KEXTOL

ADVANCING EXCELLENCE

EXTOL MSC BERHAD (643683-U)

Annual Report 2013

Certifications:

CERTIFIED TO ISO/IEC 27001:2005
CERT NO.: AR 4223

CERTIFIED TO ISO/IEC 9001:2008
CERT NO.: AR 4480

MSC MALAYSIA Status Company

What makes Extol unique is our core values and how we relentlessly build our business upon them day after day. We hold on to our values as it is a way for us to leave behind a lasting legacy to our valued customers, business partners and shareholders. A Company without values has no substance and a firm foundation to innovate and exist.

SAVOIR FAIRE

In a world where fairness & humility seems to be sparse, we all have to do our part to treat each other fairly, justly, with humility and respect.

- Humility (no bragging rights here)
- Respect
- Treat everyone fair and equal

Reduce hierarchy and the concept of "sucking up to the boss"

"Treat others like you would expect to be treated"

BALANCE

Conflicts, critics, difference in culture, ideas, expectations and other social characteristics will always be a challenge for any company in the global economy. The key is to first understand the rational behind these differences and accept it.

- Give & take. One shouldn't merely give or always take.
- Tolerance
- Compromise & flexibility. Do NOT confuse this value for:
- Easygoing
- Lenient
- Careless
- Negligent

"Finding a common ground"

We must understand that even too much a good thing is bad. And that there's an opportunity that lies behind every problem. There's also a cost behind every opportunity. In the eastern culture, they call this the "Ying-Yang"

LONG RANGE COMMITMENTS

Extol as an organization has been around longer than any one person and will continue to exist and grow.

- Care for the community
- Bigger than ourselves
- Perseverance (Keizoku – Chikosu)
- Favor long-term over short-term
- Don't just take and run

"We must always consider the long term view of the work we do"

FUNCTION OVER FORM

If a decision has to be made, choose function over form. However, when we favor function over form, we must not neglect form or structure.

Favor substance over form. "not being plastic", "superficial" or "shallow"

However, we've learnt from the pass that we cannot neglect form as its both the form and function that makes something whole.

"Favor substance over structure"

PASSION

We have learnt that when we are able to align passion, capability & demand; normal people can produce extraordinary performance.

- Do it because you enjoy doing it
- Do it because it feels right
- Do it because it's the right thing to do
- Do it because it's going to matter
- Do it because we believe in it

"Some call it: Fire in the belly"

ADVANCING EXCELLENCE

How do ordinary people achieve the extraordinary? How do we consistently advance excellence, from good to great?

- Don't give problems, give solutions
- Believe we can always do better
- Being original. There's no point in doing something that's already been invented. If something's worth doing, we should be able to do it better, or cheaper, or more efficient or faster, etc…It also means we shouldn't be resting on our laurels. Don't be complacent.

"Not satisfied with the status-quo"

INTEGRITY

The underlying principle is to be scientific. What this means is we have to be as transparent as possible with the work we're engaging in. This would translate to:

- Being as accurate as we can. If we propose a solution, we should include its limitations and assumptions and educate the public about its shortcomings as much as its benefits
- Being transparent in projects. We have to update and be transparent and report issues on a timely manner
- Understanding scientific, research and testing process and the concept of biases and error in testing

"Understand and live by scientific principles"

KEXTOL
ADVANCING EXCELLENCE

TABLE OF CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ahmad Bin Ismail
Independent Non-Executive Chairman

Mohd Badaruddin Bin Masodi
Chief Executive Officer / Deputy Executive Chairman

Mohd Faidzal Bin Ahmad Mahidin
Executive Director

Ismawadee Bin Ismail
Independent Non-Executive Director

Ku Mun Fong
Independent Non-Executive Director

AUDIT COMMITTEE

Ismawadee Bin Ismail (Chairman)
Independent Non-Executive Director

Dato' Ahmad Bin Ismail
Independent Non-Executive Chairman

Ku Mun Fong
Independent Non-Executive Director

NOMINATION COMMITTEE

Ku Mun Fong (Chairman)
Independent Non-Executive Director

Ismawadee Bin Ismail
Independent Non-Executive Director

Dato' Ahmad Bin Ismail
Independent Non-Executive Director

REMUNERATION COMMITTEE

Dato' Ahmad Bin Ismail (Chairman)
Independent Non-Executive Director

Ismawadee Bin Ismail
Independent Non-Executive Director

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
Wong Peir Chyun (MAICSA 7018710)

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2264 8888 Fax: (603) 2282 2733

HEAD/MANAGEMENT OFFICE

Unit G-1, Ground Floor, Wisma UOA Pantai
No. 11, Jalan Pantai Jaya
59200 Kuala Lumpur
Tel: (603) 2240 0008 Fax: (603) 2240 0002
E-mail: info@extolcorp.com

R&D CENTRE

C-G-18, Ground Floor, Block C
SME Technopreneur Centre Cyberjaya
2270 Jalan Usahawan 2
63000 Cyberjaya
Selangor Darul Ehsan
Tel: (603) 8319 5484

CORPORATE INFORMATION (Cont'd)

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
(to whom shareholders may address their concerns)

Ismawadee Bin Ismail
c/o Extol MSC Berhad
Unit G-1, Ground Floor, Wisma UOA Pantai
No. 11, Jalan Pantai Jaya
59200 Kuala Lumpur
Tel: (603) 2240 0008 Fax: (603) 2240 0002
E-mail: walisongo.adee@gmail.com

AUDITORS

CAS & Associates (AF1476)
B-5-1, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong
Selangor Darul Ehsan
Tel: (603) 8075 2300 Fax: (603) 8082 6611

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2264 3883 Fax: (603) 2282 1886

SOLICITOR

Cheang & Ariff
39 COURT @ Loke Mansion
No. 273A, Jalan Medan Tuanku
50300 Kuala Lumpur
Tel: (603) 2691 0803 Fax: (603) 2693 4475

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Am Investment Services Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : EXTOL
Stock Code : 0119
Sector : Technology

CORPORATE WEBSITE

http://www.extolcorp.com

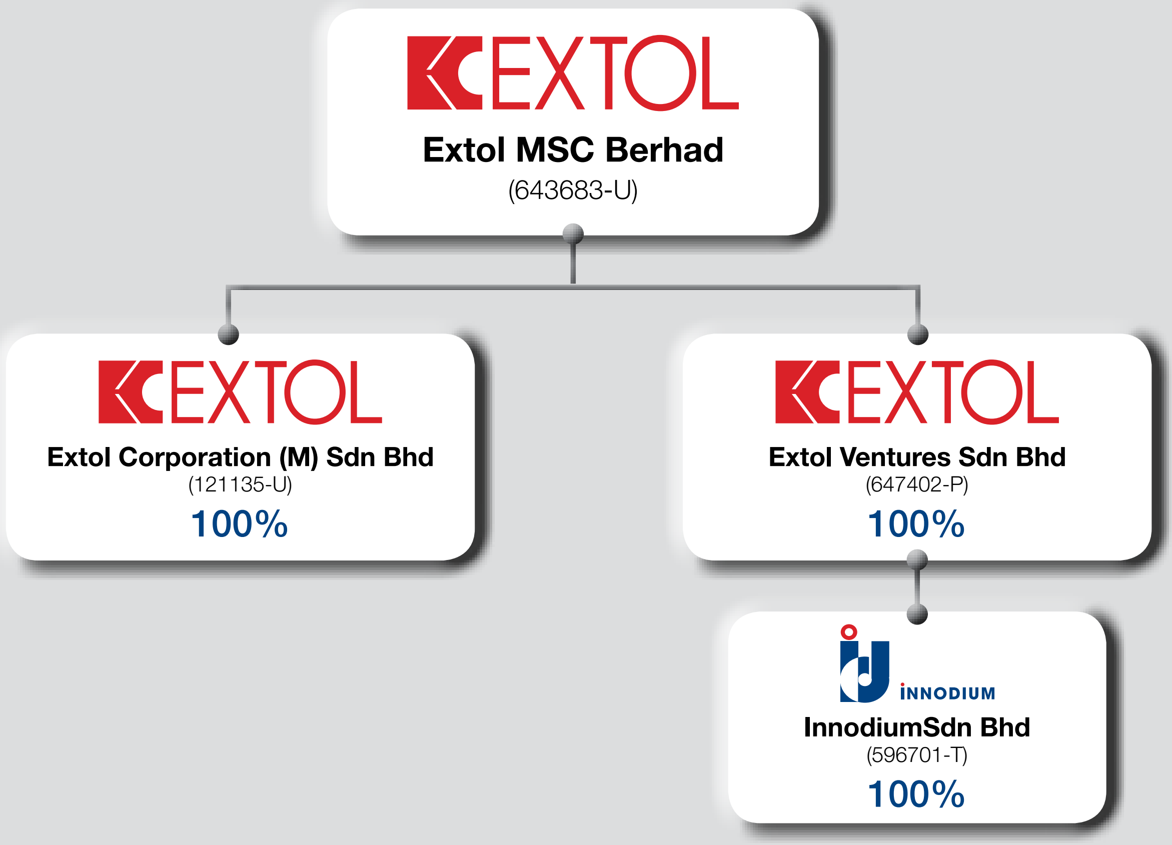
COMPANY OVERVIEW

Extol MSC Bhd is a leading Internet Communication Technology (ICT) Security provider offering a Comprehensive suite of security solutions to corporations across various industries in Malaysia and beyond. The company's success lies in the ability to consistently develop industry-leading security solutions that meet the challenges of escalating security threats. With the capability of Manage Security Services, Security Operation Centre, Security System Integration, Security Incidence and Event Monitoring, Enterprise Security Outsourcing, Security Assessment, Consultancy Services and Secured Enterprise Applications, organisations can depend on Extol to protect their critical business data and IT infrastructure.

As the world moves extremely fast into mobile technology and Internet Communication, Extol is also extending its expertise and solutions portfolio to cloud computing with security visualization dashboard, security monitoring and security awareness program. As we move forward, Extol's product will be running on Cloud Services. As part of this solutions, Extol are now offering the following services:

- Software as a Service (SaaS). SaaS is a distribution model in which applications are hosted by Extol and made available to customers over the Internet.
- Identification Authentication (IA) – a revolutionary Multi-Platform Authentication Solution comprising Server, Desktop and Mobile based verification technology. Using a proven proprietary encrypted QR Code system, it can be deployed with or without internet access.
- Sypher Encrypted SMS (SeS) which is a high-level encrypted SMS/IM that ensures total confidentiality, and secures against Man-in-the-Middle Attacks through the application of our proprietary Public Key Identification (PKID) Technology.

We are strengthening our position as a global player in line with the Government's aspiration to create Malaysia companies with global reach.



