed digital economy by the year 2020. The thrusts are move from supply to demand focused, shift from consumption to production-centric and evolve from low knowledge-add to high knowledge-add. Efforts were also undertaken to make the nation a producer of niche ICT products and services.

ICT industry expanded by 6.8% per annum in the year 2011 to 2015 (estimate) and its share to gross domestic product is estimated to be 16.8% (RM192.6 billion in current prices) from 15.8% (RM129.7 billion) in the year 2010. The contribution of the ICT services, and content and media subsectors to GDP is estimated to increase from 5.2% (RM43.1 billion) in the year 2010 to 5.5% (RM63.9 billion) in the year 2015.

In order to achieve an 18.2% or approximately RM324.9 billion ICT contribution to GDP by the year 2020, initiatives to be undertaken during the Eleventh Malaysia Plan period include the development of technology focus areas, infusion of ICT in other sectors and building the support ecosystem. It is targeted that the ICT industry registers an annual average growth rate of 10.7% and Malaysia to maintain its position as a net exporter of ICT products and services valued at RM56.8 billion in 2020. To ensure the shift from supply to demand, consumption to production and low to high knowledge-add is sustainable, nine strategies have been identified in the Eleventh Malaysia Plan.

(Source: Tenth Malaysia Plan, 2011-2015: Progress and Eleventh Malaysia Plan, 2016-2020: Way Forward, Driving ICT in the Knowledge Economy, Strategy Paper 15, Economic Planning Unit, Prime Minister's Department)

Hong Kong

ICT sector registered a growth of 3.9% in the year 2014 according to the report. ICT sector picked up in the first quarter of the year 2015, registering growth of 5.9% as compared to the first quarter of the year 2014 of only 3.0%.

(Source: Half-yearly Economic Report 2015, Hong Kong Special Administrative Region Government)

Hong Kong is the world's freest economy, characterised by free trade, free market, free flow of capital and a stable currency with no foreign exchange control. Hong Kong consistently performs well in international rankings and is renowned as a free, well-connected and competitive economy with robust ICT infrastructure.

Hong Kong's simple and predictable tax regime, with the lowest tax rate in Asia Pacific and the third (3^{rd}) lowest in the world (according to Forbes's Tax Misery Index 2009), provides an attractive business environment for investment.

The Government adopts an active information technology outsourcing policy. The Government's information technology spending was close to USD726 million in 2014-15 and will reach USD825 million (estimated) in 2015-16. In the next few years, the Government will increasingly adopt cloud-based services. Such initiative will spawn opportunities for vendors and providers.

(Source: Hong Kong – A Premier Location as an ICT Hub, July 2015, Office of the Government Chief Information Officer, Hong Kong Special Administrative Region Government)

To spearhead the development of Hong Kong as a knowledge-based society and Asia's leading digital city, the Digital 21 Strategy (which is the blueprint for the development of ICT in Hong Kong) sets out five (5) action areas:

(a) Facilitating a digital economy through driving electronic business, legal framework for the conduct of secure electronic transactions in Hong Kong, internet domain name administration regime and increasing information technology manpower;

(b) Promoting innovation and technology through promoting start-ups by setting up of Cyberport which brings together a cluster of high quality ICT and related enterprises, nurture industry start-ups and entrepreneurs, provide advanced technology infrastructure, runs incubation programmes for start-ups and facilitates synergy and partnership among members of the ICT industry;

(c) Developing Hong Kong as a hub for technology by facilitating the ICT industry through Government's outsourcing policy for its information technology projects and working with the Mainland China authorities to facilitate the collaboration of the ICT industries of Hong Kong and Mainland China;

(d) Development of next generation of e-Government services. The Government facilitates service transformation in both the public and public sectors through web portals; and

(e) Fostering a digital inclusive society through initiative such as providing city-wide free wireless fidelity service.

(Source: Factsheet, June 2015, Office of the Government Chief Information Officer, Hong Kong Special Administrative Region Government)

5.3 Future prospects of ABSS Group

The Board believes that ABSS Group's prospects are linked to the overview and outlook of economies and the ICT industry in which it operates, which are primarily in Asia. The three (3) principal markets of ABSS Group, which are Singapore, Malaysia and Hong Kong, all registered moderate positive growths in their respective economies, registered moderate and/or high positive growths in the ICT industry and have respective governments' initiatives and/or investments in the ICT industry.

Furthermore, the Board believes that ABSS Group's prospects are positive based on the following opportunities:

(a) The likelihood of GST in Malaysia continuing to drive significant category growth in the small medium enterprises accounting software market, in which ABSS Group is a major player. The GST implementation in Malaysia already drove significant sales in first half of the year 2015 for ABSS Group, exceeding four (4) times the sales of first half of the year 2014 for ABSS Group. The need for small medium enterprises in Malaysia to comply with necessary GST requirements will contribute to the increase in the number of customers and increase of recurring revenue growth;

(b) The leading position of ABSS in the Singaporean market and the resilience of the Singaporean economy;

(c) The potential for further geographic expansion in the Asian region as a whole;

(d) The potential for adding new complimentary products to the current ABSS Products; and

(e) The synergy with Censof Group's customers as channels for selling ABSS Products.

In addition, the Board is of the view that ABSS Group has core strengths as below:

(a) Stable and well respected products of business and accounting software. The market leader for GST compliant accounting software for small medium enterprises businesses in Singapore and Hong Kong and in the top three in Malaysia;

(b) Strong management team. The senior managers of ABSS Group have been working in the ICT business between seven (7) and fifteen (15) years and will continue to work for ABSS Group post Proposed Acquisition;

(c) Good recurring revenue such as sales from annual maintenance contract, software upgrade sales and sales of additional licences;

(d) Excellent and diverse sales channels, which include extensive professional partners and resellers channels in Malaysia and Singapore. ABSS Group has also wide distributor channels in Hong Kong, Philippines, Indonesia and other Asian countries and an in-house contact centre to cater for existing customers, which provide opportunities for upselling;

(e) Geographic diversity which minimises single market risk;

(f) Strong internal processes and procedures; and

(g) Direct relationship with existing customers,

that may positively contribute to Censof Group's future growth and hence, earnings. All of the above will assist in Censof Group's overall competition with other ICT industry market players.

(Source: Board)

ABSS Group has a team of over fifty (50) people employed in the areas of sales, marketing, customer service and product development and has been selling "MYOB" branded ABSS Products:

(a) Directly; and

(b) Through partners, resellers and distributors channels of about five hundred (500) strong across the Asian region.

The main customers of ABSS Group are small medium enterprises.

ABSS Group is currently distributing and marketing "MYOB" branded ABSS Products in several countries in Asia. The GST implemented in Malaysia earlier this year have increased the amount of sales for ABSS Group in the first half of the year 2015 and will continue to drive further sales for ABSS Group for the remaining half of the year 2015. In view of this, ABSS Group intends to further actively market its ABSS Products in other Asian countries that have adopted or going to adopt GST in the future.

Furthermore, even though the right to use "MYOB" brand name that was granted on 20 August 2009, is non-renewable and will expire on 31 December 2017, or an earlier date specified by MYOB, in a prior notice of not less than 12 months' from MYOB, nonetheless, ABSS Group has commenced a brand Transition Programme on July 2015, in which, it is a gradual transition of ABSS Products from the "MYOB" brand name to the "ABSS" brand name over the next three (3) years from July 2015.

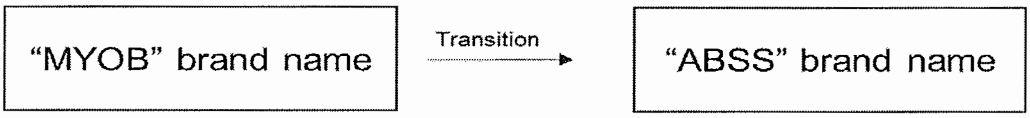

Figure 3. Transition Programme.

The Transition Programme is implemented by a marketing project plan which methodically transitions all aspects of the usage of the current "MYOB" brand name, within the "MYOB" branded ABSS Products, online, in marketing materials, and internal processes. The current "MYOB" branded ABSS Products will initially be marketed with the presence of "ABSS" company name and/or logo. After the expiry of the right to use the "MYOB" brand name, ABSS Products that used to be branded "MYOB", will be marketed under the "ABSS" brand name together with the tagline "formerly known as MYOB (name of the product)" and will gradually transition to be marketed under the fully fledged "ABSS" brand name only without any tagline, at the end of the Transition Programme. The marketing project plan also includes the "Above-The-Line" brand advertising, which involves advertising and promotional activities such as radio, television, buses and taxis, newspapers, billboards and internet based branding through ABSS's website and other partners' websites. The marketing project plan requires investment in labour and costs and expenses for advertising and promotions. The amount of funding needed for the marketing project plan will be evaluated on an ongoing basis as the marketing project plan proceeds and will be funded through internally generated funds of ABSS Group.

Also, as part of the Transition Programme, new products developed and introduced by ABSS Group over the next three (3) years from July 2015 will most likely be introduced with the "ABSS" brand name from the outset of their introduction. This will help with the brand transition and enable strong brand identification with the "ABSS" brand name. At the end of the Transition Programme, all current and new ABSS Products will be marketed under the "ABSS" brand name.

Censof, pursuant to the Proposed Acquisition, will have representatives on the Board of ABSS. Therefore, Censof, as an ICT industry player itself, will be able to evaluate and come to a mutual decision on the future management and hence, operations of ABSS Group, while at the same time able to leverage on the strengths of the experienced management team of ABSS Group.

(Source: Management of ABSS)

6. RISK FACTORS

The potential risk factors relating to the Proposed Acquisition, which may not be exhaustive, are as follows:

6.1 Financial risk

The financials of ABSS Group show consistent growth in profits from the year 2010 to 2014. To date, year 2015 has shown robust growth over the year 2014 as the implementation of GST in Malaysia on 1 April 2015 drove strong sales for ABSS Group. For the year 2015, growth could be a one-off effect, due to the GST implementation in Malaysia and year 2016 might see a slowdown of sales.

With that, there is no assurance that ABSS Group will continue to achieve an increasing or consistent levels of profitability.

Nonetheless, the Proposed Acquisition is expected to create a synergy between ABSS Group and the existing businesses of Censof Group because ABSS Group is also involved in the ICT industry like Censof Group and ABSS and Censof have an established business relationship prior to the Proposed Acquisition, which might contribute to maximising profitability and also minimising costs. Also, there is a potential for ABSS Group to further expand geographically in the Asian region as a whole in the medium to long term time, which, if successful, will generate future income for ABSS Group and hence, Censof Group pursuant to the Proposed Acquisition.

6.2 Brand goodwill

The "MYOB" brand name is a well-recognised name in the industry and thus, contributed to product sales of ABSS Group. However, the right to use "MYOB" brand name that was granted on 20 August 2009, is non-renewable and will expire on 31 December 2017, or an earlier date specified by MYOB, in a prior notice of not less than 12 months' from MYOB.

In the next three (3) years from July 2015, ABSS Group will market current and new ABSS Products under the "ABSS" brand name, which may incur additional marketing costs and the possible risk of losing existing clients who are accustomed to the "MYOB" brand name.

To mitigate this risk, the Transition Programme, which commenced on July 2015 and will take approximately three (3) years, will push current and future ABSS Products to be under the "ABSS" brand name to ensure a seamless transition from the "MYOB" brand name.

6.3 Dependence on key management team and personnel

There is high demand in the market for professionals with skills and experiences that ABSS Group requires. These key management and personnel of ABSS Group are responsible for the upgrade and development of new products that are marketable in order to meet the ever changing market demand.

To mitigate this risk, the retention of key management team and personnel of ABSS Group will be undertaken by Censof Group and ABSS Group by incentivising such key management team and personnel through attractive pay schemes and providing an overall positive work environment.

6.4 Foreign exchange risk

As ABSS Group trades in various countries, it is therefore exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from sales and purchases give rise to foreign exchange exposures. Any significant fluctuations in the exchange rates may have a material impact on ABSS Group's financial performance. Furthermore, if the currencies of various countries in which ABSS Group conduct its operations and receive its revenue, fluctuate relative to the RM, these fluctuations may result in higher or lower financial numbers after conversion into RM (for consolidation into Censof Group).

Currently, ABSS Group's daily transactions are settled mainly in SGD and RM. Moving forward, the management of both Censof Group and ABSS Group will monitor and evaluate such risk by performing audit on the financials, which includes transaction and translation of foreign currencies and also, tabling adverse findings to the Board and Board of ABSS for further action and where necessary, may consider using financial instruments such as foreign exchange contracts and dual currency investments to hedge ABSS Group's foreign exchange risk.

6.5 Industry risk

The risk associated with the pervasive development of ICT include the need for continuous innovation. In the past few decades, ICT products have followed the growth rate predicted by Moore's Law, in which the law states that the performance of the computing power will double every two years, while the price will fall by half during the same period. The unintended consequence of such rapid innovation is faster obsolescence of consumer electronics and ICT systems. These could indirectly contribute to increasing needs to invest capital on research and development to continuously innovate and compete in the ICT market.

However, Censof Group will mitigate such risks by ensuring the efficiency of its soon to be subsidiary's strategic ICT knowledge transfer from MYOB to ABSS Group, by the latter taking over the product development work from the former on January 2015, which oversaw not only the transfer of product development personnel from MYOB to ABSS Group but also occasional product development knowledge meetings occurring between ABSS and MYOB as and when required. Also, to invest more in the said product development. This is thoroughly supported by a prudent business management and strategies of Censof Group.

6.6 Non-completion of the Proposed Acquisition

The Proposed Acquisition is subject to the salient terms and conditions of the Share Sale and Purchase Agreement. In the event the conditions stated in the Share Sale and Purchase Agreement, which include, amongst others, the approval for the Proposed Acquisition from relevant authorities and Censof's shareholders, are not fulfilled, the Share Sale and Purchase Agreement may be terminated. There is no assurance that the Proposed Acquisition will not be exposed to risks such as inability by any Party to the Share Sale and Purchase Agreement to fulfill the terms and conditions of the Share Sale and Purchase Agreement.

However, Censof Group and ABSS Group will take all reasonable steps such as organising meetings on status updates and any negotiation of terms and undertaking further due diligence exercises, which are within their control to satisfy or waive (as the case may be) the relevant conditions to ensure the completion of the Proposed Acquisition.

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7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The proforma effects of the Proposed Acquisition on the issued and paid-up share capital of Censof, consolidated NA per Censof Share and gearing of Censof Group, earnings and EPS of Censof Group, substantial shareholders' shareholdings of Censof and convertible securities are based on the following scenarios (if applicable):

Minimum scenario:

I. 20,000,000 Placement Shares issued pursuant to the Proposed Private Placement:

(a) 10,000,000 Placement Shares at an issue price of RM0.40 per Placement Share (listed on 27 April 2015); and

(b) 10,000,000 Placement Shares at an issue price of RM0.225 per Placement Share (listed on 23 September 2015),

which were issued after Censof Group's FYE 31 March 2015; and

II. Proposed Acquisition.

This minimum scenario is based on the assumption that the remaining 17,843,334 Placement Shares will not be issued before the Proposed Acquisition.