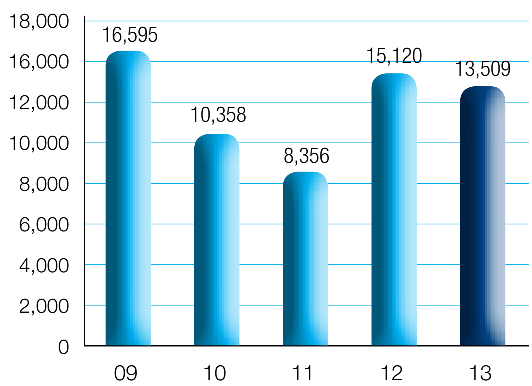
GROUP FINANCIAL HIGHLIGHTS

	FYE 2009 30.09.2009[1] RM'000	FYE 2010 30.09.2010 RM'000	FYE 2011 30.09.2011 RM'000	FYE 2012 30.09.2012 RM'000	FYE 2013 30.09.2013 RM'000
Revenue	16,595	10,358	8,356	15,120	13,509
Profit/(Loss) Before Taxation	(1,504)	(1,982)	(610)	184	(1,417)
Profit/(Loss) Attributable to Owners of the Parent	(1,199)	(1,716)	(631)	72	(1,356)
Total Assets	23,780	19,390	18,088	21,051	19,319
Shareholders' Equity	17,870	16,156	15,492	18,304	16,948
	Sen	**Sen**	**Sen**	**Sen**	**Sen**
Earnings/(loss) per share	(1.2)	(1.6)	(0.6)	0.1	(1.1)
Net assets per share	17.1	15.4	14.8	14.5	13.4

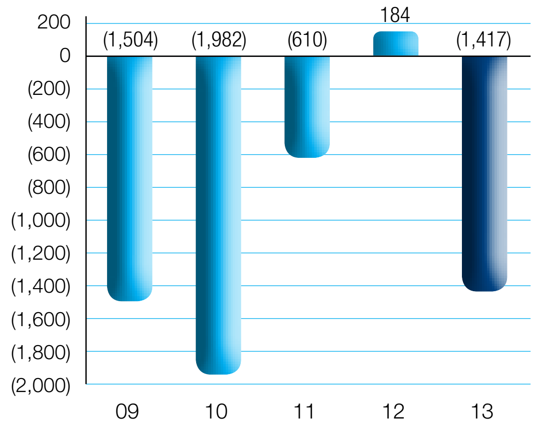
Notes

(1) On 26 March 2008, the Company had announced the change in FYE from 31 December to FYE 30 September and thus the FYE 2008 would run from 1 January 2008 to 30 September 2008 covering a period of nine (9) months, and thereafter, the FYE of Extol shall be 30 September, of each subsequent year.

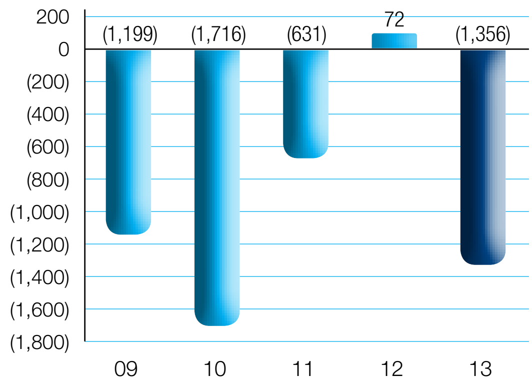
REVENUE
RM'000



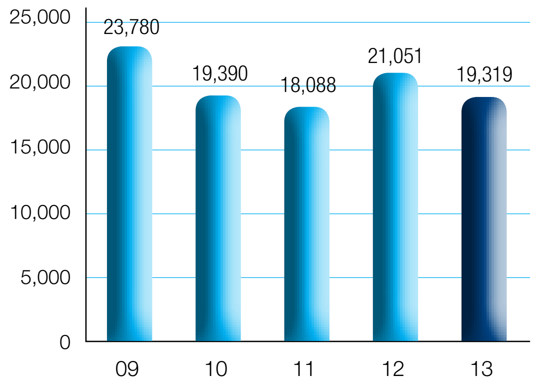
PROFIT/(LOSS) BEFORE TAXATION
RM'000



PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT
RM'000



TOTAL ASSETS
RM'000



CORPORATE MILESTONE

2013

- Extol proudly announced a strategic partnership formed with Through Technology Pte.Ltd. to launch AtomOS Kwik Key solution to expand its market share in Malaysia & Middle East.
- Extol is extending its expertise and solution portfolio to cloud computing. As part of the solution, we are offering Software As A Service (SaaS); Identification Authentication (IA); Sypher Encrypted SMS (SES)
- A partnership between Extol and XConnect Global has been formed to launch a new product- Voice Over Internet Protocol (VoIP)

2012

- Extol was awarded the Selangor WIFI Project which cover a total number of 112 site locations for the entire state of Selangor.

2011

- Extol was awarded the SMI - PSMB 2011 Conference & Exhibitions Awards Gallery.
- Re-evaluated and maintained 3 STAR* Rating by TÜV Rheinland STAR*.

2010

- Extol was awarded by MDEC in Marketing: Product Brand Development.
- Achieved 3 STAR* Rating by TÜV Rheinland STAR*.
- Recertified to Quality Management Systems MS ISO 9001:2008.
- Innovative Company of the Year award from CyberSecurity Malaysia.
- Appointed as Microsoft Silver Partner.

2009

- Extol was awarded the Capability Maturity Model Integration (CMMI) Level 3 certificate and recognized by MDEC under the Capability Development Program.
- Appointed as authorized reseller for Google.
- Appointed as strategic security partner for Microsoft.

2008

- Extol was awarded for Software Testing (CDP Software Testing) by MDEC under the Capability Development Program.
- In appreciation of Extol's valuable contribution, for four consecutive years, Nokia awarded Extol the Outstanding Performance Security Partner Award.

2007

- Extol was awarded the Gold Winner of Business Summit Award.
- Granted the MS ISO 9001:2000 Quality Management Systems and IQ Net Certification by SIRIM.
- A winner in the Deloitte Technology Fast 500 Asia Pacific Award - the region's most comprehensive and respected ranking of fast-growing technology companies. Extol at rank 53 has topped 17 other Malaysian companies.

2006

- Extol MSC Bhd achieved ISO27001:2005 Certification.
- Extol MSC Bhd listed on ACE Market (formerly known as MESDAQ Market) of Bursa Malaysia Securities Bhd.

2005

- Extol Corporation (M) Sdn Bhd awarded the SMI - Maybank Rising Star from SMI Recognition Award Series 2004.

CORPORATE MILESTONE (Cont'd)

2004	→ Extol MSC Bhd granted MSC-status by Multimedia Development Corporation (MDEC). → Extol MSC Bhd has made its own Managed Security Services (MSS) operational inclusive of 24x7 remote surveillance systems and a wide-range of security services.
2002	→ First to host a Capture the Flag event in Asia. → Recipient of outstanding sales achievements of Checkpoint internet security solutions.
2001	→ Extol Corporation (M) Sdn Bhd launches its comprehensive anti-virus services, CAViS, a first initiative in providing security services.
2000	→ Appointed as authorized reseller partner for Symantec, Nokia, Checkpoint, Ubizen, Sun and Hewlett Packard.
1999	→ Extol Corporation (M) Sdn Bhd selected as one of the most Strategic 100 IT Companies that matters most to Asia Pacific under MIS Asia 1999.
1998	→ Extol Corporation (M) Sdn Bhd was listed as one of the most Strategic 100 IT Companies that matters most to Asia Pacific under MIS Asia 1998. → Armour anti-virus selected as the official anti-virus solution for the Kuala Lumpur 98- XVI Commonwealth Games.
1997	→ Extol Corporation (M) Sdn Bhd honored with the prestigious IT achievement 'Persatuan Industri Komputer' awarded by PIKOM. → Extol Corporation (M) Sdn Bhd awarded Top Channel Partner and Top New Channel Partner of supplying Hewlett Packard system by Sapura Systems Malaysia.
1996	→ Introduced enterprise-wide license of Armour anti-virus to the U.S Department of Energy through Norman. → First in Malaysia to introduce security assessment, security policy review and design to Telekom Malaysia Berhad.
1995	→ The US Department of Defense purchased 1.5 million units of Armour through our technology partner, Norman.
1994	→ Formed strategic alliance with Norman as its technology partner for bi-directional technology transfer of anti-virus solutions.
1993	→ Awarded 'Best Reseller' for Trend AV by Trend Microsystems.
1992	→ Development of "Armour" anti-virus software.
1989	→ Appointed sole distributor for Trend AV.
1984	→ Inception of Extol Corporation (M) Sdn Bhd.

2013 TRADE EXHIBITIONS

GITEX International Conference & Exhibition 2013
Date : 20-24, October 2013
Venue : Dubai, UAE

GITEX is the largest ICT conference & exhibition in the Middle East, North Africa and South Asia Region. Focused on providing exhibitors with high Return of Investment ("ROI") through direct business opportunities with decision makers, GITEX has maintained its position as the industry's trend setting authority.

GITEX continually identifies the hottest global IT trends and incubates these into the event either as new sectors or conference programmes. GITEX has enabled new companies to participate in identified trends as well as giving visitors the opportunity to engage, learn and implement the advances in the industry.


2013 TRADE EXHIBITIONS (Cont'd)

The Launch of AtomOS - OIC World BIZ Exhibition & Conference 2013

Date : 25-28, September 2013
Venue : Putra World Trade Centre (PWTC), Kuala Lumpur

The OIC International Business Centre in collaboration with Arab League and Islamic Centre for Development of Trade (ICDT), Morocco as an organ of Organization of Islamic Cooperation (OIC).

The main aim is to enhance intra-trade among Muslim markets while providing an ideal platform for governments, corporation, international investors, industry players and entrepreneurs from all parts of the world to explore the possibilities of joint ventures, investment & trade opportunities in the Muslim World.

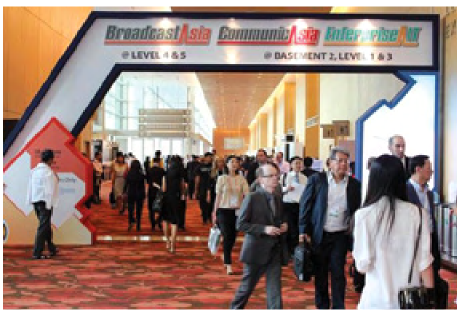


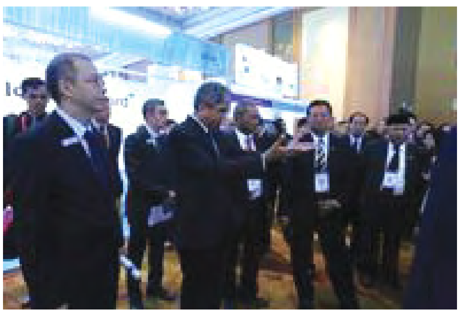


CommunicAsia & BroadcastAsia 2013

Date : 18-21, June 2013
Venue : Marina Bay, Singapore

CommunicAsia, the stellar event recognised by industry professionals, continues to strengthen and stay relevant to the ever changing info-communications technology industry. CommunicAsia2014 is the event that addresses the ENTIREICT ecosystem from 4G / LTE, AR and Innovations, Content Security Management, FTTx, Mobile Apps, Mobile Broadband, Mobile Devices, RF & Cables, Telecom Energy &





CORPORATE EVENT 2013

Christmas Get-together 2013

Date : 12 December 2013
Venue : Extol's Office

It's the time of the year again and our happy feet and adventurous spirit once again kicked-off. This is the season for staffs Christmas parties, frantic Christmas' shopping and gift exchange and generally a period of indulgence for all Extolians.

Raya Open House 2013

Date : 25 July 2013
Venue : Sekeping Seni, Jln. Ampang, KL.

After a successful outreach event last year, we're opening our doors again. We've extended the invitation to all our partners, clients & all Extol's staff for another Ramadan Open House.

This is to encourage and to create a bond between the organization, friends and family members.

CORPORATE SOCIAL RESPONSIBILITIES 2013

CSR- Orphanage Home Visit 2013

Date : 20 April 2013
Venue : Rumah Anak Yatim Damai, Sg. Ramal, Kajang

A big thank you goes out to everyone for believing in “Raise Yourself to Help Mankind” campaign. We couldn’t have achieved this for the pass few years, without the help of our employees, so dedicated and passionate about Making a Difference and driving the “We Care” corporate initiatives.






DIRECTORS' PROFILE

DATO' AHMAD BIN ISMAIL
60 Years of Age, Malaysian
Independent Non-Executive Chairman

Dato' Ahmad was appointed to the Board on 23 May 2012 as an Independent Non-Executive Chairman. He is also the Chairman of Remuneration Committee and members of the Audit Committee and Nomination Committee of the Company.

He graduated with Bachelor of Social Science (Hons), majoring in Political and Rural Studies from Universiti Sains Malaysia in 1977. He joined the Public Service Department as an Assistant District Officer/Secretary to the District Council of Kuala Pilah from year 1977 to 1984.

Throughout his career with the Public Service Department, Dato' Ahmad was attached with various departments and ministries. Amongst his salient achievements are as an Assistant Director for Human Resources Department, Ministry of Human Resource and Deputy Director of Immigration Department, Ministry of Home Affairs. He was appointed as the Immigration Representative for Malaysian Industrial Development Authority (MIDA) and Immigration attaché at Consulate of Malaysia in Hong Kong. He was also appointed as the Secretary for the Police Force Commission and the Principle Secretary for Division of Security, Ministry of Home Affairs from year 2002 to 2008.

Dato' Ahmad was awarded the A.M.P in year 2006, A.M.N in year 2008 and D.I.M.P in year 2010. Before his retirement in December 2011, he was the Director of Division of Foreign Workers, Immigration Department, Ministry of Home Affairs Malaysia.

MOHD BADARUDDIN BIN MASODI
50 Years of Age, Malaysian
Chief Executive Officer / Deputy Executive Chairman

Mohd Badaruddin Bin Masodi was appointed to the Board on 25 April 2011 as the Deputy Executive Chairman. He was re-designated to Deputy Executive Chairman cum Chief Executive Officer on 20 May 2011.

He holds an Advanced Diploma in Accountancy from Universiti Teknologi MARA. He is also a Chartered Certified Accountants and registered with the Malaysian Institute of Accountant (MIA).

He held various major positions while he was with Sime Bank Berhad from 1985 to 1994. He then joined Maybank Group in 1994. He left the banking industry in year 2001 to venture into his own business.

MOHD FAIDZAL BIN AHMAD MAHIDIN
42 Years of Age, Malaysian
Executive Director

Mohd Faidzal Bin Ahmad Mahidin was appointed to the Board on 29 August 2011 as an Executive Director.

He holds a BBA (Hons) Degree in Operations Management and has vast experience in the oil and gas and maritime service industries. Currently, he is also the Managing Director of Tanjong Agas Supply Base & Marine Services Sdn Bhd developing Tanjong Agas Oil & Gas and Logistics Industrial Park in Pekan, Pahang.

ISMAWADEE BIN ISMAIL
45 Years of Age, Malaysian
Independent Non-Executive Director

Ismawadee Bin Ismail was appointed to the Board on 20 May 2011 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees of the Company.

He is a member of Malaysian Institute of Accountants (MIA) and member of Certified Practising Accountant of CPA Australia Ltd. He has over 18 years experience in providing audit, account, taxation and business advisory services to a wide range of Malaysian and multinational clients.

Further, he has wide range of experience in handling the audits of various organizations which includes those in the telecommunication, manufacturing, services and construction industries in Malaysia.

KU MUN FONG
44 Years of Age, Malaysian
Independent Non-Executive Director

Ku Mun Fong was appointed to the Board on 25 April 2011 as an Independent Non-Executive Director. He is the Chairman of the Nomination Committee and a member of Audit Committee of the Company.

He is a fellow member of The Association of Chartered Certified Accountants (ACCA). His past 18 years experiences includes auditing and corporate finance. He has nearly 16 years in Corporate Finance of Investment Banks and Stockbroking Company. Presently, he is the head of corporate finance department of TA Securities Holdings Berhad.

Other Information:

1. **Conflict of Interest**

   None of the Directors have any conflict of interest with the Company.

2. **Convictions for Offences**

   None of the Directors have been convicted for any offence for the past 10 years other than traffic offences, if any.

3. **Directorship in other public companies**

   None of the Directors have any directorship in other public companies.

4. **Family relationships**

   None of the Directors have any family relationships with any other Directors and/or substantial shareholders.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Audited Financial Statements of Extol MSC Berhad and the Group for the financial year ended ("FYE") 30 September 2013.

In its second full year in charge the management team has made excellent progress in implementing the strategy laid out in last year's annual report and driving improvement in processes and capability.

As a result both unit revenues and costs have improved to drive a substantial improvement in profitability and returns.

Financial Performance

For the FYE 30 September 2013, the Group recorded revenue of approximately RM13.5 million, and incurred consolidated loss before taxation of approximately RM1.4 million as compared to revenue of approximately RM15.1 million and profit before taxation of approximately RM0.2 million recorded in the previous financial year. The revenue of the Group for the current year has decreased by 10.65% as compared to the previous financial year. The decrease in revenue was due stiff competition in the market. We are building from a strong and stable financial base, a foundation that has strengthened despite the challenges of the last three years.

Managed Security Services (MSS)

The Group remains committed to further enhance its position as the country's leading Managed Security Services Provider (MSSP). The Group is embarking on an enhancement plan for Managed Security Services Unit (MSS) to further upgrade the technical resources and capabilities of the Security Operation Center (SOC). The MSS Service Delivery and Technical Delivery resources and processes will be realigned to better manage our customers Service Level Agreements (SLAs) and deliverables.

Research and Development

The Group will also continue the effort to further commercialize our products such as ePassport, eSIRON and face verifications. The research & development unit resources will also be partly re-align to MSS future product development requirement and joint product collaboration.

Prospects

The Group is embarking on executing plans to further increase the range of innovative solutions and services to current and new market segment. The Group have started building the foundation to become a leading full-fledged Managed Services Provider (MSP).

The Group is setting up a Secured Cloud Data Center to deliver not just typical data center services but mainly to offer niche services such Security as a Service (SECaaS), anti-DDOS, encryption, secured disaster recovery and remote backup solutions. The Group's primary SOC and Network Operation Center (NOC) will be re-located to the new data center. It has also setup a new Managed Infrastructure Services (MIS) business unit to effectively engage network, infrastructure and data center projects. The Group is also planning to expand the current services offering to include security training and education.

The Group recognized the growing importance of the overseas market and as such, the Overseas Business Unit (OBU) operations will be further enhanced to better manage the customers and opportunities. The Group will continue to increase and improve the resources required to better engage the overseas market. OBU will initiate several strategic business collaborations especially for the Middle East market.

Premised on the above and barring any unforeseen circumstances, the Board expects the financial performance of the Group to improve in the FYE 30 September 2014.

Appreciation

On behalf of my fellow Board members, I would like to express sincere appreciation to our shareholders, management, staff, valued clients and business partners for their commitment, contributions and support over the past year. In spite of internal and external challenges, stakeholders did their best to surmount them and to bring the Group to a position of greater heights and opportunities.

DATO' AHMAD BIN ISMAIL
Independent Non-Executive Chairman
12 February 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to ensure that the core values such as accountability, transparency and integrity are incorporated into the corporate governance and practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder's value and the financial performance of Extol Group.

In this respect, the Board is pleased to present the manner in which it has applied, wherever practical and reasonable, the principles and best practices articulated in the Malaysian Code on Corporate Governance 2012 ("**the Code**") throughout the FYE 30 September 2013.

The Board is pleased to provide the statement below setting out the manner in which the Group has applied the principles of the Code and the extent of compliance with recommendations advocated therein.

Board of Directors

Extol Group is led and controlled by an effective and well balanced Board, whose members are of diverse background and have vast experience; the structure of composition of which is consistent with the ACE Market Listing Requirements ("ACE Market LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Code.

The Board plays an active role in directing management in effective and responsible manners. The Directors, collectively and individually, has a legal and fiduciary duty to act in the best interest of the Group and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability.

The Board has the following major responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Group:

a) Establishing and reviewing the strategic direction of the Group;

b) Overseeing the conduct of the Group's businesses to evaluate whether the business is being properly managed and sustained;

c) Overseeing the efficiency and adequacy of the Group's risk management and internal controls system;

d) Establishing a succession plan including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Group;

e) Developing and implementing a shareholder communication policy of the Company; and

f) Ensuring the corporate governance adopted and practised are in line with the principles of transparency, accountability and integrity so as to protect and enhance shareholder's value and the financial performance of the Group.

The Board is in the midst of preparing the code of ethics which will be adopted by the Board. It is observed by all the Directors and it relies on the principles of integrity, accountability, and compliance with relevant regulatory requirements. In addition, various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee have been established and delegated with specific responsibilities to assist the Board in discharging some of its functions.

Board of Charter

The Board Charter (Charter) sets out the authority, responsibilities, membership and operation of the Board in adopting principles of good corporate governance and practice, that accord with applicable laws. The document clearly states the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It also serves as a reference for all Board members as well as a primary induction literature for newly appointed board members in providing insights into the fiduciary and leadership functions of the Board.

The Board endeavours to comply at all times with the principles and practices set out in this Charter. The Board are still in the midst of preparing the board charter. Any updates to the principles and practices set out in the Charter will be made available on the Company's website at www.extolcorp.com

Formalized ethical standards through Code of Conduct

The Group's corporate culture provides an ethical framework to guide actions and behaviors of all Directors and employees. The Group practises principles relating to confidentiality of information, fair dealings, compliance with laws and regulations, accountability and corporate social responsibility in the Group's dealings with employees, customers, suppliers, business associates and shareholders.

Even though the Board has not formalized a Code of Ethics and Conduct, the above practices are embedded into the Group's philosophy, culture and business operations. The Board is aware that a formalized Code of Ethics and Conduct reinforces the Group's core value on integrity by providing guidance on moral and ethical behavior. The Board will finalize the key principles of expected conducts and formalize the Code of Conduct in the following financial year will be made available in the Company's website by then.

Board Balance and Composition

As at the date of this statement, the Board has five (5) members, comprising two (2) Executive Directors and three (3) Independent Non-Executive Directors. The structure of composition has complied with the ACE Market LR and the Code which requires that at least two (2) Directors or one third of the Board, whichever is the higher, are Independent Director.

The Directors have a wide range of technical, management, accounting and financial experience. The mix of skills and exposure is vital for the effective functioning of the Board. The Nomination Committee is satisfied that the current size and composition of the Board is appropriate and well balanced to adequately reflect the interest of minority shareholders in the Company.

The Board comprises of a majority of Independent Directors to ensure balance of power and authority on the Board. The Board also believes that the current three (3) Independent Non-Executive Directors are of high calibre and credibility, and have the experience, knowledge and ability to exercise independent judgement in the best interests of the Group.

The presence of Independent Non-Executive Directors, who do not engage in the day-to-day management nor participate in any business dealings of the Group, provides an effective independent and balanced view to the Board. Although all the Directors have an equal responsibility for the Group's operation, the role of the Independent Non-Executive Directors is particularly important in ensuring independence of judgment and objectivity are exercised in board room deliberations, taking into account the long term interest, not only of the Group but also of the shareholders and other stakeholders.

The Board has conducted an annual assessment of the independence of its independent directors and is satisfied that the Independent Directors are independent as they fulfilled the required criteria stipulated in the ACE Market LR of Bursa Securities.