Maximum scenario:

I. 20,000,000 Placement Shares issued pursuant to the Proposed Private Placement:

(a) 10,000,000 Placement Shares at an issue price of RM0.40 per Placement Share (listed on 27 April 2015); and

(b) 10,000,000 Placement Shares at an issue price of RM0.225 per Placement Share (listed on 23 September 2015),

which were issued after Censof Group's FYE 31 March 2015;

II. 17,843,334 Placement Shares left to be issued pursuant to the Proposed Private Placement at an issue price of RM0.225 per Placement Share (being the last issue price in relation to the Proposed Private Placement as at the LPD);

III. full issuance of outstanding RCN worth RM75,000,00;

IV. full conversion of outstanding RCN worth RM75,000,000 at a conversion price of RM0.4165 (being the latest conversion price of RCN as per Censof's additional listing announcement to Bursa Securities dated 9 October 2014) into 180,072,029 new Censof Shares ;

V. full exercise of outstanding 29,495,325 Warrants-A into 29,495,325 new Censof Shares;

VI. full exercise of outstanding 111,405,217 Warrants-B into 111,405,217 new Censof Shares; and

VII. Proposed Acquisition.

This maximum scenario is based on the assumption that the remaining 17,843,334 Placement Shares will be issued before the Proposed Acquisition.

7.1 Share capital

The Proposed Acquisition does not have any impact on the issued and paid-up share capital of Censof as it does not involve any issuance of new Censof Shares.

7.2 NA and gearing

For illustrative purpose only, based on the audited consolidated financial statements of Censof for the FYE 31 March 2015, the proforma effects of the Proposed Acquisition on the consolidated NA per Censof Share and gearing of Censof Group assuming the Proposed Acquisition had been effected on 31 March 2015, are as follows:

Minimum scenario

		(I)	**(II)**
	Audited as at 31 March 2015 RM'000	**Adjustment for placement of 20,000,000 Placement Shares in relation to the Proposed Private Placement[(a)] RM'000**	**After (I) and Proposed Acquisition[(e)] RM'000**
Share capital	47,666	49,666[(b)]	49,666
Share premium	45,383	49,633	49,633
Merger deficit	(12,300)	(12,300)	(12,300)
Retained profits	52,231	52,131[(c)]	51,731[(d)]
Foreign exchange translation reserve	(320)	(320)	(320)
Redeemable convertible notes – Equity components	-	-	-
NA attributable to the owners of the Company	132,660	138,810	138,410
Non-controlling interest	81,536	81,536	86,793[(f)]
Total equity	**214,196**	**220,346**	**225,203**
No. of Shares in issue ('000)	476,661	496,661	496,661
NA per Share (RM)[(h)]	0.45	0.44	0.45
Total borrowings (RM'000)	84,292	84,292	102,292[(g)]
Gearing (times)[(i)]	0.39	0.38	0.45

Notes:

(a) *Adjustment after taking into account 20,000,000 Placement Shares issued pursuant to the Proposed Private Placement after Censof Group's FYE 31 March 2015.*

(b) *Account for 20,000,000 Placement Shares issued pursuant to the Proposed Private Placement, at issue prices of RM0.40 per Placement Share for 10,000,000 Placement Shares and RM0.225 per Placement Share for the remaining 10,000,000 Placement Shares.*

(c) *After deducting estimated expenses incidental to the Proposed Private Placement amounting to approximately RM100,000.*

(d) *After deducting estimated expenses incidental to the Proposed Acquisition amounting to approximately RM400,000.*

(e) *Assuming the effects of the Proposed Acquisition have been computed based on the audited consolidated financial statements of ABSS for the FYE 31 December 2014.*

(f) *Account for non-controlling interest upon consolidation of approximately RM5.257 milllion.*

(g) *Account for borrowings of RM18.0 million, taken up by Censof pursuant to the Proposed Acquisition.*

(h) *Net assets represent total equity attributable to the owners of Censof and non-controlling interest.*

(i) *Gearing ratio is total borrowings divided by total equity.*

Maximum scenario

		(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
	Audited as at 31 March 2015 RM'000	**Adjustment for placement of 20,000,000 Placement Shares in relation to the Proposed Private Placement[a] RM'000**	**After (I) and placement of remaining 17,843,334 Placement Shares in relation to the Proposed Private Placement RM'000**	**After (II) and full issuance of outstanding RCN RM'000**	**After (III) and full conversion of outstanding RCN RM'000**	**After (IV) and full exercise of outstanding Warrants-A RM'000**	**After (V) and full exercise of outstanding Warrants-B RM'000**	**After (VI) and Proposed Acquisition[i] RM'000**
Share capital	47,666	49,666[b]	51,450[d]	51,450	69,458[e]	72,407[f]	83,548[g]	83,548
Share premium	45,383	49,633	51,864	51,864	108,856	119,475	159,581	159,581
Merger deficit	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)
Retained profits	52,231	52,131[c]	52,131	52,131	52,131	52,131	52,131	51,731[h]
Foreign exchange translation reserve	(320)	(320)	(320)	(320)	(320)	(320)	(320)	(320)
Redeemable convertible notes – Equity components	-	-	-	8,405	(0)	(0)	(0)	(0)
NA attributable to the owners of the Company	132,660	138,810	142,825	151,230	217,825	231,393	282,640	282,240
Non-controlling interest	81,536	81,536	81,536	81,536	81,536	81,536	81,536	86,793[j]
Total equity	**214,196**	**220,346**	**224,361**	**232,766**	**299,361**	**312,929**	**364,176**	**369,033**
No. of Shares in issue ('000)	476,661	496,661	514,504	514,504	694,576	724,071	835,477	835,477
NA per Share (RM)[l]	0.45	0.44	0.44	0.45	0.43	0.43	0.44	0.44
Total borrowings (RM'000)	84,292	84,292	84,292	148,085	84,292	84,292	84,292	102,292[k]
Gearing (times)[m]	0.39	0.38	0.38	0.64	0.28	0.27	0.23	0.28

Notes:

(a) Adjustment after taking into account 20,000,000 Placement Shares issued pursuant to the Proposed Private Placement after Censof Group's FYE 31 March 2015.

(b) Account for 20,000,000 Placement Shares issued pursuant to the Proposed Private Placement, at issue prices of RM0.40 per Placement Share for 10,000,000 Placement Shares and RM0.225 per Placement Share for the remaining 10,000,000 Placement Shares.

(c) After deducting estimated expenses incidental to the Proposed Private Placement amounting to approximately RM100,000.

(d) Account for the placement of the remaining 17,843,334 Placement Shares pursuant to the Proposed Private Placement at issue price of RM0.225 per Placement Share.

(e) Full conversion of outstanding RCN of RM75.0 million at a conversion price of RM0.4165 into 180,072,029 new Censof Shares.

(f) Full exercise of 29,495,325 Warrants-A at RM0.46 per warrant into 29,495,325 new Censof Shares.

(g) Full exercise of 111,405,217 Warrants-B at RM0.46 per warrant into 111,405,217 new Censof Shares.

(h) After deducting estimated expenses incidental to the Proposed Acquisition amounting to approximately RM400,000.

(i) Assuming the effects of the Proposed Acquisition have been computed based on the audited consolidated financial statements of ABSS for the FYE 31 December 2014.

(j) Account for non-controlling interest upon consolidation of approximately RM5.257 million.

(k) Account for borrowings of RM18.0 million, taken up by Censof pursuant to the Proposed Acquisition.

(l) Net assets represent total equity attributable to the owners of Censof and non-controlling interest.

(m) Gearing ratio is total borrowings divided by total equity.

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7.3 Earnings and EPS

For illustrative purpose only, based on the audited consolidated financial statements of Censof for the FYE 31 March 2015, assuming the Proposed Acquisition had been effected on 1 April 2014, being at the beginning of the FYE 31 March 2015, the proforma effects on earnings and EPS of Censof Group are as follows:

Minimum scenario

	Audited as at 31 March 2015	**After Proposed Acquisition**
PAT attributable to the owners of the Company (RM'000)	7,678	10,446[(a)]
Weighted average number of Censof Shares ('000)	439,981	439,981
- issuance of Placement Shares ('000)	-	20,000[(b)]
	439,981	459,981
Basic EPS (Sen)	**1.75**	**2.27**

<u>*Notes:*</u>

(a) *After taking into account the net profit of RM4.629 million (approximately SGD1.649 million), representing 51% of the net profit of ABSS Group based on the audited consolidated financial statements of ABSS for the FYE 31 December 2014 of RM9.077 million (approximately SGD3.234 million) and deducting estimated incidental expenses for the Proposed Private Placement and Proposed Acquisition of RM100,000 and RM400,000 respectively and also RM1.361 million, which is the indicative 7.56% interest rate for the borrowings of RM18.0 million for one (1) year.*

(b) *20,000,000 Placement Shares issued pursuant to the Proposed Private Placement.*

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Maximum scenario

	Audited as at 31 March 2015	After Proposed Acquisition
PAT attributable to the owners of the Company (RM'000)	7,678	10,446[(a)]
Weighted average number of Censof Shares ('000)	439,981	439,981
- issuance of Placement Shares ('000)	-	37,843[(b)]
- full issuance of outstanding RCN ('000)	-	-
- full conversion of outstanding RCN ('000)	-	180,072[(c)]
- full exercise of outstanding Warrants-A ('000)	-	29,495[(d)]
- full exercise of outstanding Warrants-B ('000)	-	111,405[(e)]
	439,981	798,796
Dilutive EPS (Sen)	**1.75**	**1.31**

Notes:

(a) *After taking into account the net profit of RM4.629 million (approximately SGD1.649 million), representing 51% of the net profit of ABSS Group based on the audited consolidated financial statements of ABSS for the FYE 31 December 2014 of RM9.077 million (approximately SGD3.234 million) and deducting estimated incidental expenses for the Proposed Private Placement and Proposed Acquisition of RM100,000 and RM400,000 respectively and also RM1.361 million, which is the indicative 7.56% interest rate of for the borrowings of RM18.0 million for one (1) year.*

(b) *37,843,334 Placement Shares issued pursuant to the Proposed Private Placement.*

(c) *Full conversion of outstanding RCN of RM75.0 million at a conversion price of RM0.4165 into 180,072,029 new Censof Shares.*

(d) *Full exercise of outstanding 29,495,325 Warrants-A into 29,495,325 new Censof Shares.*

(e) *Full exercise of outstanding 111,405,217 Warrants-B into 111,405,217 new Censof Shares.*

The illustrations set out above may not represent the true position of the earnings and EPS of Censof Group after the completion of the Proposed Acquisition. There may be differences due to amongst others, accounting adjustments, which may be undertaken upon completion of the Proposed Acquisition in accordance with Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and exchange rate.

Post completion of the Proposed Acquisition, Censof Group's future earnings are also dependent on the returns to be derived from the Proposed Acquisition. Barring any unforeseen circumstances, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of Censof Group.

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7.4 Substantial shareholders' shareholdings

The Proposed Acquisition does not have any impact on the substantial shareholders' shareholdings of Censof as it does not involve any issuance of new Censof Shares.

7.5 Convertible securities

Pursuant to the subscription agreement dated 14 May 2013, no adjustment is expected to be made to the existing conversion price and/or amount of outstanding RCN, arising from the Proposed Acquisition.

Based on the deed poll dated 28 June 2012 in relation to the Warrants-A, no adjustment is expected to be made to the existing exercise price and/or number of outstanding Warrants-A which remains unexercised, arising from the Proposed Acquisition.

Based on the deed poll dated 25 September 2014 in relation to the Warrants-B, no adjustment is expected to be made to the existing exercise price and/or number of outstanding Warrants-B which remains unexercised, arising from the Proposed Acquisition.

8. APPROVALS REQUIRED

The Proposed Acquisition is subject to the following approvals being obtained:

(a) shareholders of the Company at the forthcoming EGM to be convened for the Proposed Acquisition;

(b) BNM for the Proposed Acquisition which is a foreign acquisition and/ or remittance of monies outside Malaysia, if required;

(c) the Competition Commission of Singapore for the Proposed Acquisition, if required;

(d) receipt of all applicable authorisations, consents, clearances and approvals, necessary for completion of the Proposed Acquisition from relevant authorities and such authorisations, consents, clearances and approvals being unconditional and remaining in full force and effect as at the Completion Date; and

(e) any other relevant authorities and/or parties, if required.

The Proposed Acquisition is not conditional upon any other corporate exercise/scheme of the Company.

9. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Private Placement, Censof does not have any other corporate exercise which has been announced to Bursa Securities but has yet to be completed as at the LPD.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of the Company and persons connected with them have any direct or indirect interest in the Proposed Acquisition.

11. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Acquisition (including but not limited to, basis at arriving at the Purchase Price and justifications, the salient terms of the Share Sale and Purchase Agreement, rationale for the Proposed Acquisition, prospects of ABSS Group and financial effects of the Proposed Acquisition), is of the opinion that the Proposed Acquisition is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

12. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the fourth (4^{th}) quarter of the year 2015.

Pursuant thereto, the tentative timetable for the Proposed Acquisition is as below:

Tentative date	Event
End of November 2015	EGM of Censof for the Proposed Acquisition
Early December 2015	Fulfilment of relevant conditions stipulated in the Share Sale and Purchase Agreement
Middle of December 2015	Completion of the Share Sale and Purchase Agreement Completion of the Proposed Acquisition

13. EGM

The EGM, the notice of which is enclosed with this Circular, will be held at A-8, Block A, Level 8, Sunway PJ 51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 30 November 2015 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution, with or without any modifications, to give effect to the Proposed Acquisition.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the share registrar of the Company, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

14. FURTHER INFORMATION

You are advised to refer to the enclosed appendices for further information.

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

AMEER BIN SHAIK MYDIN
Group Managing Director

1. CORPORATE INFORMATION

ABSS was incorporated in Singapore under the Singapore Companies Act on 7 August 2009 as a private company limited by shares. As at the LPD, the authorised share capital of ABSS is SGD600,000 comprising 600,000 ABSS Shares. The issued and paid-up share capital of ABSS is SGD600,000 comprising 600,000 ABSS Shares. ABSS commenced its business on 19 August 2009.

As at the LPD, ABSS's principal activities are the selling of computerised accounting system and providing support services.

The details of ABSS's subsidiary and associate are set out in Section 5 of this Appendix I.

2. PRINCIPAL ACTIVITIES

As at the LPD, ABSS Group's principal activities are the selling of computerised accounting system and providing support services.

3. SHAREHOLDERS AND DIRECTORS OF ABSS

Based on the internal records of ABSS, the particulars of the shareholders of ABSS (with more than five percent (5%) shareholdings in ABSS) and their respective shareholdings as at the LPD are as follows:

		Shareholdings	
		Direct	
Shareholders	**Nationality**	**No. of shares**	**%**
Paul Alistair Jennings	New Zealander	312,000	52.00
Matthew Edward Critchley	Australian	78,000	13.00
Simone Gross	German	60,000	10.00
Foo Chee Pin	Malaysian	36,000	6.00
Irine Lopez	Malaysian	36,000	6.00
Rhys Paul Brown	New Zealander	36,000	6.00

Based on the internal records of ABSS, the details of the Directors of ABSS and their respective shareholdings in ABSS as at the LPD are as follows:

			Shareholdings	
			Direct	
Directors	**Nationality**	**Designation**	**No. of shares**	**%**
Paul Alistair Jennings	New Zealander	Managing Director	312,000	52.00
Matthew Edward Critchley	Australian	Chairman/ Director	78,000	13.00
Foo Chee Pin	Malaysian	Finance Director	36,000	6.00
Lum Choong Eu	Singaporean	Director	18,000	3.00

4. HISTORICAL AND BUSINESS OVERVIEW OF ABSS GROUP

4.1 Historical overview of ABSS Group

ABSS Products are sold under the "MYOB" brand name because ABSS was created by a management buyout of the MYOB's operations in Singapore in the year 2009. ABSS Group operates under the trading name MYOB South Asia.

From the year 2012 to 2014, ABSS Group concentrated on leveraging its core strengths and organisational efficiencies to drive good organic growth, in both the top and bottom line performances. Thus, partners and resellers community programmes (held every quarter in a year), were initiated to become closer to existing customers, which ultimately increased sales of recurring products and improved internal processes, which reduced costs.

Additionally, major new product features were added to the core products, which drove good adoption of upgrades, including a major upgrade feature on October 2012, significant compliance upgrades, which are payroll and Singapore's small medium enterprises compliance, in the years 2013 and 2014, and then the release of the first Malaysia GST enabled products on May 2014.

During the year 2014, a renewal of the "brand use" contract with MYOB was also negotiated. Up until January 2015, ABSS Group had been contracting the product development work to MYOB. Therefore, before January 2015, it made sense to leverage on the "MYOB" brand name. As at January 2015, ABSS Group took over the product development work and now has full control over its direction. As a consequence, it makes more sense for the transition to the "ABSS" brand name under the Transition Programme, in which, it encompasses the gradual transition of ABSS Products from the "MYOB" brand name to the "ABSS" brand name over the next three (3) years from July 2015.

These developments were all done to set ABSS Group up for growth and hence, profitability over the next five (5) years period.

4.2 Business overview of ABSS Group

ABSS Group's principal activities are the selling of computerised accounting system (examples are MYOB Business Basics, MYOB Accounting, MYOB Premier and MYOB Payroll) which encompasses the management of accounting books, integrated reporting, inventory management, sales reporting and tax management, whilst providing support services.

ABSS Group develops, sells and markets "MYOB" branded small medium enterprises accounting software solutions throughout Asia, in countries such as Macau, Philippines, Thailand, Vietnam, Laos, Cambodia, Indonesia, Myanmar, Brunei, Bangladesh and Sri Lanka, but the principal markets that contribute more than five percent (5%) of the total sales of ABSS Group for the full year 2014, are Singapore, Malaysia and Hong Kong. The right to use "MYOB" brand name that was granted on 20 August 2009, is non-renewable and will expire on 31 December 2017, or an earlier date specified by MYOB, in a prior notice of not less than 12 months' from MYOB. In view of this, ABSS Group has initiated the Transition Programme.

ABSS Group has offices in Singapore and Malaysia, and has a team of over fifty (50) people employed in the areas of sales, marketing, customer service and product development. The extended ABSS team includes over five hundred (500) across the region, consisting of professional partners, distributors, and resellers in more than a dozen countries throughout Asia to provide superior local support for Asian businesses. Current partners, distributors and resellers of ABSS are already aware of ABSS's brand transition to be undertaken under the Transition Programme and are committed to ABSS and ABSS Products, not just the "MYOB" brand name.

The goal of ABSS Group is to help Asian businesses become more efficient and profitable by using smart technology solutions for their accounting system.

Visit www.myob.com.sg and www.myob.com.my for more information.

4.2.1 Percentage sales breakdown of ABSS Group

ABSS Group's percentage sales breakdown for domestic (Singapore) and foreign, from the year 2012 to 2014, are as below:

Sales	2012	2013	2014
Domestic	52%	55%	53%
Foreign (Key markets are Malaysia and Hong Kong)	48%	45%	47%
Total	**100%**	**100%**	**100%**

4.2.2 Source of raw materials

ABSS Group sources compact discs and packaging from Malaysia for the distribution of its ABSS Products.

4.2.3 Product development

ABSS Group's product development costs from the year 2012 to 2014, are as below:

	2012	2013	2014
Product development cost (SGD)	210,822	129,121	303,584

Up until January 2015, product development personnel whom are working for ABSS Group are contracted to MYOB. After that, from January 2015 onwards, those product development personnel are working in-house in ABSS.

As at the LPD, ABSS Group has a total of eight (8) product development personnel. ABSS also has four (4) external contractors whom will be called upon as and when required. The estimated spending on product development from the year 2015 onwards is expected to be up to SGD0.3 million per annum.

5. SUBSIDIARY AND ASSOCIATE

As at the LPD, the particulars of the subsidiary of ABSS are as follows:

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Subsidiary	Date and place of incorporation	Issued and paid-up share capital	% Effective equity interest and date of acquisition	Principal activities
Asian Business Software Solutions Sdn Bhd	12 August 2009/ Malaysia	RM500,000 divided into 500,000 ordinary shares of RM1.00 each	100.00/ 19 August 2009	Selling of computerised accounting system and providing support services

As at the LPD, the particulars of the associate of ABSS are as follows:

Associate	Date and place of incorporation	Issued and paid-up share capital	% Effective equity interest and date of acquisition	Principal activities
Censof ABSS Sdn Bhd	11 November 2011/ Malaysia	RM2,001 divided into 2,001 ordinary shares of RM1.00 each	49.98[(a)]/ 13 October 2014	Trading in business software and providing support services

Note:

(a) The 49.98% equity interest in Censof ABSS Sdn Bhd is held by ABSS Sdn Bhd, a wholly-owned subsidiary of ABSS. The remaining 50.02% equity interest in Censof ABSS Sdn Bhd is held by Century Software (M) Sdn Bhd (a wholly-owned subsidiary of Censof).

6. SUMMARY OF FINANCIAL INFORMATION

The table below sets out a summary of ABSS's audited consolidated financial statements from the FYE 31 December 2010 to 2014, and the unaudited consolidated interim financial statements for the six (6)-months FPE 30 June 2015:

	← FYE 31 December →					
	Seventeen (17)-months 2010 (Since incorporation) SGD	2011 SGD	2012 SGD	2013 SGD	2014 SGD	Six (6)-months FPE 30 June 2015 SGD
Revenue	5,734,719	5,066,796	5,477,302	6,104,609	8,108,955	6,349,477
PBT	1,420,511	1,978,083	2,235,149	2,639,972	3,936,668	2,486,328
Taxation	(180,200)	(308,981)	(357,002)	(358,847)	(702,443)	(422,676)
PAT	1,240,311	1,669,102	1,878,147	2,281,125	3,234,225	2,063,652
Issued and paid-up share capital	576,000	576,000	588,000	588,000	594,000	600,000
Shareholders' funds / NA	1,818,943	2,282,927	2,498,107	2,678,689	3,822,693	3,482,211

Total borrowings	-	-	-	-	-	-
No. of ordinary shares	576,000	576,000	588,000	588,000	594,000	600,000
Gross EPS[(a)]	2.47	3.43	3.80	4.49	6.63	4.14
Net EPS[(b)]	2.15	2.90	3.19	3.88	5.44	3.44
NA per ABSS Share	3.16	3.96	4.25	4.56	6.44	5.80
Current Ratio (times)[(c)]	2.35	2.71	3.01	2.52	2.61	2.77
Gearing (times)	-	-	-	-	-	-

Notes:

(a) *Calculated as PBT over the number of ordinary shares.*
(b) *Calculated as PAT over the number of ordinary shares.*
(c) *Calculated as current assets over current liabilities.*

Commentaries on financial performance

FYE 31 December 2010

ABSS Group recorded a revenue of SGD5.735 million for the FYE 31 December 2010 and a PAT of SGD1.240 million.

FYE 31 December 2011

ABSS Group recorded a decrease in revenue of 11.65% from SGD5.735 million for the FYE 31 December 2010 to SGD5.067 million for the FYE 31 December 2011. However, this decrease was because the FYE 31 December 2010 also included ABSS Group's five (5) start-up months in the year 2009, and is therefore, seventeen (17) months in total. Excluding the year 2009 results, the revenue and PAT for the twelve (12) months calendar year 2010 would have been SGD4.524 million, which would have been lower than the twelve (12) months calendar year 2011 of SGD5.067 million. Hence, the higher revenue for the twelve (12) months calendar year 2011 as compared to twelve (12) months calendar year 2010 was due to the high maintenance sales and inclusion of Hong Kong sales.

PAT had increased from SGD1.240 million in the FYE 31 December 2010 to PAT of SGD1.669 million in the FYE 31 December 2011, which was an increase of 34.60%. This was due to higher sales recorded and good cost management.

FYE 31 December 2012

ABSS Group recorded an increase in revenue of 8.10% from SGD5.067 million for the FYE 31 December 2011 to SGD5.477 million for the FYE 31 December 2012. Also, ABSS Group released a major upgrade to its existing software which drove purchases of the upgrade. Customers can claim a cash rebate of 60% under the Productivity and Innovation Credit Scheme introduced by the Singapore Government, if they purchase either the upgrade or new software or both. Naturally, the sale of upgrade was recognised as recurring revenue.

PAT had increased from SGD1.669 million in the FYE 31 December 2011 to PAT of SGD1.878 million in the FYE 31 December 2012, which was an increase of 12.52%. This was due to higher sales and good cost management.

FYE 31 December 2013

ABSS Group recorded revenue of SGD6.105 million for the FYE 31 December 2013 as compared to SGD5.477 million for the FYE 31 December 2012. The increase in revenue of 11.46% was due to strong category growth contributed by, among others; the sales of MYOB software with cloud services as part of Singapore Government's push for integration of cloud services with ICT products and also, good growth in recurring revenue.

On top of the Productivity and Innovation Credit Scheme of 60% cash rebate, the Singapore Government introduced a new scheme called Productivity and Innovation Credit Bonus where there is a dollar-for-dollar cash bonus, in which, businesses effectively get cash back for up to SGD15,000, for qualifying activities that includes purchase of new software and upgrade as well as training.

PAT had increased from SGD1.878 million in the FYE 31 December 2012 to PAT of SGD2.281 million in the FYE 31 December 2013, which was an increase of 21.46%. This was due to the improved processes, which involved increased in customer touchpoints that ultimately increased productivity and manage costs efficiently.

FYE 31 December 2014

ABSS Group recorded revenue of SGD8.109 million and PAT of SGD3.234 million for the FYE 31 December 2014 as compared to revenue of SGD6.105 million and PAT of SGD2.281million for the FYE 31 December 2013.

The increase in revenue of 32.83% was mainly attributable to existing customers in Malaysia upgrading to GST compliant product and strong category growth of software with cloud services in Singapore. ABSS Group's awareness campaign of the Singapore Government's Productivity and Innovation Credit Scheme and Productivity and Innovation Credit Bonus, essentially drove the strong category growth in Singapore.

The increase in PAT of 41.78% was mainly attributed to increase in sales and good cost management.

Unaudited six (6)-months FPE 30 June 2015

ABSS Group recorded revenue of SGD6.349 million and PAT of SGD2.064 million for the six (6)-months FPE 30 June 2015 as compared to revenue of SGD3.451 million and PAT of SGD1.258 million for the previous corresponding six (6)-months FPE 30 June 2014.

The increase in revenue and PAT of 83.98% and 64.07% respectively was mainly attributed to increased sales to new customers in Malaysia, which coincides with the implementation of GST in Malaysia on 1 April 2015.

7. ACCOUNTING POLICIES AND AUDIT QUALIFICATIONS

Based on the audited financial statements of ABSS Group during the years under review, ABSS Group has not adopted any accounting policies which are peculiar due to the nature of the business or the industry in which ABSS Group is involved. ABSS Group has been issued clean (non-qualified) audit opinions for the financial statements issued between the FYE 31 December 2010 and FYE 31 December 2014.

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8. VENDORS

The details of the Vendors are as below:

Vendor	Details
Paul Alistair Jennings	PAJ is a New Zealander and 49 years old. He is the spouse of Simone Gross. He is the current Managing Director of ABSS. He has worked for ABSS Group since September 2009. He has 52% shareholdings in ABSS.
Matthew Edward Critchley	MEC is an Australian and 65 years old. He is the Chairman of the Board of ABSS, a Director of ABSS and a non-executive ABSS's shareholder. Before his retirement, he served as the Chief Operating Officer of MYOB. He has 13% shareholdings in ABSS.
Simone Gross	SG is a German and 37 years old. She is the spouse of Paul Alistair Jennings. She is a non-executive ABSS's shareholder. She is currently serving in the hospitality industry as a Sales & Marketing professional. She has 10% shareholdings in ABSS.
Foo Chee Pin	FCP is a Malaysian and 49 years old. He is the current Finance Director of ABSS. He has worked for ABSS Group since September 2009. He has 6% shareholdings in ABSS.
Irine Lopez	IL is a Malaysian and 48 years old. She is the current Business Sales Service Manager of ABSS Sdn Bhd. She has worked for ABSS Group since August 2009. She has 6% shareholdings in ABSS.
Rhys Paul Brown	RPB is a New Zealander and 37 years old. He is the Country Sales Manager for Malaysia. He has worked for ABSS Group since September 2009. He has 6% shareholdings in ABSS.
Lum Choong Eu	LCE is a Singaporean and 54 years old. He is a Director, Country Sales Manager (Singapore) and Company Secretary of ABSS. He has worked for ABSS Group since September 2009. He has 3% shareholdings in ABSS.
Gauri Thanasingam	GT is a Malaysian and 42 years old. She is the Marketing Manager of ABSS Sdn Bhd. She has worked for ABSS Group since September 2009. She has 1% shareholdings in ABSS.
Shanmugapriya Kanesan	SK is a Malaysian and 34 years old. She is the current Customer Support & Service Manager for ABSS Sdn Bhd. She has worked for ABSS Group since September 2009. She has 1% shareholdings in ABSS.
Elavarasu Balasubramaniam	EB is a Malaysian and 36 years old. He is the current Direct Sales Manager for ABSS Sdn Bhd. He has worked for ABSS Group since July 2013. He has 1% shareholdings in ABSS.
Lim Suan Kooi	LSK is a Malaysian and 35 years old. She is the current Product Development Manager for ABSS Sdn Bhd. She has worked for ABSS Group since August 2014. She has 1% shareholdings in ABSS.

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

(Registration No.: 200914556R)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2014

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

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ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of Asian Business Software Solutions Pte Ltd (the "Company") and its subsidiary (collectively, the "Group") and statement of financial position of the Company for the financial year ended 31 December 2014.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Paul Alistair Jennings
Lum Choong Eu
Foo Chee Pin
Matthew Edward Critchley

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of the directors	
Name of directors and companies in which interests are held	At beginning of the year	At end of the year
	Ordinary Shares	
The Company		
Paul Alistair Jennings	312,000	312,000
Lum Choong Eu	18,000	18,000
Foo Chee Pin	36,000	36,000
Matthew Edward Critchley	78,000	78,000

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

REPORT OF THE DIRECTORS

5. SHARE OPTIONS

The Company's Employees' Share Option Scheme for key management personnel and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 15 November 2010 and is administered by the Remuneration Committee comprising the following members:

- Matthew Edward Critchley
- Paul Alistair Jennings

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

(b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

6. AUDITORS

The auditors, Ecovis Assurance LLP, have expressed their willingness to accept re-appointment.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

....
Paul Alistair Jennings

....
Foo Chee Pin

Date: 21 MAY 2015

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

STATEMENT BY THE DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

....
Paul Alistair Jennings

....
Foo Chee Pin

Date: 21 MAY 2015

ECOVIS Assurance LLP

ECOVIS®

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of **ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD** (the "Company") and its subsidiary (the "Group") which comprise the statement of financial position of the Group and the Company as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the statement of changes in equity of the Group and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 32.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation of 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 management, 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.