The Board has identified En. Ismawadee Bin Ismail as the Senior Independent Non-Executive Director. Being the Chairman of the Audit Committee, he is the most appropriate spokesperson for all Independent Non-Executive Directors as well as channel for other stakeholders to convey their concerns. En. Ismawadee Bin Ismail can be contacted by post at Unit G-1, Ground Floor, Wisma UOA Pantai, No. 11, Jalan Pantai Jaya, 59200 Kuala Lumpur or at fax 603-2240 0002 or email at *walisongo.adee@gmail.com.*

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Board Meeting

Board meetings are scheduled for every quarter with additional meetings convened as and when necessary.

During the financial year ended 30 September 2013, five (5) Board meetings were held. Details of attendance of Directors are set out below.

Name of Directors	Meeting attendance
Dato' Ahmad Bin Ismail	5/5
Mohd Badaruddin Bin Masodi	5/5
Mohd Faidzal Bin Ahmad Mahidin	5/5
Ismawadee Bin Ismail	5/5
Ku Mun Fong	4/5
Mohd Fadzli Bin Ibrahim (Retired on 28 March 2013)	2/3

At the Board meeting, the Chairman of the Board will ensure that each agenda item is adequately reviewed and deliberated. The Chairman of the respective Board Committee will report on the deliberation at the Committee meetings held earlier The Board ensures that its decisions as well as the deliberations and issues discussed before arriving at those decisions are properly documented.

Supply of Information

All Directors have unrestricted access to information in the discharge of their duties and receive regular information updates on the Company's performance to enable them to make informed decisions.

The Board papers which are presented to the Board include, amongst others, the quarterly and annual financial statements, operations report and corporate proposals.

For all Board meetings, the notices of meetings and board papers are distributed to the Directors at least seven (7) days prior to the Board Meetings to provide Directors with sufficient time to deliberate on issues to be raised at the meetings. All proceedings of the meetings are properly minuted and filed by the Company Secretary.

The Directors also have access to independent professional advice, including the advice of the external auditor, whenever such services are needed to assist them in carrying out their duties. Each Director also has unrestricted access to the advice and services of the Company Secretaries, senior management staff and other external advisers, where necessary. The appointment of the Company Secretary is based on the capability and proficiency determined by the Board.

Appointment to the Board

The Nomination Committee's responsibilities include assessing and recommending to the board the candidature of directors, appointment of directors to board committees, review of board's succession plans and training programmes for the board. In assessing suitability of candidates, considerations should be given to the competencies, commitment, contribution and performance. The Nomination Committee should facilitate board induction and training programmes.

The Board through its Nomination Committee shall take steps to ensure women candidates are sought as part of its recruitment exercise.

The Company Secretary will ensure that all appointments are properly made and all legal and regulatory requirements are complied with.

The Company will provide an orientation and education programmed for the new appointees to the Board.

Board Commitment

The Board is satisfied with the level of commitment of all the Directors which is reflected through their attendance at Board Meeting and committee meetings. The Directors are aware they must not hold directorship in more than five (5) public listed companies.

Directors' Training

All Directors have attended the Mandatory Accreditation Programmed. The Directors are encouraged to attend training courses and seminars organized by the regulatory authorities and professional bodies as a continuous learning programmed to keep abreast with new developments in the business and to effectively discharge their duties.

For Financial Year 2013, the Directors have attended the following training:

Directors	Courses	Date of Attendance
Dato' Ahmad Bin Ismail	Governance in Action	25 September 2013
Mohd Badaruddin Bin Masodi	Asean Market Gateways: Your Key to Cambodia, Myanmar & Philippines	29 November 2012
Mohd Faidzal Bin Ahmad Mahidin	Advocacy Session on Corporate Disclosure For Directors	21 May 2013
Ismawadee Bin Ismail	MIA Conference 2012	27 November 2012
Ku Mun Fong	Nominating Committee Program	15 May 2013

Appointment and Re-Election of Directors

The Company's Articles of Association provides that all Directors who are appointed by the Board are subject to election by shareholders at the First Annual General Meeting of the Company after their appointment. The Articles of Association also provide that one third of the Directors, or if their number is not three or multiple of three, then the number nearest to one third are to retire and subject to re-election at each Annual General Meeting and that all Directors including the Group Managing Director, are subject to re-election at least once in every three (3) years.

The Dircetors appointed by the Board during the financial year shall be subjected to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

The Nomination Committee reviews and assesses annually the proposed re-appointment and re-election of existing Directors who are seeking re-appointment and re-election at the Annual General Meeting of the Company. The Nomination Committee will, upon review and assessment, submit its recommendation to the Board for approval, before tabling such proposals to the shareholders at the Annual General Meeting.

The re-appointment and re-election of Directors provide shareholders an opportunity to reassess the composition of the Board.

Board Committees

The following Board Committees have been established to assist the Board in discharging its duties. These Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision, however, lies with the Board. The functions and terms of reference of the committees as well as authority delegated by the Board to these Committees are clearly defined.

(i) Audit Committee

The Audit Committee has three (3) members, comprising entirely Independent Non-Executive Directors. Detailed information on Audit Committee can be found in the Audit Committee Report on pages 26 to 30 of this report.

(ii) Nomination Committee

The Nomination Committee has three (3) members, all of whom are Independent Non-Executive Directors. The Nomination Committee is currently made up of the following Directors:

Chairman: Ku Mun Fong
Independent Non-Executive Director

Members: Ismawadee Bin Ismail
Independent Non-Executive Director

Dato' Ahmad Bin Ismail
Independent Non-Executive Chairman

The summary of the duties and responsibilities of the Nomination Committee are as follows:

- To establish the minimum requirements on the skills, experience, qualifications and other core competencies of a Director;
- To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when he need arises;
- To review annually the required mix of skills, experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;

- To assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each Director and the Board Committees;
- To recommend to the Board for continuation the service of Executive Director(s) and Non-Executive Director(s) who are due for retirement by rotation.
- To review training programs for Directors;
- To develop the criteria to assess the independence of Independent Non-Executive Directors annually, especially on those who has served more than nine (9) years;
- To review Board succession plan; and
- To facilities achievement of Board gender diversity policies and targets.

(iii) Remuneration Committee

The Remuneration Committee has two (2) members, both of them are Independent Non-Executive Directors. The Remuneration Committee is currently made up of the following Directors:

Chairman : Dato' Ahmad Bin Ismail
Independent Non-Executive Director

Member : Ismawadee Bin Ismail
Independent Non-Executive Director

The summary of the duties and responsibilities of the Remuneration Committee are as follows:

- To review that the existing level of remuneration of Executive Directors are compatible with their corporate and individual performance;

- To recommend to the Board the remuneration of Executive Directors which is structured to link rewards to corporate and individual performance. Executive Directors should play no part in decisions on their own remuneration;

- In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned. Determination of remuneration packages shall be a matter for the Board as a whole. The individual(s) concerned shall abstain from discussion of their own remuneration; and

- The Company shall establish a formal and transparent procedure on Executive Directors' remuneration and fix the remuneration packages of individual Directors.

Directors Remuneration

The Group's policy on Directors' remuneration is structured with the objective to attract and retain directors needed to run the Group successfully.

The Remuneration Committee recommends to the Board the framework of the Executive Directors' remuneration and their remuneration package. The remuneration of these Directors however, is determined by the Board as a whole with the Director concerned abstained from deliberation in respect of his individual remuneration.

In formulating the remuneration policy and package, the Remuneration Committee takes into consideration the responsibility and job function, individual and corporate performance, and remuneration packages of comparable companies in the same industry.

Directors Remuneration (CONT'D)

The remuneration package for the Executive Directors and Independent Non-Executive Directors consists of the following:

- Salaries

  Executive Directors' salaries are formulated taking into account their responsibilities, functions and performance, competitive to a comparable role in a similar organisation.

  An annual review is conducted on these remuneration packages and salaries are adjusted to reflect performances, responsibilities, job function and market trends.

- Fees

  Fees for Independent Non-Executive Directors are determined by the Board as a whole and subject to the shareholders' approval at the Annual General Meeting.

- Allowances for Independent Non-Executive Directors

  Allowances are paid to Independent Non-Executive Directors in accordance with their responsibilities and involvement in the Board Committees.

- Bonus and Other Benefits

  Bonus and incentives are paid to the Executive Directors, in line with the Group's remuneration policy, depending on individual and corporate performance.

A summary of the remuneration of the Directors for the financial year ended 30 September 2013 distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls within respective band are set out below:

	Directors Fees (RM)	**Directors Salaries and Other Emoluments (RM)**	**Total (RM)**
Non-Executive Directors	69,000	13,200	**82,200**
Executive Directors	9,000	314,426	**323,426**
Total	**78,000**	**327,626**	**405,626**

	Executive Director	**Non-Executive Director**
Below RM50,000	-	3
RM50,001 to RM150,000	1	-
RM150,001 to RM250,000	1	-
Total	**2**	**3**

Relationship with Shareholders and Investors

The Company recognises the importance of maintaining good relationship and communication flow with the investors. As such, the Board is committed to disseminate all important issues and developments in the Group timely, adequately and properly through announcement made to the Bursa Securities, annual report, circulars issued to shareholders and press releases.

In this regards, the Company strictly adheres to disclosure requirements in the ACE Market LR and its Internal Corporate Disclosure Policies and Procedures to ensure that material and market sensitive information are not unduly disclosed before an official announcement is made to Bursa Securities for public release.

The Company maintains a website at www.extolcorp.com that allows all shareholders and investors to gain access to information about the Group to encourage strengthening of effective communication and engagement with the shareholders.

Annual General Meeting

The Company uses the Annual General Meeting (AGM) as the main avenue to communicate and interact with the shareholders of the Company. The shareholders are encouraged to participate actively during the question and answer sessions with the Directors to better inform themselves with the financial performance and operation of the Group.

As per recommendations of the Code, the shareholders are encouraged to vote by poll for all resolutions put forth in the AGM. However, the Company decide that voting by way of a show of hands for convenience purpose.

Notices of each general meeting are issued on a timely manner to all giving the shareholders sufficient time to prepare for attendance at the meeting. In the case of special businesses, a statement explaining the effect of the proposed resolution is provided accordingly.

Financial Reporting

In presenting the financial results, the Directors are mindful of the needs to present a balanced assessment of the Group's financial position to the shareholders, investors and regulatory authorities. The quarterly results and annual financial statements are reviewed by the Audit Committee and approved by the Board before release to the public. A Statement of Directors' Responsibility in preparing the financial statement is set out below.

Risk Management and Internal Control

The Board affirms the importance of maintaining a sound system of risk management and internal control practices. It acknowledges its overall responsibility over these areas and in reviewing the effectiveness and adequacy of the internal control system.

Detailed information on internal control is set out in the Statement on Risk Management and Internal Control on pages 31-33.

Relationship with Auditors

The Board has established a transparent and appropriate relationship with both the external and internal auditors through the Audit Committee in discussing with them their audit plans, audit findings and financial statements. The Audit Committee invites the external auditors to attend its scheduled meetings to present the audited financial statements of the Group, highlight and discuss the internal controls and problems that may require the attention of the Board.

Details on the roles of Audit Committee in relation to both the external and internal auditors can be found in the Audit Committee Report laid out on pages 26- 30.

Statement on Directors' Responsibility

The Directors are required by the Companies Act 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial state of affairs of the Company and the Group at the end of the financial year.