ECOVIS Assurance LLP, 100 Tras Street #14-01, 100AM Singapore 079027 Tel: 6632 7066 Fax: 6443 4346 E-mail: support@ecovis.com.sg

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD

Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Ecovis Assurance LLP

Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

21 May 2015

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2014

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
ASSETS					
Current assets					
Cash and cash equivalents	5	3,282,469	2,607,417	2,232,008	1,801,185
Trade receivables	6	947,741	620,273	630,280	475,149
Other receivables	7	510,567	65,480	691,479	210,045
Amount due from shareholders	8	1,188,000	882,000	1,188,000	882,000
Amount due from subsidiary	9	-	-	123,293	268,886
Inventories	10	20,394	18,903	4,761	4,133
Tax recoverable		-	44,627	-	-
Total current assets		5,949,171	4,238,700	4,869,821	3,641,398
Non-current assets					
Investment in a subsidiary	11	-	-	206,904	206,904
Investment in joint venture	12	87,171	-	-	-
Property, plant and equipment	13	70,748	78,776	13,349	23,226
Intangible assets	14	-	47,555	-	47,555
Total non-current assets		157,919	126,331	220,253	277,685
Total assets		6,107,090	4,365,031	5,090,074	3,919,083
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	65,305	17,834	58,613	17,048
Other payables	16	1,024,110	583,721	289,984	360,412
Deferred revenue	17	627,727	688,469	489,444	435,927
Income tax payable		562,401	392,684	456,233	392,684
Total current liabilities		2,279,543	1,682,708	1,294,274	1,206,071
Non-current liability					
Deferred tax liabilities	18	4,854	3,634	-	-
Capital and reserves					
Share capital	19	594,000	588,000	594,000	588,000
Translation reserve	20	(30,477)	(24,596)	-	-
Accumulated profits		3,259,170	2,115,285	3,201,800	2,125,012
Net equity		3,822,693	2,678,689	3,795,800	2,713,012
Total liabilities and equity		6,107,090	4,365,031	5,090,074	3,919,083

See accompanying notes to financial statements.

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	Group 2014 $	Group 2013 $
Revenue	21	8,108,955	6,104,609
Cost of sales		(1,339,192)	(1,043,234)
Gross profit		6,769,763	5,061,375
Other income		17,011	16,257
Marketing and distribution expenses		(682,405)	(668,426)
Administrative expenses		(2,122,141)	(1,644,599)
Other expenses		(134,446)	(124,635)
Share of result in joint venture, net of tax	12	88,886	-
Profit before income tax	23	3,936,668	2,639,972
Income tax expense	24	(702,443)	(358,847)
Profit for the year		3,234,225	2,281,125
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Currency translation difference arising from consolidation		(5,881)	(13,143)
Total comprehensive income for the year, net of tax		3,228,344	2,267,982

See accompanying notes to financial statements.

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

GROUP	Share capital $	Translation reserves $	Accumulated profits $	Total $
At 1 January 2013	588,000	(11,453)	1,921,560	2,498,107
Profit for the year	-	-	2,281,125	2,281,125
Other comprehensive income				
Foreign currency translation	-	(13,143)	-	(13,143)
Transaction with owners, recognised directly in equity				
Dividends (Note 26)	-	-	(2,087,400)	(2,087,400)
At 31 December 2013	588,000	(24,596)	2,115,285	2,678,689
Profit for the year	-	-	3,234,225	3,234,225
Other comprehensive income				
Foreign currency translation	-	(5,881)	-	(5,881)
Transactions with owners recognized directly in equity				
Issue of share capital (Note 19)	6,000	-	-	6,000
Dividends (Note 26)	-	-	(2,090,340)	(2,090,340)
At 31 December 2014	594,000	(30,477)	3,259,170	3,822,693

See accompanying notes to financial statements.

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	2014 $	2013 $
Cash flows from operating activities		
Profit before income tax	3,936,668	2,639,972
Adjustments for:		
Share of the result of joint venture	(88,886)	-
Depreciation of property, plant and equipment	46,221	47,606
Amortisation of intangible assets	47,555	52,591
Disposal of property, plant and equipment	520	-
Interest income	(17,001)	(18,460)
Inventories written off	1,815	4,711
Unrealised exchange difference	2,115	-
Operating cash flows before movements in working capital	3,929,007	2,726,420
Changes in working capital:		
Trade and other receivables	(772,555)	(172,425)
Inventories	(3,306)	(3,063)
Trade and other payables	427,119	490,506
Cash generated from operating activities	3,580,265	3,041,438
Interest income received	17,001	18,460
Income taxes paid	(469,042)	(323,689)
Net cash generated from operating activities	3,128,224	2,736,209
Cash flows from investing activity		
Purchase of property, plant and equipment	(39,863)	(13,216)
Cash flows from financing activities		
Proceeds from issue of shares	6,000	-
Dividends paid	(2,090,340)	(2,087,400)
Loan to shareholders	(306,000)	(300,000)
Investment in joint venture	(400)	-
Net cash used in financing activities	(2,390,740)	(2,387,400)
Net increase in cash and cash equivalents	697,621	335,593
Cash and cash equivalents at the beginning of the year	2,607,417	2,282,639
Effects of exchange rate changes on cash and cash equivalents	(22,569)	(10,815)
Cash and cash equivalents at the end of the year (Note 5)	3,282,469	2,607,417

See accompanying notes to financial statements.

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

1. GENERAL

The Company (Registration No. 200914556R) is incorporated and domiciled in Singapore with its principal place of business and registered office at 33 Ubi Avenue 3, #08-67 Vertex, Singapore 408868. The financial statements are expressed in Singapore dollars, which is the functional currency of the Company.

The principal activity of the Company is the selling of computerised accounting system. The principal activity of its subsidiary and joint venture is disclosed in Note 11 and 12 respectively.

The consolidated financial statements of the Group and the statement of financial position for the year ended 31 December 2014 were authorised for issue by the Board of Directors on the date of the Statement of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost convention, except for the accounting policies mentioned below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net reliable value in FRS 2 or value in use in FRS 36.

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, there are FRSs, INT FRSs and amendments to FRS that are relevant to the Group that were issued but are not yet effective. The management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries).

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income, expenses and unrealized gains or losses resulting from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

SUBSIDIARY – A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

INTERESTS IN JOINT VENTURES – A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the Group and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using equity method of accounting. Under the equity method, investment in the joint venture is carried in the consolidated statement of financial position at cost as adjusted for post-acquisition change in the Group's share of the net assets of the joint venture, less any impairment in the value of investment. Losses of a jointly controlled entity in excess of the Group's interests in that jointly controlled entity (which includes any long-term interests that in substance, form part of the Group's net investment in that jointly controlled entity) are not recognized, unless the Group has incurred legal or constructive obligation or made payments on behalf of the jointly controlled entity.

Where the Group transacts with the joint venture, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company and the group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

INVENTORIES - Inventories are valued at the lower of cost and net realisable value. Raw materials comprise purchase costs accounted for on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Plant and equipment	-	20%
Furniture and fittings	-	15%
Computer	-	25%
Leasehold improvement	-	25%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

INTANGIBLE ASSETS – Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Distribution rights

Distribution rights are initially measured at cost. Following initial recognition, distribution rights are measured at cost less accumulated amortisation and accumulated impairment losses. The distribution rights are amortised over 5 years.

Intellectual property rights

Intellectual property is initially measured at cost. Following initial recognition, intellectual property is measured at cost less accumulated amortisation and accumulated impairment losses.

DEFERRED REVENUE – Deferred revenue represents consideration received from customers for sale of goods and services not yet rendered but invoiced by the Group as at the end of the reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS – An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

An asset's recoverable amount is calculated as the higher of the asset's value in use and the asset's or cash-generating unit's fair value less costs to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. In determining value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANT – Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be compiled with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful list of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

LEASES - Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

RESEARCH AND DEVELOPMENTS – Research and development costs are expensed off to profit or loss in the year when the expenses are incurred.

DIVIDENDS – Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

<u>Rendering of services</u>

Revenue from rendering of services is recognised after the services have been rendered and accepted by the customers.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of "translation reserves".

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary company that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary company that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in foreign currency translation reserve (attributed to non-controlling interests, as appropriate).

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the entity's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

There are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed as follows.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the Group-wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The Group's amount of income tax payable is $562,401 (2013: $392,684) as at the end of the reporting period.

Allowance for doubtful debts

Allowance for doubtful receivables of the Group is based on an evaluation of the collectability of receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including their current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the Group contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The carrying amount of the Company's and Group's trade receivables at the end of the reporting period is disclosed in Note 6.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Financial assets				
Cash and cash equivalents	3,282,469	2,607,417	2,232,008	1,801,185
Trade and other receivables	1,294,553	645,149	1,313,077	669,033
Amount due from subsidiary	-	-	123,293	268,886
Amount due from shareholder	1,188,000	882,000	1,188,000	882,000
Total loans and receivables	5,765,022	4,134,566	4,856,378	3,621,104
Financial liabilities				
Trade and other payables	1,089,415	601,555	348,597	377,460
Total amortised cost	1,089,415	601,555	348.597	377,460

(b) Financial risk management policies and objectives

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with.

i) Foreign currency risk

Foreign currency risk refers to the risk that arises from the movements in the foreign currency exchange rate against Singapore dollars that will affect the Group's financial results and its cash flows.

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United states dollars and Hong kong dollars against the Singapore dollars.

In addition, the Group is exposed to currency translation risk arising from its net investments in foreign operation in Malaysia. The Group's net investment in Malaysia is not hedged as currency positions in Malaysian Ringgit is considered to be long term in nature. Currency exposures to the net assets of the Group's foreign operation are managed primarily through borrowings denominated in the relevant foreign currencies.

The Group does not enter into foreign exchange contracts for hedging and speculative purpose but reviews periodically to ensure that its net exposure is kept at an acceptable level.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currency are as follows:

	Group		Company	
	Assets	Liabilities	Assets	Liabilities
	$	$	$	$
2014				
United States dollars	101,116	-	-	-
Hong Kong dollars	503,578	48,273	503,578	48,273
2013				
United States dollars	30,427	-	-	-
Hong Kong dollars	464,050	12,728	464,050	12,728

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the Singapore dollars, profit before income tax will increase/(decrease) by:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
United States dollars	10,112	3,043	-	-
Hong Kong dollars	45,430	45,132	45,531	45,132

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currencies of the respective group entities. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

ii) Interest rate risk

The Group has minimal exposure to interest rate risk as it does not have significant interest bearing financial assets and liabilities at the end of the reporting period. As such, no sensitivity analysis is prepared.

iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. No other financial assets carry a significant exposure to credit risk.

The Group's major classes of financial assets are cash and cash equivalents and trade receivables. Cash and cash equivalents are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due.

At the reporting date, the Group has concentration of credit risk exposure with approximately 50% (2013: 58%) of the Group's trade receivables are due from 5 (2013: 5) customers in Singapore.

iv) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

All financial liabilities and assets in 2014 and 2013 are repayable on demand or due within 1 year from the end of reporting period and is non-interest bearing.

v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to holders of the parent, comprising share capital and accumulated profits as disclosed in Consolidated Statement of financial position. The directors review the capital structure at least annually. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues. The Group's overall strategy remains unchanged from 2013.

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

5. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cash at bank	2,710,708	1,988,598	2,228,888	1,798,185
Fixed deposits	567,151	615,603	-	-
Cash on hand	4,610	3,216	3,120	3,000
	3,282,469	2,607,417	2,232,008	1,801,185

Fixed deposits bear average effective interest rate of 3.05% (2013: 3.05%) per annum and for a tenure of approximately 90 (2013: 90) days.

The Group's and the Company's cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Hong Kong dollars	313,980	353,924	313,980	353,924

6. TRADE RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Third parties	947,941	620,273	630,280	475,149

The average credit period is 30 (2013: 30) days. No interest is charged on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Included in the Groups' and the Company's trade receivable balance are debtors with a carrying amount of $128,167 (2013: $14,659) and $83,080 (2013: $13,457) which are past due at the end of the reporting period for which no allowance has been provided as there has been no changes in credit quality and the amounts are collectible in full. Trade receivables are assessed on individual basis for impairment by the management.

The aging profile of these receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Current and not impaired	819,574	605,614	547,200	461,692
Past due and not impaired				
Within 3 months	117,144	4,643	83,080	3,664
3 to 6 months	11,023	10,016	-	9,793
	947,741	620,273	630,280	475,149

In determining the collectability of a trade receivables, the Group considers any change in credit quality from the date the credit initially granted up to the date of reporting. Management believes that the trade receivables that are neither past due nor impaired are with creditworthy counterparties.

The Group's and the Company's trade receivables that are not denominated in the functional currencies of the respective entities in the Group are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Hong Kong dollars	189,598	110,126	189,598	110,126
United States dollars	101,116	30,427	-	-

7. OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Deposits	26,357	24,876	7,520	6,868
Prepayments	163,755	40,604	8,682	16,161
Government grant receivables	320,455	-	-	-
Dividend receivables	-	-	675,277	187,016
	510,567	65,480	691,479	210,045

8. AMOUNT DUE FROM SHAREHOLDERS

The amount due from shareholders is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

9. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is to be settled in cash. No guarantees have been given or received.

10. INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Finished goods	5,230	4,640	3,999	691
Raw materials	15,164	14,263	762	3,442
	20,394	18,903	4,761	4,133

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

11. INVESTMENT IN A SUBSIDIARY

	Company 2014	Company 2013
	$	$
Unquoted equity shares, at cost	206,904	206,904

Details of the Company's subsidiary at 31 December 2014 are as follows:

Name of subsidiary	Principal activity/Country of incorporation and operations	Percentage of equity held by the Company 2014	2013
		%	%
Asian Business Software Solution Sdn Bhd	Selling of computerized accounting system / Malaysia	100	100

12. NVESTMENT IN A JOINT VENTURE

	The Group 2014	The Group 2013
	$	$
Unquoted equity shares, at cost	400	-
Share of post-acquisition profit, net of tax	88,886	-
Foreign currency exchange difference	(2,115)	-
	87,171	-

Details of the Group's joint venture at 31 December 2014 are as follows:

Name of joint venture	Principal activity/Country of incorporation and operations	Percentage of equity held by the Group 2014	2013
		%	%
Censoft ABSS Sdn Bhd	Trading in business software and providing support services	50	-

The joint venture which is incorporated during 2014 is held by the subsidiary, Asian Business Software Solution Sdn. Bhd.

There are no contingent liabilities, significant restrictions on the ability of the joint ventures to transfer fund to the Group in form of cash dividends or repay loan and capital commitments relating to the Group's interest in the joint venture.

The summarised financial information in respect of Censoft ABSS Sdn Bhd based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Censoft ABSS Sdn Bhd	
	2014	2013
	$	$
Assets		
Cash and cash equivalents	767	-
Trade and other receivables	444,380	-
Total assets	445,147	-
Liabilities		
Trade and other payables	226,363	-
Income tax payable	44,442	
	270,805	
Net assets	174,342	-
Proportion of Group's ownership	50%	-
Share of net assets, representing the Group's carrying value of the investment	87,171	-

Summarised statement of comprehensive income

	Censoft ABSS Sdn Bhd	
	2014	2013
	$	$
Sales	609,041	-
Cost of sales	(233,155)	-
Operating expenses	(157,102)	-
Income tax expenses	(44,442)	-
	174,342	-

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold improvement	Plant and equipment	Furniture and fittings	Computer	Total
	$	$	$	$	$
Cost					
At 1 January 2013	62,623	104,046	43,777	63,083	273,529
Additions	-	384	-	12,832	13,216
Currency translation differences	(1,343)	(3,137)	(1,194)	(1,624)	(7,298)
At 31 December 2013	61,280	101,293	42,583	74,291	279,447
Additions	11,904	1,626	5,009	21,324	39,863
Disposal	-	-	-	(999)	(999)
Currency translation differences	(1,004)	(1,733)	(726)	(1,370)	(4,833)
At 31 December 2014	72,180	101,186	46,866	93,246	313,478

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

GROUP	Leasehold improvement	Plant and equipment	Furniture and fittings	Computer	Total
	$	$	$	$	$
Accumulated depreciation					
At 1 January 2013	28,026	44,810	32,223	52,977	158,036
Charge for the year	18,743	18,302	4,467	6,094	47,606
Currency translation differences	(842)	(1,715)	(993)	(1,421)	(4,971)
At 31 December 2013	45,927	61,397	35,697	57,650	200,671
Charge for the year	16,388	18,625	2,776	8,432	46,221
Disposal	-	-	-	(479)	(479)
Currency translation differences	(791)	(1,406)	(588)	(898)	(3,683)
At 31 December 2014	61,524	78,616	37,885	64,705	242,730
Carrying amount					
At 31 December 2013	15,353	39,896	6,886	16,641	78,776
At 31 December 2014	10,656	22,570	8,981	28,541	70,748

COMPANY	Leasehold improvement	Plant and equipment	Furniture and fittings	Computer	Total
	$	$	$	$	$
Cost					
At 1 January 2013	24,035	14,150	9,473	18,603	66,261
Additions	-	-	-	9,787	9,787
At 31 December 2013	24,035	14,150	9,473	28,390	76,048
Additions	-	-	1,524	1,026	2,550
Disposal	-	-		(999)	(999)
At 31 December 2014	24,035	14,150	10,997	28,417	77,599
Accumulated depreciation					
At 1 January 2013	13,019	8,035	4,822	14,962	40,838
Charge for the year	6,009	915	2,870	2,190	11,984
At 31 December 2013	19,028	8,950	7,692	17,152	52,822
Charge for the year	5,007	2,190	972	3,738	11,907
Disposal	-	-	-	(479)	(479)
At 31 December 2014	24,035	11,140	8,664	20,411	64,250
Carrying amount					
At 31 December 2013	5,007	5,200	1,781	11,238	23,226
At 31 December 2014	-	3,010	2,333	8,006	13,349

14. INTANGIBLE ASSETS

GROUP AND COMPANY	Distribution rights	Intellectual property rights	Total
	$	$	$
Cost			
At 1 January 2013, 31 December 2013 and 2014	60,459	162,002	222,461
Accumulated amortisation			
At 1 January 2013	41,314	81,001	122,315
Charge for the year	12,091	40,500	52,591
At 31 December 2013	53,405	121,501	174,906
Charge for the year	7,054	40,501	47,555
At 31 December 2014	60,459	162,002	222,461
Net carrying amount			
At 31 December 2013	7,054	40,501	47,555
At 31 December 2014	-	-	-

Distribution rights and intellectual property rights are amortised over the useful lives of 5 and 4 years respectively in accordance with the contractual period entered into with the franchiser.

15. TRADE PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade payables	65,305	17,834	58,613	17,048

Trade payables are non-interest bearing and the average credit period is 30 (2013: 30) days.

The Group's and the Company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Hong Kong dollars	48,273	12,728	48,273	12,728

16. OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Amount due to joint venture	279,979	-	-	-
Accrued expenses	655,311	365,502	201,164	142,193
Dividend payable	-	147,000	-	147,000
GST payables	88,820	71,219	88,820	71,219
	1,024,110	583,721	289,984	360,412

The amount due to joint venture is non-trade in nature, unsecured, interest free, repayable on demand and is to be settled in cash.

ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD & ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

17. DEFERRED REVENUE

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Beginning of the year	688,469	545,454	435,927	349,109
Addition during the year	1,325,784	1,492,194	925,749	788,551
Recognised in profit or loss	(1,384,251)	(1,340,729)	(872,232)	(701,733)
Currency translation differences	(2,275)	(8,450)	-	-
End of the year	627,727	688,469	489,444	435,927

18. DEFERRED TAX LIABILITIES

Deferred tax liability arises from the excess of tax over book depreciation:

	Group	
	2014	2013
	$	$
Beginning of the year	3,634	7,742
Recognised in profit or loss (Note 24)	1,322	(3,937)
Currency translation differences	(102)	(171)
End of the year	4,854	3,634

19. SHARE CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares		$	$
Issued and fully paid				
At the beginning of the year	588,000	588,000	588,000	588,000
Issue for cash	6,000	-	6,000	-
At the end of the year	594,000	588,000	594,000	588,000

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

20. TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from the Group's presentation currency.

21. REVENUE

	Group 2014 $	Group 2013 $
Sale of software	6,426,898	4,588,200
Services rendered	1,682,057	1,516,409
	8,108,955	6,104,609

22. EMPLOYEES' BENEFIT COSTS

	Group 2014 $	Group 2013 $
Directors' remuneration		
Salaries and bonuses	521,954	599,633
Defined contribution plans	27,260	21,848
Directors' fees	42,011	44,169
Key management compensation	591,225	665,650
Other staff		
Salaries and bonuses	1,137,393	1,044,458
Defined contribution plans	86,959	63,795
Other benefits	273,772	140,525
	1,498,124	1,248,778
Total employee benefits costs	2,089,349	1,914,428

The key management personnel are director of the Company whose remuneration are disclosed above.

The employee benefit costs are charged to the following line items in the consolidated statement of profit or loss and other comprehensive income:

	Group 2014 $	Group 2013 $
Cost of sales	460,810	306,973
Marketing and distribution expense	311,221	319,946
Administrative expense	1,317,318	1,287,509

23. PROFIT BEFORE INCOME TAX

Profit before income tax includes the following charges/(credits):

	Group	
	2014	2013
	$	$
Management service expense	207,150	173,555
Operating leases expense	64,539	63,466
Depreciation of property, plant and equipment	46,221	47,606
Amortisation of intangible assets	47,555	52,591
Loss on foreign exchange difference, net	23,362	20,477
Inventories written off	1,815	4,711
Production development expenses recognised in cost of sales	94,998	102,902
Interest income from bank	(17,001)	(18,460)
Royalty fee	190,091	146,292

24. INCOME TAX EXPENSE

Major components of income tax expense is as follows:

	Group	
	2014	2013
	$	$
Current tax		
Current year	673,207	413,354
Over provision in prior year	27,914	(50,570)
	701,121	362,784
Deferred tax		
Current year	1,256	(4,154)
Over provision in prior year	66	217
	1,322	(3,937)
Total tax expense	702,443	358,847

Domestic income tax expense is calculated at 17% (2013: 17%) of the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2014	2013
	$	$
Profit before income tax	3,958,889	2,639,972
Income tax expense	673,011	448,795
Income not subject to tax	(550)	(33,182)
Tax effect of expenses that are not deductible	11,879	7,650
Deferred tax over provision in prior year	65	217
Effect of different tax rates of foreign subsidiary	56,460	41,129
Tax exemptions and rebate	(65,606)	(61,093)
Over provision in prior year	27,980	(50,570)
Share of the result of joint venture	(15,110)	-
Others	14,314	5,901
Income tax expense recognised in profit or loss	702,443	358,847

At the end of reporting period, no deferred tax liability has been recognised for taxes that would be payables on the undistributed earnings of the subsidiary as the Group has determined that undistributable earnings of subsidiary will not be distributed in the foreseeable future. Such temporary difference for which no deferred tax liability has been recognised aggregated to $87,560 (2013: $197,000). The deferred tax liability is estimated to be $15,000 (2013: $33,000).

25. OPERATING LEASE COMMITMENTS

The Group has various operating lease agreements for equipment, offices and other facilities. Most leases contain renewable options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2014	2013
	$	$
Payable		
Within one year	40,800	21,518
In the second to fifth years inclusive	23,800	-
	64,600	21,518

The leases typically run for an initial period of two years with an option to renew the lease for another 1 to 2 years at the prevailing market rate.

26. DIVIDENDS

	Group and Company	
	2014	2013
	$	$
Dividends declared on ordinary shares		
Interim tax exempt (one-tier) dividend for 2014: $3.555 per share declared and paid in 2014	2,090,340	-
First interim tax exempt (one-tier) dividend for 2014: $3.10 per share declared and paid in 2014	-	1,822,800
Second interim tax exempt (one-tier) dividend for 2014: $0.20 per share declared and paid in 2014	-	117,600
Third interim tax exempt (one-tier) dividend for 2014: $0.25 per share declared in 2014 and to be paid in 2014	-	147,000
	2,090,340	2,087,400

APPENDIX III – LEGAL OPINION ON OWNERSHIP OF TITLE TO THE SECURITIES OR ASSETS IN SINGAPORE, ENFORCEABILITY OF ALL AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTERPARTIES UNDER RELEVANT LAWS OF SINGAPORE AND OTHER RELEVANT MATTERS IN SINGAPORE

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11 November 2015

CENSOF HOLDINGS BERHAD
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

ATTENTION: THE BOARD OF DIRECTORS OF CENSOF HOLDINGS BERHAD

Dear Sirs,

We note we have been instructed by Censof Holdings Berhad ("the Company") a company duly incorporated in Malaysia to issue a legal opinion on the ownership of title to securities or assets in Singapore and the enforceability of all agreements, representations and undertakings given by foreign counterparties under the relevant laws of Singapore in connection with the Company's proposed acquisition of shares in the capital of Asian Business Software Solutions Pte Ltd ("Target Company").

This legal opinion is limited to the laws of the Republic of Singapore as applied by the Singapore Courts and is given on the basis that it will be governed by and construed in accordance with Singapore law. We do not purport to be experts on, or generally familiar with, any laws other than the laws of the Republic of Singapore. Accordingly, we have made no investigation of, and do not express or imply any views on the laws of any territory or country other than Singapore. In particular, we have made no investigation of the laws of Malaysia and do not express or imply any views on such laws.

A. Documents

We have examined the following documents for the purpose of giving this legal opinion:

1. The Memorandum and Articles of Association of Target Company;
2. Share Sale and Purchase Agreement ("SSA") dated 9 July 2015 between the Company, Censof Holdings Berhad, the Vendors of the Sale Shares, namely Paul Alistair Jennings, Matthew Edward Critchley, Simone Gross, Foo Chee Pin, Irine Lopez, Rhys Paul Brown, Lum Choong Eu, Gauri Thanasingam, Shanmugapriya Kanesan, Elavarasu Balasubramaniam and Lim Suan Kooi and the Target Company, Asian Business Software Solutions Pte Ltd.

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We note that the proposed investment by Censof Holdings Berhad ("the Company") in Target Company is for 306,000 shares out of a total 600,000 shares in the capital of Target Company.

Searches conducted by us

We have also carried out the following searches on the Target Company:

1. an electronic and computerised search of instant information (business profile) on Target Company conducted with the Accounting and Corporate Regulatory Authority ("ACRA") as at 20 October 2015;

2. search made on 20 October 2015 of the computerised search index of the High Court of the Republic of Singapore in respect of winding-up applications for the years 2014 and 2015 ("Winding-Up Search");

3. composite litigation searches made on 20 October 2015 of the computerised search index of actions filed by and against Target Company in the Subordinate Courts and the High Court of the Republic of Singapore for the years 2014 and 2015 ("Cause Book Searches").

The Winding Up Search and Cause Book Searches conducted have not shown any adverse information

B. Assumptions

We have assumed:

1. there are no material facts in respect of the affairs of the Company of which we are unaware and have not been disclosed to us by the directors and management of the Company;

2. all the information furnished to us by the Company is true, correct, accurate, not misleading, represents a complete and up to date account of the information given;

3. all documents submitted or made available to us as copies conform to the authentic original documents which such copies purport to represent;

4. the business profile search with ACRA on Target Company revealed all matters required by law to be notified to ACRA; and

5. the results of the business profile search with ACRA on Target Company, the Winding-Up Search and the Cause Book Searches are complete, up to date and accurate.

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C. Opinion

Subject to the assumptions and qualifications made in this legal opinion, we set out below our opinion on the matters requested as follows:

1. Contracts entered into by Target Company

1.1 Target Company is duly incorporated and validly existing under the laws of Singapore.

1.2 Target Company has the capacity and the corporate powers to enter into valid and binding agreements, make representations and commit to undertakings in its own name in Singapore.

1.3 Any agreement, representation or undertaking (each a "Contract") entered into by the Target Company are generally enforceable. In addition, but without limitation:

(a) a contractual provision providing for the payment of additional amounts upon a default may not be enforceable if construed by a Singapore court as a penalty;

(b) where any obligation is to be performed in a jurisdiction outside Singapore or are subject to the laws of a jurisdiction outside Singapore, such obligation may not be enforceable in Singapore in the event and to the extent that such performance would be unenforceable, unlawful or contrary to public policy under the laws of that jurisdiction;

(c) in some circumstances, a Singapore court would not give effect to a provision in a Contract providing for the severance of any provision which is Illegal, invalid or unenforceable, if to do so would not accord with public policy or would involve the court in making a new contract for the parties;

(d) the enforceability of a Contract may be limited by time bars or lapse of time, court schemes, applicable bankruptcy, reorganisation, receivership, liquidation or other similar laws affecting creditor's rights generally and by equitable principles (regardless of whether the issue of enforceability is considered in a proceeding in equity or at law), or may be or become subject to a defence of set-off or counterclaim. In particular, transactions entered into in the period before the bankruptcy starts may be set aside in certain circumstances;

(e) as regards jurisdiction, a court in Singapore may in its discretion stay proceedings in certain circumstances, for example, if the public policy of Singapore so requires, if concurrent proceedings are brought elsewhere, if the matter concerned is res judicata, if litigation is pending in another forum on the same matter or if another forum is more convenient;

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(f) a Contract may be varied, amended or discharged by a further agreement or affected by a collateral agreement which may be effected by an oral agreement or implied by a course of dealing;

(g) although the Singapore courts will award damages in currencies other than Singapore Dollars, it should not necessarily be assumed that the courts would in every case award damages for any breach of the documents in any other currency other than Singapore Dollars and they may not enforce the benefit of any currency conversion and indemnity provisions;

(h) enforcement may be restricted by the principles relating to the frustration of contracts by events occurring after their execution;

(i) failure to exercise a right promptly may operate as waiver of that right notwithstanding a provision to the contrary;

(j) interest on overdue amounts may not be recoverable if it amounts to a penalty under Singapore law;

(k) the enforcement of a contract may be affected if any of them has been entered into for the purpose of or in connection with (i) money laundering, or (ii) any other unlawful activity.

1.4 With reference to the SSA:

a) the execution and delivery by the Vendors of the SSA and the performance by the Vendors of its obligations in the SSA do not and will not:

(i) violate or contravene any law of Singapore;

(ii) violate or contravene any court order or official decree of Singapore.

b) the obligations of the Vendors contained in the SSA constitute valid, legally binding and enforceable obligations of the Vendors enforceable in accordance with their terms;

c) no authorization, approval, consent, licence or exemption is required from any governmental, judicial or public body or authority in Singapore in connection with the execution and delivery by the Vendors of the SSA or the performance by the Vendors of its obligations thereunder;

d) it is not necessary or advisable, in order to ensure the legality, validity or enforceability of the SSA that the SSA (or any particulars of it) should be registered, filed, recorded, notarised or delivered with or to any governmental or official or regulatory body of or in Singapore;

e) aside from stamp duty being payable by the purchase pursuant to the terms of the SSA for the share transfer documents executed by the parties, no other stamp duty, registration tax or similar documentary tax or charge is required to be paid in Singapore in connection with the execution, delivery

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f) or performance of the transactions contemplated by the SSA or its enforcement by legal proceedings in Singapore;

g) no fees, costs or deposits are payable by the Company to any governmental or official or regulatory body in Singapore in connection with the transaction(s) contemplated in the SSA; and

h) the submission by the Vendors to the jurisdiction of the Singapore courts in relation to the SSA is valid, effective and irrevocable and would be recognized and upheld by the courts of Singapore.