In preparing the financial statements, the Directors have

(i) adopted appropriate accounting policies, which are applied consistently;

(ii) ensured that all applicable accounting standards have been followed;

(iii) made judgements and estimates that are reasonable and prudent; and

(iv) prepared financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1965 and applicable approved accounting standards.

The Directors are also responsible for taking reasonable steps to prevent and detect fraud and other irregularities so as to safeguard the assets of the Group.

Company's strategies on promoting sustainability

Strategies adopted by the Group to drive its business forward have always considered the commercial sustainability of the Group. This can be seen in the consistent improvements in the Group's financial performance. Perhaps in striving for commercial sustainability, considerations for environmental, social and governance aspects of business may not always have been given their due prominence. The Board had already set broad guidelines for the conduct of Corporate Social Responsibility ("CSR"), and has reported on the Group's CSR activities regularly in the page 10 of the Annual Report. Currently CSR activities are very much in the hands of the managers and the Board supports the CSR activities only in terms of providing advice and funding and allowing its employees to take time off for involvement in the activities whenever required. As for the governance aspects of business, the Board will be guided by the recommendations of the Code.

Additional Compliance Information

The following information is presented in compliance with the ACE Market LR of Bursa Securities:

Status of Utilisation of Proceeds

The Company's Private Placement of 12,632,400 new ordinary share was completed on 28 January 2014.

The status of utilisation of the proceeds from Private Placement as at the date of the Annual Report as follows:-

Purpose	Proceeds Raise RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Working Capital	1,177	180	997
Listing Expenses	149	149	-
Total	**1,326**	**329**	**997**

Share Buy-Backs

The Company did not have a share buy-back plan in place during the FYE 30 September 2013.

Options or Convertible Securities

The Company has not issued any options, or convertible securities during the FYE 30 September 2013.

Depository Receipt Program

The Company did not sponsor any Depository Receipt Program during the FYE 30 September 2013 .

Sanctions and/or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the FYE 30 September 2013.

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Company during the financial year amounted to RM3,000.00.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

Material Contracts

There was no material contract entered into by the Company or its subsidiaries involving Directors or substantial shareholders either still subsisting at the end of the FYE 30 September 2013 or entered into since the end of the previous financial year.

Variation in Results

The Company did not issue any profit estimate, forecast or projection for the FYE 30 September 2013.

There were no variances of 10% or more between the audited results for the FYE 30 September 2013 and the announced unaudited results.

Recurrent Related Party Transactions ("RRPT")

There were no RRPT of revenue nature entered into by the Group during the FYE 30 September 2013.

AUDIT COMMITTEE REPORT

Member of the Audit Committee

The Audit committee was established on 5 January 2006. The present members of the Audit Committee and their respective designations are as follows:

Chairman

Ismawadee Bin Ismail
- Independent Non-Executive Director

Members

Dato' Ahmad Bin Ismail
- Independent Non-Executive Chairman

Ku Mun Fong
- Independent Non-Executive Director

Summary of Terms of Reference of the Audit Committee

1. Duties and Responsibilities of the Audit Committee

The following are the main duties and responsibilities of the Audit Committee collectively:

(1) Review the following and report the same to the Board of the Company:-

(i) with the external auditors, the audit plan;

(ii) with the external auditors, his evaluation of the system of internal controls;

(iii) with the external auditors, his audit report;

(iv) the assistance given by the employees of the Company to the external auditors and the internal auditors;

(v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
(a) any changes in existing or implementation of new accounting policies;
(b) significant adjustments arising from the audit;
(c) significant and unusual events;
(d) the going concern assumptions; and
(e) compliance with accounting standards and other legal requirements;

(viii) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

(ix) any letter of resignation from the external auditors and any questions of resignation or dismissal; and

(x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

(2) Oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance;

(3) Assist the Board in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks;

(4) Recommend to the Board on the appointment and re-appointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of the audit;

(5) Discuss with the external auditors before the audit commences the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;

(6) Discuss problems and reservations arising from the audits and any matter the auditors may wish to discuss in the absence of the management where necessary;

(7) Review the external auditor's management letter and management's response therein;

(8) To carry out an annual review of the performance of the external auditors, including assessment of independence of external auditors in the performance of their obligations as external auditors;

(9) Establish policies and procedures in governing circumstances for contracts of non-audit services to be entered with external auditors;

(10) To review and monitor the suitability and independence of the external auditors;

(11) In relation to the internal audit function:-

(i) review the adequacy of the scope, functions and resources and competency of the internal audit function, and that it has the necessary authority to carry out its work;

(ii) review the internal audit programme and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

(iii) review any appraisal or assessment of the performance of members of the internal audit function;

(iv) approve any appointment or termination of senior staff members of the internal audit function; and

(iv) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(12) Consider the major findings of internal investigations and management's response;
and

(13) Consider other matters as defined by the Board.

2. Rights of the Audit Committee

In carrying out its duties and responsibilities, the Audit Committee will:

- have the authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Company or the Group;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the Audit Committee meetings (if required) and to brief the Audit Committee; and
- be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Summary of Activities Undertaken

The activities of the Committee for the FYE 30 September 2013 include, inter alia, the following:

1. Internal Audit

- Reviewed the adequacy of the scope, functions and resources of the internal audit function, and that it had the necessary authority to carry out its work; and
- Reviewed and discussed the internal audit reports and ensure that corrective actions had been taken to rectify the weaknesses highlighted in the audit reports.

2. Financial Reporting

Reviewed the quarterly and year end financial statements and ensure that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:-

- any change in existing or implementation of new accounting policies;
- significant adjustments arising from the audit;
- the going concern assumption;
- major judgmental issues;
- significant and unusual events; and
- compliance with accounting standards and other regulatory requirements.

3. External Audit

- Reviewed the audit planning memorandum for the FYE 30 September 2013;
- Reviewed the annual audited financial statement of the Group with the external auditors prior to submission to the Board for approval;

- Reviewed and discussed the observations, recommendations and the management's comments in respect of the issues raised by the external auditors on their evaluation of the system of internal controls; and

- Met with the external auditors without executive board members present during the FYE 30 September 2013.

4. Related Party Transaction

- Reviewed the related party transactions and conflict of interest situation that may arise within the company or group including any transactions, procedures or course of conduct that raises questions of management integrity.

5. Other Matters

Reviewed the Corporate Governance Statement.

Meetings

During the FYE 30 September 2013, five (5) meetings were convened, with details on the attendance of the Directors listed below:

Name of Committee Members	No. of meetings attended	Percentage Attendance
Ismawadee Bin Ismail	5 of 5	100%
Dato' Ahmad Bin Ismail	5 of 5	100%
Ku Mun Fong (Appointed with effect from 30 May 2013)	1 of 1	100%
Mohd Fadzli Bin Ibrahim (Retired on 28 March 2013)	2 of 3	67%

Note to shareholders:
Numbers of meetings attended by each Audit Committee Member vary according to their dates of resignation and appointment.

Internal Audit Function

The Board recognised the importance of the internal audit function and the independent status required for it to carry out the job effectively. During the FYE 30 September 2013, the internal audit function in respect of the Corporate Communication Management was outsourced to Aftaas Corporate Advisory Services Sdn. Bhd. and the internal audit function for the operations was performed by Governance, Risk and Compliance (GRC) department of the Group. The Internal GRC team introduced risk based auditing approach with risk focused audit program in order to ensure that the principal risks were being identified and mapped with the existing system of internal control. The outsourcing of the audit functions in respect of the Group's accounting system was carried out stringently whereby results of accounting were properly maintained. As an ISO27001:2005 certified organization towards Information Security Management Systems (ISMS), the audit functions are to ensure that the controls and objectives of the standards are adhered to, maintained and followed. The audit plans that have been prepared at the beginning of the year were followed accordingly and areas of improvement were highlighted in the audit reports and discussed during the Management Review meetings together with the Audit Committee. By being certified towards ISO9001:2008, Quality Management Systems (QMS) the organisation is able to handle project management in a professional and structured way resulting in customer's confidence.

The Group had incurred a total amount of RM9,000.00 for the internal audit function for the FYE 30 September 2013.

The Board had via the Audit Committee evaluated the effectiveness of the outsourcer and GRC by reviewing the results of its work in Audit Committee meetings.

Statement by the Audit Committee in relation to ESOS allocation

The approval obtained from Bursa Securities on 14 February 2006 for an Employee Share Option Scheme ("ESOS") lapsed on 2 April 2011. No ESOS options were granted prior to the expiry of the scheme.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is committed to maintaining a sound system of risk management and internal control of the Group to safeguard the shareholders' investment and the Group's assets. The Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year.

Responsibility of the Board

The Board recognises the importance of a sound system of risk management and internal control for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control systems are reviewed on an ongoing basis. The system of risk management and internal control covers *inter-alia*, governance, risk management, financial, organisational, operational and compliance control. The Board also acknowledges that a sound system of internal controls reduces, but cannot eliminate, the possibility of poor judgement in decision-making; human error; breakdown in internal control due to collusion; control processes being deliberately circumvented by employees and others; management overriding controls and occurrence of unforeseeable circumstances. A sound system of risk management and internal control therefore provides reasonable, but not absolute, assurance that the Group will not be hindered in achieving its business objectives.

The Board recognises that the system needs to be continuously improved to support the type of business and size of the Group's operations. Such a system is concerted and continues the process for identifying, evaluating and managing significant risks faced by the Group.

Extol's Policies on Risk Management

Extol Group is a one-stop Information and Communications Technology ("**ICT**") security solutions provider offering a comprehensive spectrum of ICT security products and services to counter ICT security threats.

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks has been operating throughout the year. This process is reviewed by the Audit Committee whose main role is to review, on behalf of the Board, the key risks inherent in the business and the system of control necessary to manage such risks, and to present its findings to the Board. The Audit Committee is supported by the Group's internal audit function in carrying out its roles and responsibilities. To ensure that risks are managed effectively, Project Risk Management Processes are followed i.e.:

- Risk management Planning : Documenting intent of project regarding risk management
- Risk Identification : Reviewing project to identify risks
- Qualitative Risk : Analysing Risk impacts
- Quantitative Risk : Analysing Risk impacts and probabilities
- Risk Response Planning : Identifying actions to respond to prioritized risks
- Risk Monitoring and Control : Monitoring for identified risks and symptoms, looking for new potential risks

The Group's risk management procedure enables all information and associated assets, such as information processing equipments and facilities, to undergo risk assessment on an annual basis and as and when there is an urgent need. A risk that can be reduced, transferred, or avoided is considered as an acceptable level of risk. The management decides on the criteria for risk acceptance. Extol selects appropriate control objectives from the ISO 27001 standard and work to mitigate the risks to residual level through the process of:

- Identifying the threats
- Determining the exposures for those assets
- Determining the threats to the assets from internal or external sources
- Identifying the security issues that need to be addressed
- Identifying the vulnerabilities
- Determining the probabilities
- Determining the impact
- Selecting appropriate controls from the ISO 27001 Standards

All employees are required to sign a Non-Disclosure Agreement (NDA) during their service in the organisation to ensure the Confidentiality, Integrity and Availability (CIA) of valuable and private information and a high level of security and risk management is maintained at Group level. All employees know exactly what is expected of them not only in deliverables but also in the quality of the deliverables and compliance of the standard is requested by all staff.