Forum non conveniens

1.5 Whilst a claimant may issue a writ of summons against a defendant, which is resident or has assets in Singapore as a matter of right, the defendant will not be precluded from applying and obtaining an order for a stay of the proceedings in Singapore on the basis of *forum non conveniens.*

1.6 A judgment obtained in another jurisdiction (other than judgments of a superior court in a Commonwealth jurisdiction or Hong Kong SAR) cannot be registered and enforced in Singapore. However, a foreign judgment creditor may sue as a plaintiff in the Singapore courts for enforcement of its rights against a foreign judgment debtor under a Contract. Access to the Singapore courts by foreign judgment creditors to enforce the foreign judgment will not be subject to any conditions which are not applicable to residents of Singapore or a company incorporated in Singapore except:

(i) that the Singapore courts have power to stay the proceedings as set out above;

(ii) a Singapore court may, at its discretion, order a plaintiff not ordinarily resident in Singapore to provide security for costs of the proceedings.

1.7 A final and conclusive foreign judgment properly obtained for a fixed sum of money against a defendant in respect of any legal suit or proceedings arising out of or relating to a Contract, which has not been stayed or satisfied may be sued upon as a debt due from defendant. A Singapore Court will render a fresh judgment without reexamination of or a review of the merits of the cause of action in respect of which the original judgment was given if:

(i) the relevant court had jurisdiction over the defendant in that it was, at the time of commencement of proceedings, resident in the jurisdiction of the foreign country where judgment was obtained or had submitted to the jurisdiction of the relevant court;

(ii) the judgment was not obtained by fraud;

(iii) the enforcement of the judgment would not be contrary to public policy in Singapore;

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(iv) that judgment had not been obtained in contravention of the principles of natural justice; and

(v) the judgment of the relevant court did not include the payment of taxes, a fine or a penalty.

Enforcement of Commonwealth Judgments

1.8 In the event of a breach or non-performance of any obligation or undertaking given by Target Company in a Contract and legal proceedings are commenced and a judgment is obtained in a Commonwealth jurisdiction against Target Company in respect of the same, a judgment creditor of a judgment obtained in the Commonwealth jurisdiction may apply to the High Court of Singapore at any time within 12 months (or such longer period as the High Court may allow) after the judgment, to have the judgment registered in the High Court. The High Court may register the judgment if it in all the circumstances of the case thinks it just and convenient to do so. Upon registration, the judgment shall, with effect from the date of registration, be of the same force and effect as if it had been a judgment obtained in Singapore.

1.9 No judgment shall, however, be registered in Singapore if:

(i) the original court acted without jurisdiction;

(ii) if the judgment debtor was not properly served with the process of the original court and did not enter any appearance;

(iii) the judgment was obtained by fraud;

(iv) an appeal is pending or the judgment debtor satisfies the High Court that it is entitled and intends to appeal against the judgment; or

(v) the judgment was in respect of a cause of action which for public policy or similar reasons, the High Court could not entertain.

1.10 A Singapore court will not necessarily grant any remedy, the availability of which is subject to equitable considerations or which is otherwise in the discretion of the court. In particular, orders for specific performance and injunctions are, in general, discretionary remedies under Singapore law and specific performance is not available where damages are considered by the court to be an adequate alternative remedy.

2. Ownership of Shares in Target Company

2.1 Based on the records filed with ACRA and as seen in the latest business profile of the Company extracted from ACRA, there are 600,000 ordinary shares in the Company, which have been fully paid-up. The paid up capital

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of the Company is Singapore Dollars Six Hundred Thousand only (S$600,000) . The shareholders are as follows:

Name of Shareholders	No. of Shares	Percentage (%)
Paul Alistair Jennings	312,000	52.00
Matthew Edward Critchley	78,000	13.00
Simone Gross	60,000	10.00
Irine Lopez	36,000	6.00
Foo Chee Pin	36,000	6.00
Rhys Paul Brown	36,000	6.00
Lum Choong Eu	18,000	3.00
Elavarasu Balasubramaniam	6,000	1.00
Gauri Thanasingam	6,000	1.00
Lim Suan Kooi	6,000	1.00
Shanmugapriya A/P Al Kanesan	6,000	1.00
TOTAL	600,000	100

2.2 There is no limitation applicable to the right of the shareholder, being a foreign shareholder, to own shares in the Company nor any restriction on the shareholder exercising the right to vote the ordinary shares held by them in Target Company. Under the Companies Act, each ordinary share issued by a company shall confer the right at a poll at any general meeting of the company to one vote and to one vote only, in respect of each ordinary share.

2.3 The Articles of Association of the Company may however provide that a member who has not fully paid all calls or other sums presently payable by him in respect of shares in the Company shall not be entitled to vote at any general meeting.

D. Qualifications

This Report is subject to the following qualifications:

(a) This legal opinion is strictly limited to the matters stated in it and does not apply by implications to other matters.

(b) This legal opinion relates only to the laws of Singapore in force at the time of giving this report. We neither express nor imply any opinion as to and have not made any investigation of, the laws of any other jurisdiction. We are under, and assume, no obligation to inform any person of, any future changes to the laws of Singapore or any other laws.

(c) The statements made and the report contained in this legal opinion are given only to the extent of that a law firm, having the role described above, could reasonably be expected to have become aware of relevant facts and to have identified the implications of those facts.

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(d) This report is given in the view of, and subject to, the accuracy of the instructions which we have been given.

(e) No opinion is expressed on matters of fact.

(f) This report merely covers matters considered by us from a legal perspective and we disclaim any skills or expertise in assessing any matter from an accounting, taxation (save for the advice included in this letter), financial or other non-legal perspective and give no opinion on any operational, technical, financial, statistical, taxation or accounting matter or its adequacy.

E. Benefit

This report is addressed to you for your sole benefit and may not without prior written consent:

(a) be relied upon by any other person or for any other purpose;

(b) be disclosed to any other person, other than:

(i) to persons who in the ordinary course of your business have access to your papers and records on the basis that they will not make any disclosure; or

(ii) if required by law; or

(iii) in connection with legal proceedings relating to the document; or be filed with any Government Agency or quoted or referred to in any public documents (except as may otherwise be required by applicable law or regulation).

Yours faithfully
Infinitus Law Corporation

Pamela Chong
Director

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Jonathan Foong
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Patsy Koh
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11 November 2015

CENSOF HOLDINGS BERHAD
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

ATTENTION: THE BOARD OF DIRECTORS OF CENSOF HOLDINGS BERHAD

Dear Sirs,

We note we have been instructed by Censof Holdings Berhad ("the Company") a company duly incorporated in Malaysia to issue a report on the policies on foreign investments, taxation and repatriation of profits of Singapore in connection with the Company's proposed acquisition of shares in the capital of Asian Business Software Solutions Pte Ltd.

This report is limited to the laws of the Republic of Singapore as applied by the Singapore Courts and is given on the basis that it will be governed by and construed in accordance with Singapore law. We do not purport to be experts on, or generally familiar with, any laws other than the laws of the Republic of Singapore. Accordingly, we have made no investigation of, and do not express or imply any views on the laws of any territory or country other than Singapore. In particular, we have made no investigation of the laws of Malaysia and do not express or imply any views on such laws.

A. Documents

We have examined the following documents in the preparation of this report:

1. Share Sale and Purchase Agreement dated 9 July 2015 between the Company, Censof Holdings Berhad, the Vendors of the Sale Shares, namely Paul Alistair Jennings, Matthew Edward Critchley, Simone Gross, Foo Chee Pin, Irine Lopez, Rhys Paul Brown, Lum Choong Eu, Gauri Thanasingam, Shanmugapriya Kanesan, Elavarasu Balasubramaniam and Lim Suan Kooi and the Target Company, Asian Business Software Solutions Pte Ltd. We note that the proposed investment by Censof Holdings Berhad ("the Company") in Asian Business Software Solutions Pte Ltd ("Target Company") is for 306,000 shares out of a total 600,000 shares in the capital of the Target Company.

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B. Assumptions

We have assumed:

1. there are no material facts in respect of the affairs of the Company of which we are unaware and have not been disclosed to us by the directors and management of the Company;
2. all the information furnished to us by the Company is true, correct, accurate, not misleading, represents a complete and up to date account of the information given; and
3. all documents submitted or made available to us as copies conform to the authentic original documents which such copies purport to represent.

C. Report

Subject to the assumptions and qualifications made in this legal opinion, we set out below our report on the matters requested as follows:

1. Policies of Foreign Investment of Singapore

1.1There is generally no restriction imposed on foreign persons to invest in Singapore companies save for the matter mentioned in Section 1.3 below.

1.2 There is no limitation applicable to the right of the shareholder, being a foreign shareholder, to own shares in the Target Company nor any restriction on the shareholder, exercising the right to vote based on the ordinary shares held by them in the Company.

1.3 Please note however that under the Residential Property Act, a company which has foreign shareholders and/or directors must seek prior consent from the Singapore Land Authority before purchasing or having any beneficial interest in a residential property which is classified as a "restricted property" under the said Act. Where the Target Company does not own or wish to purchase such property , no consent or approvals are required for the acquisition of the shares in the Target Company.

2. Policies on taxation of Singapore

2.1 Singapore tax is territorial based and income tax is imposed on Singapore tax residents, individual and corporate.

2.2 A company is regarded as a tax resident in Singapore if the management and control of its business are exercised in Singapore. Normally, control and management of a company is vested in the board of directors and

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the company is resident in the country where directors meetings are held.

2.3 A Singapore Corporate tax payer is subject to Singapore Income Tax on income accrued in or derived from Singapore or received in Singapore from outside Singapore. Income is received in Singapore from outside Singapore ("Foreign Income") when it is remitted to, transmitted or brought into Singapore, applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore, or applied to purchase any movable property which is brought into Singapore. The corporate tax rate for 2014-2015 financial year is 17%.

2.4 Foreign dividends, branch profits and foreign service income ("Specified Foreign Income") received in Singapore by a Singapore resident company are exempt from Singapore tax if (a) such income is subject to tax of a similar character to Income Tax under the laws of the jurisdiction from which such income is received; (b) at the time the dividend is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15 per cent; and the comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

2.5 Singapore does not have capital gains tax. If however, a sale of capital assets was found to be trading a transaction (as opposed to a capital transaction), income tax will be payable.

2.5 Since 1 January 2003, Singapore moved to a one-tier taxation system where tax collected at the corporate level is final and all dividend payments made by Singapore resident companies are exempt from tax in the hands of the shareholders.

2.6 Companies that repurchase their shares, having complied with the legal requirements, are considered to have paid a dividend out of distributable profits in respect of the amount paid in excess of the contributed capital.

2.7 Payments under share capital reductions or redemptions of redeemable preference shares in excess of the original capital contribution would be treated as a dividend distribution as far as the company is concerned but under certain circumstances the income may not be treated as dividend income in the hands of the shareholders, depending on whether such payments will be considered capital or revenue in the hands of the shareholder.

2.8 A Goods and Services Tax ("GST") of 7% is imposed on most goods and services in Singapore. As a consumption tax, GST is paid by the final consumer and is charged by a GST registered person at every step of the supply and services chain from producer to retailer or services provider which is GST registered save for some exceptions, the applicable one in this case being the sale of shares. There is no GST charged on the sale of shares.

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2.9 Dividend Payments made to non-resident or resident shareholders are not subject to withholding tax. Other payments of an income nature to non-tax resident persons (whether individual or corporate) may attract withholding tax. A Singapore incorporated Company has to withhold tax when it makes payments of the following nature to a non-resident person:

-Interest, fee, commission and any payment related to a loan of some form of indebtedness;

-Royalty;

-Use of know-how;

-Management fee or technical assistance fees;

-Director's remuneration;

- Distribution of real estate investment trust (REIT);

-Rent or other payments for the use of any movable property;

- Payment for the purchase of real property from a non-resident property trader.

The tax rate imposed would be between 10% and 17% unless lowered or exempt pursuant to prevailing regulations granting exceptions or pursuant to tax incentive schemes or concessions, or otherwise specified in an applicable double tax treaty/ agreement between Singapore the other tax jurisdictions.

An existing treaty signed between the Government of Singapore and the Government of Malaysia for the Avoidance of Double Taxation provides relief /reduced withholding tax rates in relation to withholding tax on remittances of the above income to Malaysian residents.

2.10 Stamp duty is levied on written documents for the sale of stock, shares and immovable property. For the share sale in this case, the rate of stamp duty payable on the Share Transfer document is 0.2% on the higher of the sale price or net asset value.

3. <u>Policies of repatriation of profits of Singapore</u>

3.1 Singapore has no significant exchange controls. Funds may be repatriated freely from Singapore. There are no restrictions and/ or formalities for repatriation of profits and/or dividends out of Singapore.

3.2 Under the Singapore Companies Act Cap 50, dividends may only be paid out of the profits of the company. There are no restrictions on payment of dividends to a foreign shareholder.

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3.3 Capital may not be returned to shareholders unless a capital reduction exercise is carried out in accordance with the provisions of the Companies Act Cap.50 and the company's Articles of Association. There are no restrictions on payment of capital from a capital reduction exercise to foreign shareholders.

3.4 A company may, if so authorized by its constitution (Articles of Association) and subject to the limits imposed by the Singapore Companies Act, buy back its own shares. Similarly, there are no restrictions on payment of the purchase price in respect of such purchase to foreign shareholders.

D. Qualifications

This Report is subject to the following qualifications:

(a) This legal opinion is strictly limited to the matters stated in it and does not apply by implications to other matters.

(b) This report relates only to the laws of Singapore in force at the time of giving this report. We neither express nor imply any opinion as to and have not made any investigation of, the laws of any other jurisdiction. We are under, and assume, no obligation to inform any person of, any future changes to the laws of Singapore or any other laws.

(c) The statements made and the report contained in this letter are given only to the extent of that a law firm, having the role described above, could reasonably be expected to have become aware of relevant facts and to have identified the implications of those facts.

(d) This report is given in the view of, and subject to, the accuracy of the instructions which we have been given.

(e) No opinion is expressed on matters of fact.

(f) This report merely covers matters considered by us from a legal perspective and we disclaim any skills or expertise in assessing any matter from an accounting, taxation (save for the advice included in this letter), financial or other non-legal perspective and give no opinion on any operational, technical, financial, statistical, taxation or accounting matter or its adequacy.

E. Benefit

This report is addressed to you for your sole benefit and may not without prior written consent:

(a) be relied upon by any other person or for any other purpose;

(b) be disclosed to any other person, other than:

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(i) to persons who in the ordinary course of your business have access to your papers and records on the basis that they will not make any disclosure; or

(ii) if required by law; or

(iii) in connection with legal proceedings relating to the document; or be filed with any Government Agency or quoted or referred to in any public documents (except as may otherwise be required by applicable law or regulation).