Key Elements of Internal Control

The key elements of the Group's internal control system that are regularly reviewed by the Board are as follows:

- Establishment of a conducive control environment in respect to the overall attitude, awareness and actions of directors and management regarding the internal control system and its importance to the Group;

- To monitor the recruitment of experienced, skilled and professional staff with the necessary calibre to fulfil the respective responsibilities and ensuring that minimum controls are put in place;

- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;

- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human error, fraud and abuse;

- Effective monitoring of significant variances and deviation from standard operating procedures and budget;

- The Group has outsourced the internal audit services for the Corporate Communication Management whereas the rest of the process is being handled by the Governance, Risk and Compliance (GRC) department. The internal audit functions independently review the risk identification procedures and control processes implemented by the management, and reports to the Audit Committee during the Audit Committee meetings. The internal audit functions provide assurance over the operation and validity of the system of internal control in relation to the level of risk involved using risk-based-auditing methodology;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by internal audit function, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems;

- Monitoring of the compliance of the Group's Standard Operations Procedure and adherence to the Group's policy by the GRC Department, resulting in the Group's services exceeding customer needs as Extol is certified to ISO 27001:2005 and ISO 9001:2008; and

- Monitoring the progress meetings which are conducted regularly with heads of departments to address weaknesses and to improve efficiency and productivity.

The Board believes that the systems of risk management and internal controls in the Group are adequate and have been effective in their functions, with no significant breakdown or weaknesses in the system of risk management and internal control noted during the period under review.

Moving forward, the Group looks to continue to improve and enhance the existing systems of risk management and internal controls, taking into consideration the changing business environment.

Review of Statement by External Auditors

As required by the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement of Risk Management and internal Control. Their review was performed in accordance with Recommended Practice Guide (RPG) 5: Guidance for Auditors on the Review of Directors Statement on Internal Control, issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

Conclusion

The Board is of the view that the Group's informal systems of risk management and internal control are adequate in achieving its business objectives. However, the Board is also cognizant of the fact that the Group's system of risk management and internal control practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board and the Management maintain an on-going commitment to continue taking appropriate measures to enhance and strengthen the risk management and internal control of the Group.

The Board is aware of the need to have in place a formalized risk management and internal control framework to safeguard shareholders' investment, interest of the customers, regulators, employees and the Group's assets. The Board plans to finalize the framework in the forthcoming financial year.

The CEO and Finance Manager have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively.

KEXTOL
ADVANCING EXCELLENCE

FINANCIAL STATEMENT

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 30 September 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the research and development and sale of Information Communication Technology (ICT) security systems and provision of related professional services which are directly and indirectly linked to ICT and investment holding.

The principal activities of the subsidiary companies are stated in Note 6 of the notes to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	(1,356,453)	(1,031,757)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

There was no dividend proposed, paid or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

ISSUE OF SHARES

There were no shares issued during the financial year.

ISSUE OF DEBENTURES

There were no debentures issued during the financial year.

OPTIONS

During the financial year, no share options have been granted.

DIRECTORS (Cont'd)

The directors who have held office since the date of the last report and at the date of this report are:

Dato' Ahmad Bin Ismail
Mohd Badaruddin Bin Masodi
Mohd Faidzal Bin Ahmad Mahidin
Ismawadee Bin Ismail
Ku Mun Fong
Mohd Fadzli Bin Ibrahim Retired on 28 March 2013

DIRECTORS' BENEFITS

None of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.10 each			
	Balance as at 01.10.2012	Bought	Sold	Balance as at 30.09.2013
Direct Shareholdings				
Mohd Badaruddin Bin Masodi	10,197,100	1,944,000	-	12,141,100
Mohd Faidzal Bin Ahmad Mahidin	7,003,000	-	(1,000,000)	6,003,000
Ku Mun Fong	2,500,000	-	-	2,500,000
Indirect Shareholdings				
Ku Mun Fong	50,000	-	-	50,000

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued):

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

(ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(b) The directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

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

(c) In the opinion of the directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(d) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(e) There are no contingent liabilities which have arisen since the end of the financial year.

(f) The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 3 October 2013, Hong Leong Investment Bank Berhad ("HLIB"), on behalf of the Company had announced the proposal to undertake a private placement ("Private Placement") of new ordinary shares of RM0.10 each which representing up to 10% of the issued and paid-up share capital of the Company to investor(s) to be identified and at an issue price at RM0.105 per Placement Share.

The Private Placement has been approved by the relevant authorities and is pending for implementation

AUDITORS

The auditors, CAS & Associates, Chartered Accountants, have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 January 2014

DATO' AHMAD BIN ISMAIL
Director

MOHD BADARUDDIN BIN MASODI
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, DATO' AHMAD BIN ISMAIL and MOHD BADARUDDIN BIN MASODI, being two of the directors of EXTOL MSC BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out pages 48 to 86 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2013 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 January 2014

DATO' AHMAD BIN ISMAIL
Director

MOHD BADARUDDIN BIN MASODI
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, MOHD BADARUDDIN BIN MASODI, being the director primarily responsible for the financial management of EXTOL MSC BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 48 to 86 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
MOHD BADARUDDIN BIN MASODI)
at Puchong in the state of Selangor Darul Ehsan)
on 20 January 2014)

MOHD BADARUDDIN BIN MASODI

Before me:

Cheong Lak Hoong (No: B-232)
Commissioner for Oaths
Bandar Puchong Jaya Selangor

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXTOL MSC BERHAD

(COMPANY NO.: 643683-U)

(INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of EXTOL MSC BERHAD, which comprise the statements of financial position as at 30 September 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 86.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

c) The auditor's reports on the financial statements of the subsidiaries were not subject to any qualification did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EXTOL MSC BERHAD (Cont'd)
(COMPANY NO.: 643683-U)
(INCORPORATED IN MALAYSIA)

Other Reporting Responsibilities

The supplementary information set out in Note 33 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on the Special matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants ("the MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 October 2012 with a transition date of 1 October 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 September 2012 and 1 October 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 September 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 September 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2012 do not contain misstatements that materially affect the financial position as of 30 September 2013 and financial performance and cash flows for the financial year then ended.

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

CAS & ASSOCIATES
[No. AF1476]
Chartered Accountants

CHEN VOON HANN
[No. 2453/07/15(J)]
Partner of the firm
Date: 20 January 2014

STATEMENTS OF FINANCIAL POSITION (Cont'd)
AS AT 30 SEPTEMBER 2013

	Note	Group		
		30.09.2013	30.09.2012	01.10.2011
		RM	RM	RM
Non-current assets				
Property, plant and equipment	4	590,581	2,490,541	3,105,493
Investment properties	5	1,378,880	-	-
Product development expenditure	7	2,862,997	3,708,037	4,298,947
Goodwill	8	3,541,003	3,541,003	3,541,003
Prepaid lease assets	9	-	-	142,359
		8,373,461	9,739,581	11,087,802
Current assets				
Inventories	10	1,107,033	224,736	503,543
Trade receivables	11	2,794,332	3,019,185	1,321,022
Other receivables, deposits and prepayments	12	754,441	442,599	272,415
Fixed deposits with licensed banks	14	981,213	854,098	829,648
Cash and bank balances	15	5,308,353	6,770,915	4,073,808
		10,945,372	11,311,533	7,000,436
Total assets		19,318,833	21,051,114	18,088,238
Equity and liabilities				
Equity				
Share capital	16	12,632,400	12,632,400	10,440,000
Share premium	17	4,167,884	4,167,884	3,620,000
Retained earnings		148,038	1,504,491	1,432,371
Total equity attributable to equity holders of the Company		16,948,322	18,304,775	15,492,371
Non-current liabilities				
Borrowings	18	500,000	-	16,284
Deferred taxation	19	113,549	253,727	364,646
		613,549	253,727	380,930
Current liabilities				
Trade payables	20	864,848	1,740,510	1,273,339
Other payables and accruals	21	306,262	511,437	232,008
Borrowings	18	500,000	16,284	695,942
Provision for taxation		85,852	224,381	13,648
		1,756,962	2,492,612	2,214,937
Total liabilities		2,370,511	2,746,339	2,595,867
Total equity and liabilities		19,318,833	21,051,114	18,088,238

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION (Cont'd)
AS AT 30 SEPTEMBER 2013

	Note		Company	
		30.09.2013	30.09.2012	01.10.2011
		RM	RM	RM
Non-current assets				
Property, plant and equipment	4	60,552	143,991	224,175
Investment in subsidiary companies	6	8,281,500	8,281,500	6,570,000
Product development expenditure	7	2,726,776	3,349,082	3,717,259
		11,068,828	11,774,573	10,511,434
Current assets				
Trade receivables	11	-	4,000	-
Other receivables, deposits and prepayments	12	110,086	96,726	60,775
Amount due from subsidiary companies	13	3,906,448	4,091,689	4,130,064
Cash and bank balances	15	3,140,398	3,317,111	1,887,792
		7,156,932	7,509,526	6,078,631
Total assets		18,225,760	19,284,099	16,590,065
Equity and liabilities				
Equity				
Share capital	16	12,632,400	12,632,400	10,440,000
Share premium	17	4,167,884	4,167,884	3,620,000
Retained earnings		1,213,074	2,244,831	2,411,121
Total equity attributable to equity holders of the Company		18,013,358	19,045,115	16,471,121
Current liabilities				
Other payables and accruals	21	212,402	238,984	118,944
Total liabilities		212,402	238,984	118,944
Total equity and liabilities		18,225,760	19,284,099	16,590,065

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	Note	Group		Company	
		2013	2012	2013	2012
		RM	RM	RM	RM
Revenue	22	13,509,218	15,120,0266	2,398,720	3,721,830
Cost of sales		(8,668,837)	(8,262,594)	(188,080)	(291,874)
Gross profit		4,840,381	6,857,432	2,210,640	3,429,956
Other operating income		412,893	248,139	120,808	121,645
Selling and distribution costs		(579,211)	(539,743)	(215,978)	(286,989)
Administrative expenses		(4,114,859)	(4,268,866)	(2,421,539)	(2,698,010)
Other operating expenses		(1,941,786)	(2,092,739)	(725,268)	(732,892)
(Loss)/Profit from operations		(1,382,582)	204,223	(1,031,337)	(166,290)
Finance costs		(34,639)	(19,636)	-	-
(Loss)/Profit before tax	23	(1,417,221)	184,587	(1,031,337)	(166,290)
Income tax expense	24	60,768	(112,467)	(420)	-
(Loss)/Profit for the financial year		(1,356,453)	72,120	(1,031,757)	(166,290)
Other comprehensive income:					
Revaluation of freehold land and buildings		-	-	-	-
Other comprehensive income/ (loss) for the financial year, net of tax		-	-	-	-
Total comprehensive (loss)/ income for the financial year		(1,356,453)	72,120	(1,031,757)	(166,290)
Net (loss)/profit attributable to:					
Owners of the Company		(1,356,453)	72,120	(1,031,757)	(166,290)
Total comprehensive (loss)/income attribute to:					
Owners of the Company		(1,356,453)	72,120	(1,031,757)	(166,290)
Basic (loss)/earnings per share (sen)	26	(1.07)	0.06	(0.82)	(0.15)