Yours faithfully
Infinitus Law Corporation

Pamela Chong
Director

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Year in Operation servicing Clients satisfactorily 11th

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Our Ref : IPV/Censof/2015/MK/emy
Date : 11 November 2015

Board of Directors
Censof Holdings Berhad
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

Dear Sirs,

EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE PRICE FOR THE PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD ("ABSS")

1. Introduction

On 9 July 2015, AmInvestment Bank Berhad ("**AmInvestment Bank**") on behalf of the Board of Directors of Censof Holdings Berhad ("**Board**") had announced that on 9 July 2015, Censof Holdings Berhad ("**Censof**") had entered into a share sale and purchase agreement with certain vendors and ABSS, a private limited company incorporated in Singapore, to acquire 51% equity interest in ABSS comprising 306,000 ordinary shares of Singapore Dollar (SGD) 1.00 each ("**ABSS Share(s)**") for an aggregate purchase price of SGD10.0 million (equivalent to Ringgit Malaysia ("**RM**") 28.066 based on exchange rate of **SGD1.00: RM2.8066, being the middle rate of the exchange rate published by Bank Negara Malaysia as at 5.00 p.m. on 7 July 2015, being the latest practicable date prior to the execution of Share Sale and Purchase Agreement** ("**Purchase Price**")("**Share Sale and Purchase Agreement**").

The Board has requested that Adastra IP (M) Sdn Bhd ("**Adastra IP**") provide an Expert's Report pursuant to Chapter 10, Appendix 10B, Part F, item 4 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). The Expert's Report opines on the fairness of the Purchase Price payable by Censof for the foreign securities to be acquired in relation to the Proposed Acquisition.

2. Purpose of Report

This Expert's Report does not constitute an independent advice report under the Listing Requirements and it does not constitute a valuation report on the foreign assets proposed to be acquired under the Listing Requirements. Accordingly, it cannot be used and relied upon in any other connection/purposes or by any other party.

This letter is prepared for and addressed to the Board and is intended only for inclusion in the circular to the shareholders of Censof in relation to the Proposed Acquisition.

Adastra IP's opinion and this letter shall not be quoted, referred to or otherwise disclosed, in whole or in part, nor shall any public reference to Adastra IP be made without our prior written consent. This Expert's Report is not intended as and does not constitute a recommendation by us on the Proposed Acquisition. It is also not intended to be relied on to address the business concerns and risks pertaining to ABSS.

3. Scope and Limitations

This Expert's Report does not address or consider the underlying business decision of Censof to engage in the Proposed Acquisition, or the relative merits of the Proposed Acquisition. In assessing the Proposed Acquisition, we have undertaken a financial analysis of ABSS only and have relied on commercial assessment of the Proposed Acquisition by Censof's management ("**Management**"). We have not evaluated any other aspect of the Proposed Acquisition, including the impact of any potential synergies arising from the Proposed Acquisition. Adastra IP does not express any opinion on, and this Expert's Report does not address, any terms or aspects of the Share Sale and Purchase Agreement or the Proposed Acquisition or any terms or aspects in any agreement or instrument contemplated by the Share Sale and Purchase Agreement or entered into or amended in connection with the Proposed Acquisition, including without limitation, any consideration paid in connection therewith other than the Purchase Price by Censof.

This Expert's Report is not a recommendation of any specific amount of consideration nor should it be taken to imply that any specific amount of consideration constitute the only appropriate consideration for the Proposed Acquisition but shall be used as reference to opine on the fairness of the Purchase Price.

This Expert's Report does not address the impact of the Proposed Acquisition on the solvency or the viability of Censof, the ability of Censof to pay its obligations as when they fall due, or any other underlying valuation, future performance or the long-term viability of Censof.

For the purpose of preparing the Expert's Report, we have relied on, without independent verification on the accuracy and completeness of all financial, legal, regulatory, tax, accounting and other information made available to us by the Management or otherwise sourced by us from public or other sources, and we do not assume any responsibility for any such information.

We have not conducted any verification procedures in respect of any financial and non-financial data and information used in our work.

With respect to the Financial Projections (as defined in the following section), we have assumed that they have been reasonably prepared on bases reflecting the best currently available judgment of the Management. As such, we have assumed that, without independent verification that the Financial Projections provided to us are accurate in all respects and fairly represent the items described therein.

Adastra IP were not involved in the negotiation of the terms and conditions of the Proposed Acquisition. Adastra IP's scope of work is limited to expressing an opinion on the fairness of the Purchase Price. In arriving at our opinion, we have relied in good faith on the information provided and assumed that there is no omission or non-disclosure of material information on ABSS.

Adastra IP have not assumed any obligation to conduct, and have not conducted any physical inspection of the assets of ABSS and have not made an independent valuation or appraisal of the assets and liabilities (including any contingent liabilities) of ABSS. We have assumed that all liabilities and assets reflected in the books of ABSS have been fairly valued.

We have also assumed that all government, regulatory and other consents and approvals required for the conclusion of the Proposed Acquisition will be obtained without any adverse impact on Censof and Adastra IP have assumed that the Proposed Acquisition will be completed on the terms set in the Share Sale and Purchase Agreement without the waiver or modification of any terms or conditions or any delay the effect of which would be any relevant to the valuation of ABSS.

4. Sources of Information

In connection with preparing this Expert's Report, we have relied on the following information in conducting our financial analysis:

i. Audited consolidated financial statements of ABSS for the financial year ended 31 December ("**FYE**") 2010 up to FYE 2014;

ii. Income projections of ABSS together with the key underlying bases and assumptions as provided by the Management (hereinafter referred to as the "**Financial Projections**");

iii. Responses from the Management to questions raised by Adastra IP regarding ABSS;

iv. Various documents and information made available to us by Censof and ABSS; and

v. Certain publicly available data and information which include among others, publicly available research reports on publicly traded comparable companies and other financial information.

5. Evaluation on the Fairness of Purchase Price

In our evaluation, we have considered the various factors that we believe are critical in forming an opinion on the fairness of the Purchase Price. Adastra IP have not given consideration to the specific investment objectives, financial situation and particular needs of any shareholder or specific group of shareholders. Adastra IP do not express any opinion on the commercial merits or otherwise of the Proposed Acquisition, and ABSS's ability to fulfil its obligations under the Share Sale and Purchase Agreement dated 9 July 2015 which is the sole responsibility of the Board.

In our evaluation on the fairness of the Purchase Price based on the assessment date as at 26 June 2015 ("**Assessment Date**"), we have considered the following:

i. The Proposed Acquisition; and
ii. The Purchase Price for the Proposed Acquisition of SGD10.0 million (equivalent to RM28.066 million).

5.1 The Proposed Acquisition

ABSS was incorporated in Singapore under the Singapore Companies Act on 7 August 2009. The principal activities of ABSS and its subsidiary ("**ABSS Group**") are the selling of computerised accounting system and providing support services.

ABSS Group has offices in Singapore and Malaysia. Its accounting software are sold to small medium enterprises ("**SMEs**") around Asia and are currently marketed under the "MYOB" brand name. The current major shareholders of ABSS are key managers of the company.

5.2 Valuation

The following is a summary of the financial analysis undertaken by Adastra IP as part of our financial analysis in connection with preparing this Expert's Report. The summary of the financial analysis include information provided in the tabular format and must be read with the text of each summary and alone are not complete description of Adastra IP's analysis. Please note that the extent of the financial analysis is based on existing market data prior to or on the Assessment Date and is not necessarily indicative of current market conditions.

5.2.1 Valuation Methods

As part of our valuation, Adastra IP have compared the Purchase Price for the Proposed Acquisition against the following methods:

i. **Guideline publicly traded company method**: One of the fundamental approaches to estimate the value of a closely-held company (which has limited number of shareholders) is to look to the market for evidence of the prices, in which investors are willing to pay for similarly comparable publicly traded companies. In order to make an accurate comparison between ABSS and the similarly comparable publicly traded companies, we applied a qualitative adjustment to the market-derived pricing multiples selected in our analysis. This adjustment is necessary to reflect the modest additional risk factors inherent in the investment in ABSS as compared to the investment in the similarly comparable publicly traded companies.

Within the guideline publicly traded company method, we used an invested capital valuation multiple.

An invested capital valuation multiple is commonly used in the valuation of closely-held companies in order to minimise the differences between the subject company and the guideline companies, which may have significantly different capital structures. Certain adjustments are made to the financial fundamentals of both the subject and the guideline companies in order to minimise the effects of leverage on the companies' capital structure.

The invested capital valuation multiple results in a value indication for a company's total capital (including both interest-bearing debt and equity). For the purpose of our analysis, we refer to this indication of value as the market value of invested capital ("**MVIC**"), which is also the enterprise value of the company.

The comparison of MVIC multiples involves certain public listed companies on Bursa Securities comparable to ABSS's business traded for the year 2014. The multiples used for comparison are the MVIC/revenue multiple and MVIC/profit after tax multiple.

The listed companies selected for our comparable analysis are those which are involved in software-related businesses, but are not directly competing with ABSS in selling accounting software to **SMEs**.

The compable companies selected to compute the MVIC/revenue multiple and MVIC/ profit after tax multiple are as follows:

Companies	MVIC* (RM million)	MVIC/revenue multiple	MVIC/profit after tax multiple
Censof Holdings Bhd	206	2.58	49.88
IFCA MSC Bhd	609	6.84	29.32
Cuscapi Bhd	80	1.67	-
GHL Sytems Bhd	764	4.63	116.99
Managepay Systems Bhd	113	11.30	87.60
Mean	354.4	5.40	70.94
Median	80	4.63	68.74

**Note: The market value of the shares were based on the price of the shares on 26 June 2015.*

Based on the comparable companies selected, the median of MVIC/revenue multiple and MVIC/profit after tax multiple are 4.63 times and 68.74 times, respectively. Therefore, based on ABSS's 3-years weighted actual revenue and profit after tax, two indicative MVICs of ABSS are derived as below:

	ABSS's weighted actual financial results* (SGD million) (a)	Median MVIC/revenue Multiple (b)	Indicative MVIC of ABSS (SGD million) (a) x (b)
Revenue	6.98	4.63	32.32

	ABSS's weighted actual financial results* (SGD million) (a)	Median MVIC/ profit after tax multiple (b)	Indicative MVIC of ABSS (SGD million) (a) x (b)
Profit after tax	2.67	68.74	183.54

**Note: ABSS's weighted financial calculation: The year 2014 is given a weight of 3, the year 2013 is given a weight of 2, and the year 2012 is given a weight of 1.*

The indicative MVIC based on the median MVIC/revenue multiple is SGD32.32 million, whilst the indicative MVIC based on the median MVIC/ profit after tax multiple is SGD183.54 million. Finally, we arrived at a single indicative MVIC of ABSS of SGD63.0 million (rounded off) based on a weighted formula, whereby a weight of 80% is given to the indicative MVIC based on median MVIC/revenue multiple and a weight of 20% is given to the indicative MVIC based on median MVIC/profit after tax multiple. Therefore, the summary of the computation of the single indicative MVIC of SGD63.0 million (rounded off) , which is the enterprise value of ABSS, is shown below:

Method	Indicative MVIC of ABSS/ Enterprise value (SGD million)	Weightage (%)	Proportion indicative MVIC of ABSS/ Enterprise value (SGD million) (a) x (b)
	(a)	(b)	(c)
MVIC/revenue multiple	32.32	80	25.86
MVIC/profit after tax multiple	183.54	20	36.71
		Weightage value	**62.57** **63.0 (rounded off)**

ii. **Discounted cash flow ("DCF") method:** An illustrative DCF method analysis of ABSS's business based on the Financial Projections, where the net present value of the estimated free cash flows from the projected year 2016 to 2020 (cumulative net present value), and the net present terminal value of the ABSS beyond the projected period were derived. The two values were added to arrive at the enterprise value of ABSS.

The DCF method applies a present discount rate (in the case of ABSS, it is 20%), known as the required rate of return on investment, to the projected future free cash flows during a projected period (in the case of ABSS, it is from the year 2016 to 2020), which results in the estimation of the net present values of a series of free cash flows (cumulative net present value). The discount rate of 20% is used, which is a present discount rate to reflect the riskiness of future cash flows for an unlisted company with five (5) years of operational history such as ABSS. As a comparison, a high discount rate of 40% to 50% is often used to reflect the riskiness of future cash flows of a new venture, while a low discount rate of 10% to 15% is used to reflect the riskiness of future cash flows of a large established firm. A net present terminal value beyond the projected period is also derived using the Gordon Growth model, which includes final year cash flow (in the case of ABSS, it is the year 2020 of SGD3.22 million), present discount rate (in the case of ABSS, it is 20%), an appropriate long term growth rate (in the case of ABSS, it is 5%) and a present value factor (in the case of ABSS, it is 0.40). The cumulative net present value and net present value of terminal value is then added together to arrive at the enterprise value of ABSS. A long-term growth rate of 5% is assumed, which follows the recent economic growth rate of Malaysia, which recorded an average rate of 4.77% from the year 2000 to 2015, as reported by the Department of Statistics of Malaysia. A long-term growth rate of 5% is used, despite the fact that ABSS's revenue grew by an average annual rate of 10% from the year 2010 to 2014.The present value factor of 0.40 is derived by the formula listed below, in which, r stood for the present discount rate and t represents the number of years in the projected period;

$$\frac{1}{(1+r)^t} = \frac{1}{(1+0.2)^5} = 0.4$$

A summary of the DCF method computation is provided as follows:

Year	2016	2017	2018	2019	2020
Estimated free cash flows (SGD million)	2.22	2.57	2.99	2.97	3.22
Net present value* (SGD million)	1.85	1.78	1.73	1.72	1.29

**Note: Present discount rate used is 20%.*

The enterprise value of ABSS is then arrived as follows:

Components	SGD million
-Cumulative net present value (2016-2020)	8.37
-Net present value of terminal value*	9.06
Enterprise value	**17.43** **17.0 (rounded off)**

**Note: Net present value of terminal value is based on the Gordon Growth model of the calculation below:*

$$= \left(\frac{\text{Final year projected free cash flow (SGD3.22 million)} \times (1 + \text{Long term growth rate (5\%)})}{\text{Present discount rate (20\%)} - \text{Long term growth rate (5\%)}}\right) \times \text{Present value factor (0.40)}$$

5.2.2 Summary of Key Bases and Assumptions

The key bases and assumptions adopted in our evaluation on the fairness of the Purchase Price are as follows:

i. The fairness opinion on the Purchase Price has been prepared on an "as is where basis is" basis and the financial position of ABSS as at the Assessment Date without taking into consideration the plans and strategies to be undertaken by Censof and synergies arising from the Proposed Acquisition;

ii. The audited consolidated financial statements of ABSS for the FYE 2010 up to FYE 2014, provide a true fair view of the financial position and performance of ABSS. We have not carried any verification or review of these financial statements to ensure the accuracy, completeness and reliability of these financial statements;

iii. The Financial Projections, which had been provided to us by the Management, will be achieved. The Management assumes full responsibility for the accuracy, completeness and reliability of the Financial Projections, as well as the reasonableness of the underlying bases and assumptions

iv. ABSS is in full compliance with all applicable regulation and laws;

v. The business interest of ABSS and its assets are free and clear of any liens or encumbrances;

vi. There will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation, and other lending guidelines which will affect the activities of ABSS, as well as the markets, countries or territories in which ABSS has operations;

vii. There will be no material changes in the present management and principal activities as well as the accounting and operating policies presently adopted by ABSS. As a software company, ABSS is highly dependent on its software engineers and developers;

viii. There will not be any material adverse changes to the financial position and performance as well as the business operations of ABSS after the Proposed Acquisition;

ix. There are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or business of ABSS now and in the future; and

x. There will be no events of *force majeure* occurring such as any act of God, act of public enemies, war, act of terrorism, restraint of Government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of ABSS, which could materially affect the ABSS's financial position and future business operations.