The annexed notes form an integral part of these financial statement

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	Attributable to equity holders of the Company					
	Non-Distributable		Distributable			
	Share Capital RM	Share Premium RM	Retained Earnings RM	Total RM	Non-controlling Interest RM	Total Equity RM
Group						
Balance as at 01.10.2011	10,440,000	3,620,000	1,432,371	15,492,371	-	15,492,371
Increase in share capital	2,192,400	866,520	-	3,058,920	-	3,058,920
Share issuance expenses	-	(318,636)	-	(318,636)	-	(318,636)
Total comprehensive income	-	-	72,120	72,120	-	72,120
Balance as at 30.09.2012	12,632,400	4,167,884	1,504,491	18,304,775	-	18,304,775
Total comprehensive loss	-	-	(1,356,453)	(1,356,453)	-	(1,356,453)
Balance as at 30.09.2013	12,632,400	4,167,884	148,038	16,948,322	-	16,948,322
Company						
Balance as at 01.10.2011	10,440,000	3,620,000	2,411,121	16,471,121	-	16,471,121
Increase in share capital	2,192,400	866,520	-	3,058,920	-	3,058,920
Share issuance expenses	-	(318,636)	-	(318,636)	-	(318,636)
Total comprehensive loss	-	-	(166,290)	(166,920)	-	(166,290)
Balance as at 30.09.2012	12,632,400	4,167,884	2,244,831	19,045,115	-	19,045,115
Total comprehensive loss	-	-	(1,031,757)	(1,031,757)	-	(1,031,757)
Balance as at 30.09.2013	12,632,400	4,167,884	1,213,074	18,013,358	-	18,013,358

The annexed notes form an integral part of these financial statements

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(1,417,221)	184,587	(1,031,337)	(166,290)
Adjustments for:				
Depreciation of investment properties	40,640	-	-	-
Depreciation of property, plant and equipment	557,124	664,992	83,717	92,374
Amortisation of prepaid lease assets	-	142,359	-	-
Amortisation of product development expenditure	845,040	845,039	622,306	622,306
Interest expense	34,639	19,636	-	-
Interest income	(131,829)	(103,773)	(88,706)	(67,531)
Rental income	(122,700)	(89,600)	-	-
Operating (loss)/profit before working capital changes	(194,307)	1,663,240	(414,020)	480,859
(Increase)/Decrease in inventories	(882,297)	278,807	-	-
Increase in receivables	(86,989)	(1,868,347)	(9,360)	(39,951)
(Decrease)/Increase in payables	(1,080,837)	746,600	(26,582)	120,040
Decrease in amount due from subsidiary companies	-	-	185,241	38,375
Net cash (used in)/generated from operations	(2,244,430)	820,300	(264,721)	599,323
Interest paid	(34,639)	(19,636)	-	-
Tax paid	(217,938)	(12,653)	(420)	-
Net cash (used in)/generated from operating activities	(2,497,007)	788,011	(265,141)	599,323

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOW (Cont'd)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	131,829	103,773	88,706	67,531
Proceeds from issuance of share capital	-	3,058,920	-	3,058,920
Share issuance expenses	-	(318,636)	-	(318,636)
Purchase of property, plant and equipment	(76,685)	(50,040)	(278)	(12,190)
Rental income received	122,700	89,600	-	-
Product development expenditure	-	(254,129)	-	(254,129)
Placement of fixed deposits	(127,115)	(24,450)	-	-
Investment in subsidiary company	-	-	-	(1,711,500)
Net cash generated from investing activities	50,729	2,605,038	88,428	829,996
CASH FLOWS FROM FINANCING ACTIVITY				
Drawdown of term loan	1,000,000	-	-	-
Repayment of hire purchase payables	(16,284)	(695,942)	-	-
Net cash generated from/(used in) financing activity	983,716	(695,942)	-	-
Net (decrease)/increase in cash and bank balances	(1,462,562)	2,697,107	(176,713)	1,429,319
Cash and cash equivalents as at beginning of financial year	6,770,915	4,073,808	3,317,111	1,887,792
Cash and cash equivalents as at end of financial year	5,308,353	6,770,915	3,140,398	3,317,111
Cash and cash equivalents comprise of:				
Cash in hand	2,866	6,543	1,160	3,391
Cash at bank	5,305,487	6,764,372	3,139,238	3,313,720
	5,308,353	6,770,915	3,140,398	3,317,111

The annexed notes form an integral part of these financial statements.

1. General Information

Extol MSC Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Unit G-1, Ground Floor, Wisma UOA Pantai, No.11, Jalan Pantai Jaya, 59200 Kuala Lumpur.

The Company is principally engaged in the research and development and sale of Information Communication Technology (ICT) security systems and provision of related professional services which are directly and indirectly linked to ICT and investment holding.

The principal activities of the subsidiary companies are stated in Note 6 of the notes to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements of the Group and the Company were approved and authorised for issue by the board of directors on 20 January 2014.

2. Basis of preparation of financial statements

(a) Statement of compliance

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

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS"). The Group and the Company have adopted MFRS framework issued by Malaysian Accounting Standards Board ("MASB") with effect from 1 October 2012.

The Group and the Company have consistently applied the same accounting policies in its opening MFRS Statement of Financial Position as at 1 October 2011 and throughout all the periods presented as if these policies had always been in effective. The transition from FRS to MFRS has not had a material impact on the financial position as at 1 October 2011 and 30 September 2012, other than the presentation of three (3) Statements of Financial Positions and related notes.

2. Basis of preparation of financial statements (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments that are applicable to the Group and the Company but not yet effective

The Group and the Company have not early adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (MASB) as these are effective for financial period beginning on or after 1 January 2013.

MFRS	Title	Effective date
1	Government Loans (Amendments to MFRS 1)	1 January 2013
7	Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment to MFRS 7)	1 January 2013
9	Financial Instruments: IFRS 9 issued by IASB in Nov 2009)	1 January 2015
9	Financial Instruments: IFRS 9 issued by IASB in Oct 2010)	1 January 2015
10	Consolidated Financial Statements	1 January 2013
10	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)	1 January 2013
11	Joint Arrangements	1 January 2013
11	Joint Arrangements and Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)	1 January 2013
12	Disclosure of Interests in Other Entities	1 January 2013
12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)	1 January 2013
13	Fair Value Measurement	1 January 2013
119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
128	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
132	Financial Instruments: Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)	1 January 2014
136	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)	1 January 2014
139	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)	1 January 2014
IC Intepretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Intepretation 21	Levies	1 January 2014
	Annual Improvements 2009-2011 Cycle	1 January 2013
	1 January 2014	

2. Basis of preparation of financial statements (continued)

(a) Statement of compliance (continued)

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

- For accounting period beginning on 1 October 2013 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2013, except for Amendments to MFRS 1 and IC Interpretation 20 which are not applicable to the Group and the Company.
- For accounting period beginning on 1 October 2014 for those standards, amendment or interpretations that will be affective for annual periods beginning on or after 1 January 2014.
- For accounting period beginning on 1 October 2015 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2015.

The directors expect that there are no material impacts upon the initial application of the standards, amendments or interpretations other than as discussed below:

MFRS 9, Financial Instruments

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

The Group and the Company are currently assessing the financial impact of adopting MFRS 9.

MFRS 13, Fair Value Measurement

MFRS 13, Fair Value Measurement establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs. The Group and the Company are currently assessing the financial impact of adopting MFRS 13.

(b) Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes.

3. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2013.

The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

All intercompany balances, income and expenses and unrealized gain or loss transactions between Group and subsidiary Companies are eliminated.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated income statements and statements of comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Acquisition of NCI are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognized equity.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

The accounting policies for business combination and goodwill are disclosed in Note 3(c).

3. Significant accounting policies (continued)

(b) Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii) below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

(c) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may by impaired. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii).

Where goodwill has been allocated to cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

3. Significant accounting policies (continued)

(d) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense in the income statement when incurred.

Costs on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised and deferred when it is probable that the assets under development will generate future economic benefits considering its commercial and technological feasibility of completing the development activities so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, the availability of resources to complete the development activities and when the expenditure can be measured reliably. Other development expenditures are recognised as expenses in the income statement when incurred.

Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and impairment loss, if any. Capitalised development costs will be amortised, on a straight-line basis, over the estimated commercial life commencing from the use of the assets. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii). The amortisation period and method are also reviewed at least at each reporting date.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

Depreciation on the property, plant and equipment is calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

	%
Freehold office buildings	2
Furniture and fittings	10
Office Equipment	10
Computers	30
Hardware appliances	10
Motor Vehicles	20
Renovation	10

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(k)(ii) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss.

On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

(f) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, the investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii).

Depreciation is provided for on a straight-line basis over the estimated useful life of 50 years for the investment property. The residual values and useful lives of the investment property are reviewed, and adjusted if appropriate, at each reporting date. Any gains or losses on the retirement or disposal of an investment property are recognized when it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

(g) Cash and cash equivalent

For the purpose of the statements of cash flows, cash and cash equivalent comprises cash on hand, bank balances, demand deposits and short term highly liquid investments which are subject to insignificant risk of changes in value.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(i) Provisions

Provisions are recognised when the Group and the Company have 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.

3. Significant accounting policies (continued)

(i) Provisions (continued)

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. When 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 (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

(j) Financial instruments

(i) Initial recognition and measurement

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

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

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

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

Financial liabilities are classified as either at fair value through profit or loss or at amortised cost, as appropriate.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

(ii) Financial instrument categories and subsequent measurement

Financial assets
Loans and receivables

The Group and the Company determine the classification of their financial asset at initial recognition, categorise and measure financial instruments as follows:

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

All financial assets of the Group and the Company are classified as loans and receivables.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturities more than 12 months after the reporting date which are classified as non-current assets.

3. Significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial liabilities
Loan and borrowings

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using effective interest method. Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(iii) Derecognition

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

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

(k) Impairment

(i) Financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or economic conditions that correlate with default on receivables.

3. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU").

In assessing value in use, the estimated future cash flows expected to be generated by the assets 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 assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only when there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3. Significant accounting policies (continued)

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(m) Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue from services rendered is recognised in the income statement upon provision of services and customer acceptance.

Revenue relating to sales of goods is recognised upon delivery of products and customer acceptance.

(n) Hire purchase and prepaid lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3. Significant accounting policies (continued)

(o) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expense in the financial year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The contributions are charged as an expense in the financial year in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

(p) Income tax

Taxation on profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the cost of the combination, in which case it is recognised in equity.

Current tax is expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of assets or liabilities in a transaction which is not a business combination and at the time of transaction, affects neither accounting nor taxable profit. The amount of deferred tax provide is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that is probable that future taxable profits will be available against which the asset can be utilised.

3. Significant accounting policies (continued)

(q) Foreign currencies (continued)

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the Group and the Company operate ["the functional currency"]. The consolidated financial statements are presented in Ringgit Malaysia ["RM"], which is also the Group's and the Company's functional currency.

Transactions in currencies other than the Group's and the Company's functional currency ["foreign currencies"] are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2013 RM	2012 RM	2011 RM
British Pound Sterling	5.268	4.980	-
Euro	4.401	3.964	4.316
United States Dollar	3.260	3.066	3.191

(r) Critical accounting judgements and estimations

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

3. Significant accounting policies (continued)

(r) Critical accounting judgements and estimations (continued)

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Useful lives of property, plant and equipment

As described at note 3(e) above, the Company and the Group review the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of certain items of equipment should be shortened, due to developments in technology. The carrying amounts of the Company's and the Group's property, plant and equipment at the end of the reporting period are disclosed in Note 4.

Valuation of investment properties (Note 5)

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. The fair value for investment properties is derived at by directors and management of the Company based on reference to market indication of transaction prices for similar properties.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with future tax planning strategies.