5.2.3 Valuation Overview

Using both the guideline publicly traded company method and DCF method, we arrive at indicative MVIC and enterprise value of ABSS respectively ("**Indicative Value(s)**"). After that, a weighted percentage calculation was performed to arrive at an adjusted MVIC and enterprise values ("**Adjusted Value(s)**"), as summarised below:

Method	Indicative Value (SGD million)	Weightage (%)	Adjusted Value (SGD Million)
Guideline publicly traded company	63.0	40	25.20
DCF	17.0	60	10.20
		Weightage value	**35.40**
			35.00 (rounded off)

The MVIC includes the value of both debt and equity. Hence, we need to subtract the value of interest-bearing debt of the company. As ABSS has no debt, therefore, the total Adjusted Value is equal to the total equity value of 100% shareholdings in ABSS ("**Total Equity Value**"). As a result, the value of 100% ABSS's equity is the same as the total Adjusted Value, which is SGD 35.0 million (rounded off).

Finally, we have incorporated the value of control premium ("**Control Premium**") and discount ("**Discount**") due to lack of marketability of the ABSS Shares. The control premium reflects the value of the controlling shareholder who has 51% equity or more in ABSS. The discount due to lack of marketability reflects the illiquidity of unlisted ABSS Shares.

The summary on the computation of the final equity value of 100% shareholdings in ABSS ("**Final Equity Value**") is shown in the table below:

	Adjusted Value (SGD million)
Guideline publicly traded company method (Indicative Value SGD63.0 million)	25.20
DCF method (Indicative Value SGD17.0 million)	10.20
Overall total	35.40
(rounded off)	35.00
Less interest bearing debt	(0.0)
Total Equity Value	35.00
Adding Control Premium of 25%	8.75
	43.75
Less Discount of 40 %	(17.50)
Final Equity Value	**26.25**
(rounded off)	**26.00**

Thus, we estimated that the Final Equity Value of ABSS as SGD26.25 million or SGD26.00 million (rounded off) as at the Assessment Date. Accordingly, a 51% equity shareholding in ABSS is worth SGD13.26 million or SGD13 million (rounded off).

Notes:

(i) *Control premium*
There is a great deal of research done on control premium or acquisition premium based on stock market data in the United States of America. Shannon Pratt's Control Premium Study, which is an online database containing of all takeovers of public companies resulting in over 50% ownership shows that mean control premium paid ranged from 29% to 54%. The Shannon Pratt's Control Premium Study covered takeovers of public companies from the year 1996 to 2006. In term of the median of control premium paid, the figure ranged from a low of 20% to a high as 38%.We do not have sufficient data on control premium on the Malaysian and Singporean stock markets. In this regard, we used the control data as computed by Shannon Pratt's Control Premium Study..

As ABSS only has about 5 years of operational history, a low control premium is appropriate. We have assumed a control premium of 25% for the controlling shareholding of the company.

(ii) Lack of marketability

A major difference between ABSS's shares and those of its publicly traded counterparts is the lack of marketability of ABSS's shares. The marketability of shares of a firm, which is not listed, can be estimated from the data of the rise of the price of shares of other firms when they are listed on the stock market, which is called the "first-day listing price".

Our research on the Malaysian stock market data, based on first-day listing of companies on the ACE Market from the year 2012 to 2014, shows that the "first-day listing price" rose by 19% to 80% from the initial public offering price. The jump in the share price can be considered as the discount of the price of unlisted shares as compared to the price of listed shares due to lack of marketability. As ABSS is a relatively small unlisted company, we expect the lack of marketability is high. We have assumed the lack of marketability to be about 40%.

6. Conclusion

Based upon and subject to the foregoing, we are of the view that as of the Assessment Date, the Purchase Price payable pursuant to the Proposed Acquisition is fair.

7. Restriction

This letter is prepared solely for inclusion in the Circular in relation to the Proposed Acquisition. It is not intended for general circulation or publication and is not to be reproduced, quoted or referred to, in whole or in part, in any public document or announcement without prior written consent of Adastra IP. We reserve the right to amend this letter in terms of its format and contents before providing our written consent.

Accordingly, we are not responsible or liable for any form of losses however occasioned for any third party as a result of the circulation, publication, reproduction or use of, or reliance on this letter, in whole or in part, contrary to the provision set out in this letter and our engagement letter.

Neither Adastra IP nor any of our members, directors or employees undertake responsibility arising in any way whatsoever to any person in respect of this letter, including any error or omission therein, however caused. We are under no obligation to update this letter in respect of events or information that comes to our attention subsequent to 11 November 2015. Notwithstanding this, we reserve the right, should we consider necessary, to revise our letter in light of any information that existed as at 11 November 2015 but which becomes known to us subsequent to 11 November 2015.

Yours sincerely,

Adzli Bin Shamsuddin
Adastra IP (M) Sdn Bhd

MYOB SouthAsia

Date: 13 November 2015

Board of Directors
Censof Holdings Berhad
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Dear Sir / Madam,

On behalf of the Board of Directors of Asian Business Software Solutions Pte Ltd ("**ABSS**"), I wish to report after due enquiry by the Board of Directors of ABSS, that between the period from 31 December 2014 (being the date to which the last audited financial statements of ABSS Group have been made up to the date of this letter (being a date not earlier than fourteen (14) days before the issuance of this Circular) to the shareholders of Censof Holdings Berhad in relation to the Proposed Acquisition, that:

(a) the business of ABSS Group has been satisfactorily maintained;

(b) no circumstances have arisen since the last audited financial statements of ABSS Group, which have adversely affected the trading or the value of the assets of ABSS Group;

(c) the current assets of ABSS Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) there are no contingent liabilities by reason of any guarantee or indemnity given by ABSS Group;

(e) there have been, since the last audited financial statements of ABSS Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings by ABSS Group; and

(f) there have been no material changes to the published reserves or any unusual factor affecting the profits of ABSS Group since the last audited financial statements of ABSS Group.

Yours faithfully,
For and on behalf of the Board of Directors
ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD

Paul Jennings
Director

Asian Business Software Solutions Pte. Ltd. Co. Reg. 200914556R
(Trading as MYOB South Asia)
33, Ubi Avenue 3 #08-67, Vertex, Singapore 408868.
Phone: (65) 6505 6598 Facsimile: (65) 6479 3520 Email: cs@myob.com.sg Website: www.myob.com.sg
Customer Service Line: (65) 6505 6582

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accept full responsibility for the completeness and accuracy of the information given herein and confirm that after making all reasonable enquiries to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other material facts, the omission of which would make any statement in this Circular false or misleading.

Information relating to ABSS Group in this Circular has been obtained from publicly available sources and/or the management of ABSS. The responsibility of the Board with respect to such information is limited to ensuring that such information has been accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST

(a) AmInvestment Bank

AmInvestment Bank, being the Principal Adviser to the Company for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they so appear in this Circular.

As at the LPD, AmInvestment Bank is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser to the Company for the Proposed Acquisition.

(b) Crowe Horwath

Messrs Crowe Horwath, being the Reporting Accountants to the Company for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they so appear in this Circular.

As at the LPD, Messrs Crowe Horwath is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Reporting Accountants to the Company for the Proposed Acquisition.

(c) Adastra IP (M) Sdn Bhd

Adastra IP (M) Sdn Bhd, being the provider of the Expert's Fairness Report to the Company for the Proposed Acquisition, as set out in Appendix V of this Circular, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and Expert's Fairness Report and all references thereto in the form and context in which they so appear in this Circular.

As at the LPD, Adastra IP (M) Sdn Bhd is not aware of any conflict of interest which exists or is likely to exist in its capacity as the provider of the Expert's Fairness Report to the Company for the Proposed Acquisition.

(d) Infinitus Law Corporation

Infinitus Law Corporation, being the provider of the Legal Opinion and the Expert's Foreign Investments, Taxation and Profits Report to the Company for the Proposed Acquisition, as set out in Appendices III and IV of this Circular respectively, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular, of its name, Legal Opinion, Expert's Foreign Investments, Taxation and Profits Report and all references thereto in the form and context in which they so appear in this Circular.

As at the LPD, Infinitus Law Corporation is not aware of any conflict of interest which exists or is likely to exist in its capacity as the provider of the Legal Opinion and Expert's Foreign Investments, Taxation and Profits Report to the Company for the Proposed Acquisition.

3. MATERIAL CONTRACTS

Save as disclosed below and the Share Sale and Purchase Agreement, ABSS Group has not entered into any other material contracts, not being contracts entered into in the ordinary course of business, within the past two (2) years preceding the date of this Circular:

(a) On 15 February 2014, ABSS Sdn Bhd (a wholly-owned subsidiary of ABSS) entered into a collaboration agreement with T-Melmax Sdn Bhd. Objective of the collaboration is to allow the integration of the "MYOB" branded business management software to the T-Melmax Services portal, C Pay portal and for that purpose, to produce the deliverables for the collaborated project. The agreement continues to be in force until terminated by either party;

(b) On 23 July 2014, ABSS entered into a tenancy agreement with BST Network Pte Ltd to rent an office premise for the operation of its business for a period of two (2) years which expires on 31 July 2016. The monthly rent payable for the premise is SGD3,400 (excluding prevailing GST of 7%) to be satisfied in cash; and

(c) On 10 September 2014, ABSS Sdn Bhd entered into a joint venture agreement with Century Software (M) Sdn Bhd with the purpose of combining the resources and capabilities of both parties to leverage on the introduction of GST in Malaysia and to market "MYOB" branded accounting software products in Malaysia. Censof ABSS Sdn Bhd was used as the Joint Venture Entity for this purpose. Duration of the agreement was for a period of twelve (12) months and expired on 9 September 2015, with a provision for an extension for a further period. However, in respect of the Proposed Acquisition, Joint Venture Entity's operations were terminated and shares will be transferred to Censof, details of which are disclosed in Section 2.4.4.1 of this Circular.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Censof Group

4.1.1 Material commitments

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

4.1.2 Contingent liabilities

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

(a) Corporate guarantee

	Amount RM'000
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	30,500

(b) Liquidated ascertained damages

There is a potential contingent liability arising from the delay in the contract undertaken by a subsidiary. Censof is unable to quantify the amount of damages claim as the Company has not been served with any relevant documents by Kuala Lumpur City Hall. The date for Kuala Lumpur City Hall to serve any relevant documents is unknown as at the LPD.

However, the Board is confident that the potential liquidated ascertained damages claim is unlikely to crystallise as the project is anticipated to be completed based on the extended timeline agreed with the customer.

4.2 ABSS Group

4.2.1 Material commitments

As at the LPD, the Board of ABSS is not aware of material commitments incurred or known to be incurred by ABSS Group which may have a material impact on the financial results/position of ABSS Group.

4.2.2 Contingent liabilities

As at the LPD, the Board of ABSS is not aware of any contingent liabilities incurred or known to be incurred by ABSS Group which may have a material impact on the financial results/position of ABSS Group.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, ABSS Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position or business of ABSS Group, and to the best of the Board of ABSS's knowledge and belief, the Board of ABSS is not aware of any proceedings, pending or threatened against ABSS Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of ABSS Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of 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 from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the forthcoming EGM:

(a) The Memorandum and Articles of Association of Censof and Memorandum and Articles of Association of ABSS;

(b) Censof's audited consolidated financial statements for the FYE 31 March 2014 and FYE 31 March 2015 and unaudited consolidated interim financial statements for the three (3)-months FPE 30 June 2015;

(c) ABSS's audited consolidated financial statements for the FYE 31 December 2013 and FYE 31 December 2014 and unaudited consolidated interim financial statements for the six (6)-months FPE 30 June 2015;

(d) The Share Sale and Purchase Agreement;

(e) The legal opinion on the ownership of title to securities or assets in Singapore, enforceability of all agreements, representations and undertakings given by foreign counterparties under relevant laws of Singapore and other relevant matters in Singapore prepared by Infinitus Law Corporation and as set out in Appendix III of this Circular;

(f) Expert's report on the policies on foreign investments, taxation and repatriation of profits of Singapore prepared by Infinitus Law Corporation and as set out in Appendix IV of this Circular;

(g) Expert's report on the fairness of the Purchase Price for the Proposed Acquisition prepared by Adastra IP (M) Sdn Bhd and as set out in Appendix V of this Circular;

(h) Directors' report on ABSS Group as set out in Appendix VI of this Circular;

(i) The letters of consent referred to in Section 2, Appendix VII of this Circular; and

(j) The material contracts referred to in Section 3, Appendix VII of this Circular.

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Censof Holdings Berhad ("**Censof**" or the "**Company**") will be held at A-8, Block A, Level 8, Sunway PJ 51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 30 November 2015 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution with or without modification:

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF FIFTY ONE PERCENT (51%) EQUITY INTEREST IN ASIAN BUSINESS SOFTWARE SOLUTIONS PTE LTD ("ABSS") ("PROPOSED ACQUISITION")

"**THAT** subject to the approvals and consents being obtained from all relevant authorities and/or parties (where applicable), authority be and is hereby given for the Company to acquire 306,000 ordinary shares in ABSS, which represent 51% equity interest in ABSS, from Paul Alistair Jennings ("**PAJ**"), Matthew Edward Critchley ("**MEC**"), Simone Gross ("**SG**"), Foo Chee Pin ("**FCP**"), Irine Lopez ("**IL**"), Rhys Paul Brown ("**RPB**"), Lum Choong Eu ("**LCE**"), Gauri Thanasingam ("**GT**"), Shanmugapriya Kanesan ("**SK**"), Elavarasu Balasubramaniam ("**EB**") and Lim Suan Kooi ("**LSK**") (PAJ, MEC, SG, FCP, IL, RPB, LCE, GT, SK, EB and LSK shall be collectively known as the "**Vendors**") pursuant to the share sale and purchase agreement entered into between Censof, the Vendors and ABSS on 9 July 2015, for an aggregate purchase price of SGD10.0 million, to be fully settled in cash;

AND THAT the Board of Directors of Censof ("**Board**"), be and is hereby authorised to do all things and acts and/or sign and execute all documents as the Board may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Acquisition with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and/or parties, as a consequence of any such requirements and/or as the Board may deem fit, necessary, expedient and/or appropriate and in the best interest of the Company."

By Order of the Board
Lim Seck Wah (MAICSA No. 0799845)
M. Chandrasegaran A/L S. Murugasu (MAICSA No. 0781031)
Company Secretaries

Kuala Lumpur
13 November 2015

Notes:

1. *For the purpose of determining a member who shall be entitled to attend and vote at the Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 23 November 2015. Only a depositor whose name appears on the Record of Depositors as at 23 November 2015 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote in his/her stead.*
2. *A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and to vote at the same meeting, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy.*
3. *Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.*
5. *The Form of Proxy shall be in writing under the hand of the appointor or his/her 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, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof.*

PROXY FORM

(Before completing this form please refer to the notes below)

No. of ordinary shares held

I/We...
(Full name in Capital Letters)

NRIC No. / Company No. / CDS A/C No...

of ....
(Full address)

being a member/members of **CENSOF HOLDINGS BERHAD**, hereby appoint the following person(s):

Name of proxy, NRIC No. & Address	No. of shares to be represented
1.	
2.	

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 PJ 51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 30 November 2015 at 10.00 a.m., or at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:

	FIRST PROXY		SECOND PROXY	
	FOR	AGAINST	FOR	AGAINST
Ordinary Resolution – Proposed Acquisition				

(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).

Signed this...................day of..........................2015

____

Signature /Common Seal

Notes:

1. *For the purpose of determining a member who shall be entitled to attend and vote at the Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 23 November 2015. Only a depositor whose name appears on the Record of Depositors as at 23 November 2015 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote in his/her stead.*
2. *A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and to vote at the same meeting, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy.*
3. *Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.*
5. *The Form of Proxy shall be in writing under the hand of the appointor or his/her 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, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR
CENSOF HOLDINGS BERHAD (828269-A)
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House,
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

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