(s) Segment information

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

4. Property, plant and equipment

2013

Group	Freehold office buildings RM	Furniture and fittings RM	Office equipment RM	Computers RM	Hardware appliances RM	Motor vehicles RM	Renovation RM	Total RM
Cost								
Balance as at 01.10.2012	2,032,000	320,460	720,311	837,533	2,870,000	378,457	15,050	7,173,811
Addition	-	-	13,139	63,546	-	-	-	76,685
Transfer to investment properties	(2,032,000)	-	-	-	-	-	-	(2,032,000)
Disposal	-	-	-	-	-	(70,000)	-	(70,000)
Balance as at 30.09.2013	-	320,460	733,450	901,079	2,870,000	308,457	15,050	5,148,496
Accumulated depreciation								
Balance as at 01.10.2012	612,480	128,993	380,697	688,175	2,511,250	355,655	6,020	4,683,270
Charge for the year	-	32,045	91,528	133,646	287,000	11,400	1,505	557,124
Reclassification	(612,480)	-	-	-	-	-	-	(612,480)
Disposal	-	-	-	-	-	(69,999)	-	(69,999)
Balance as at 30.09.2013	-	161,038	472,225	821,821	2,798,250	297,056	7,525	4,557,915
Net carrying value	-	159,422	261,225	79,258	71,750	11,401	7,525	590,581

4. Property, plant and equipment (continued)

2012

Group	Freehold office buildings RM	Furniture and fittings RM	Office equipment RM	Computers RM	Hardware appliances RM	Motor vehicles RM	Renovation RM	Total RM
Cost								
Balance as at 01.10.2011	2,032,000	319,940	696,339	811,985	2,870,000	378,457	15,050	7,123,771
Addition	-	520	23,972	25,548	-	-	-	50,040
Disposal	-	-	-	-	-	-	-	-
Balance as at 30.09.2012	2,032,000	320,460	720,311	837,533	2,870,000	378,457	15,050	7,173,811
Accumulated depreciation								
Balance as at 01.10.2011	571,840	96,947	290,522	485,949	2,224,250	344,255	4,515	4,018,278
Charge for the year	40,640	32,046	90,175	202,226	287,000	11,400	1,505	664,992
Disposal	-	-	-	-	-	-	-	-
Balance as at 30.09.2012	612,480	128,993	380,697	688,175	2,511,250	355,655	6,020	4,683,270
Net carrying value	1,419,520	191,467	339,614	149,358	358,750	22,802	9,030	2,490,541
Net carrying value as at 01.10.2011	1,460,160	222,993	405,817	326,036	645,750	34,202	10,535	3,105,493

4. Property, plant and equipment (continued)

2013

Company	**Office equipment RM**	**Computers RM**	**Motor vehicles RM**	**Total RM**
Cost				
Balance as at 01.10.2012	48,754	291,661	251,457	591,872
Addition	-	278	-	278
Disposal	-	-	-	-
Balance as at 30.09.2013	48,754	291,939	251,457	592,150
Accumulated depreciation				
Balance as at 01.10.2012	9,155	187,270	251,456	447,881
Charge for the year	4,915	78,802	-	83,717
Disposal	-	-	-	-
Balance as at 30.09.2013	14,070	266,072	251,456	531,598
Net carrying value	34,684	25,867	1	60,552

2012

Company	**Office equipment RM**	**Computers RM**	**Motor vehicles RM**	**Total RM**
Cost				
Balance as at 01.10.2011	39,354	288,871	251,457	579,682
Addition	9,400	2,790	-	12,190
Disposal	-	-	-	-
Balance as at 30.09.2012	48,754	291,661	251,457	591,872
Accumulated depreciation				
Balance as at 01.10.2011	4,280	99,771	251,456	355,507
Charge for the year	4,875	87,499	-	92,374
Disposal	-	-	-	-
Balance as at 30.09.2012	9,155	187,270	251,456	447,881
Net carrying value	39,599	104,391	1	143,991
Net carrying value as at 01.10.2011	35,074	189,100	1	224,175

As at 30 September 2012, there were property, plant and equipment acquired under instalment purchase plans for which there were outstanding instalments. The net book value of these assets amounted to RM 22,801.

During the financial year, the outstanding instalments had been fully repaid.

The Group's freehold office buildings were charged to a licensed banks for banking facilities granted to a subsidiary company and their net book value were RM Nil (2012: RM 1,419,520). During the financial year, the freehold office buildings were transferred to investment properties.

5. Investment properties

	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Freehold land and building:			
Cost			
At beginning of financial year	-	-	-
Transfer from property, plant and equipment	2,032,000	-	-
Disposals	-	-	-
At end of financial year	2,032,000	-	-
Accumulated Depreciation			
At beginning of financial year	-	-	-
Transfer from property, plant and equipment	(612,480)		
Charge for the financial year	(40,640)	-	-
Disposals	-	-	-
At end of financial year	(653,120)	-	-
Net Carrying Value	1,378,880	-	-
Fair value of investment properties	3,887,580	-	-

The fair value of the Group's investment property was arrived at by reference to market indication of transaction prices for similar properties.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted of RM122,700 (2012: RM89,600). A valuation has not been performed by an independent valuer.

6. Investment in subsidiary companies

	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Unquoted shares, at cost			
At the beginning of the financial year	8,281,500	6,570,000	6,570,000
Addition during the financial year	-	1,711,500	-
At the end of the financial year	8,281,500	8,281,500	6,570,000

The addition of investment in subsidiary in prior year arose from capitalisation of amount due from a subsidiary company.

6. Investment in subsidiary companies (continued)

The subsidiary companies of the Company are as follows:

Name of subsidiary companies	Country of incorporation	Equity interest held 2013 %	Equity interest held 2012 %	Principal activities
Extol Corporation (M) Sdn. Bhd.	Malaysia	100	100	Sales and research and development of security technology, security maintenance and professional security services and training.
Extol Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding, trading of computer hardware, software related equipment and software development.
Innodium Sdn. Bhd.	Malaysia	100	100	Software development and trading in software products.

All the financial statements of the subsidiaries above are audited by CAS & Associates, Chartered Accountants.

7. Product development expenditure

	Group 30.09.2013 RM	Group 30.09.2012 RM	Group 01.10.2011 RM
At cost			
At the beginning of the financial year	8,591,267	8,337,138	8,180,543
Addition during the financial year	-	254,129	156,595
	8,591,267	8,591,267	8,337,138
Less:			
Accumulated amortisation			
At the beginning of the financial year	(4,598,808)	(3,753,769)	(3,136,817)
Addition during the financial year	(845,040)	(845,039)	(616,952)
	(5,443,848)	(4,598,808)	(3,753,769)
Less:			
Accumulated impairment			
At the beginning of the financial year	(284,422)	(284,422)	(34,776)
Addition during the financial year	-	-	(249,646)
	(284,422)	(284,422)	(284,422)
At end of the financial year	2,862,997	3,708,037	4,298,947

7. Product development expenditure (continued)

	Company		
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
At cost			
At the beginning of the financial year	6,223,063	5,968,934	5,812,339
Addition during the financial year	-	254,129	156,595
	6,223,063	6,223,063	5,968,934
Less:			
Accumulated amortisation			
At the beginning of the financial year	(2,589,559)	(1,967,253)	(1,573,034)
Addition during the financial year	(622,306)	(622,306)	(394,219)
	(3,211,865)	(2,589,559)	(1,967,253)
Less:			
Accumulated impairment			
At the beginning of the financial year	(284,422)	(284,422)	(34,776)
Addition during the financial year	-	-	(249,646)
	(284,422)	(284,422)	(284,422)
At end of the financial year	2,726,776	3,349,082	3,717,259

Included in the product development expenditure, the details of the cost incurred are as follows:

	Group and Company		
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
Staff Cost	-	254,129	156,595

8. Goodwill

	Group		
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
At the beginning of the financial year	3,541,003	3,541,003	3,510,211
Addition during the financial year	-	-	30,792
At the end of the financial year	3,541,003	3,541,003	3,541,003

Goodwill on consolidation is stated at cost and reviewed for impairment annually.

Goodwill on consolidation has been allocated for impairment testing to the Group's cash generating unit ("CGU").

During the financial year, the Group assessed the recoverable amount of the goodwill on consolidation, and determined that the goodwill on consolidation is not impaired.

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a period of ten years.

8. Goodwill (continued)

The key assumptions used in the value-in-use calculations are as follows:

	%
Growth rate	5-20
Discount rate	10

Management determined the budgeted gross margin based on the past performance and its expectations of market development. The growth rate used is based on past years' achievement and the expected future contracts to be secured. The discount rate used reflects the current market assessment of the risks specific to each CGU.

9. Prepaid lease assets

		Group	
	30.09.2013	**30.09.2012**	**01.10.2011**
	RM	**RM**	**RM**
Prepaid lease assets, at cost	-	1,443,461	1,443,461
Less: Accumulated amortisation	-	(1,443,461)	(1,301,102)
	-	-	142,359

10. Inventories

		Group	
	30.09.2013	**30.09.2012**	**01.10.2011**
	RM	**RM**	**RM**
At cost,			
Software license and hardware appliances	1,107,033	224,736	503,543

11. Trade receivables

		Group	
	30.09.2013	**30.09.2012**	**01.10.2011**
	RM	**RM**	**RM**
Gross receivables	2,794,332	3,027,573	1,329,410
Less: Impairment of trade receivables			
At the beginning of the financial year	-	(8,388)	(8,388)
Addition during the financial year	-	-	-
At the end of the financial year	-	(8,388)	(8,388)
Net receivables	2,794,332	3,019,185	1,321,022

11. Trade receivables (continued)

		Company	
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
Gross receivables	-	12,388	8,388
Less: Impairment of trade receivables			
At the beginning of the financial year	-	(8,388)	(8,388)
Addition during the financial year	-	-	-
At the end of the financial year	-	(8,388)	(8,388)
Net receivables	-	4,000	-

The currency exposure profiles of trade receivables are as follows:

		Group	
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
Ringgit Malaysia	2,314,329	1,801,717	1,097,062
United States Dollar	480,003	1,130,968	223,960
British Pound Sterling	-	86,500	-
	2,794,332	3,019,185	1,321,022

		Company	
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
Ringgit Malaysia	-	4,000	-

Ageing analysis of trade receivables

		Group	
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
Neither past due nor impaired	552,722	1,354,035	1,020,157
1- 30 days past due not impaired	302,800	325,737	267,525
31-60 days past due not impaired	1,361,797	144,067	10,336
Over 60 days past due not impaired	577,013	1,195,346	23,004
	2,794,332	3,019,185	1,321,022

11. Trade receivables (continued)

	Company		
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
Neither past due nor impaired	-	4,000	-
1- 30 days past due not impaired	-	-	-
31-60 days past due not impaired	-	-	-
Over 60 days past due not impaired	-	-	-
	-	4,000	-

Trade receivables which are neither past due nor impaired are credit worthy debtors with good payment record with the Group and none of them renegotiated during the financial year.

The Group has trade receivables amounting to RM2,241,610 (2012: RM1,665,150) that are past due at the reporting date but not impaired. Out of this balance, 68% has been collected subsequent to the year end. These receivables are unsecured in nature.

12. Other receivables, deposits and prepayments

	Group		
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
Other receivables	9,700	228	1,000
Deposits	318,477	333,327	200,800
Prepayments	426,264	109,044	70,615
	754,441	442,599	272,415

	Company		
	30.09.2013	30.09.2012	01.10.2011
	RM	RM	RM
Other receivables	3,000	-	1,000
Deposits	77,644	77,644	7,644
Prepayments	29,442	19,082	52,131
	110,086	96,726	60,775

Other receivables, deposits and prepayments are denominated in Ringgit Malaysia.

13. Amount due from subsidiary companies

Company

	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Extol Corporation (M) Sdn Bhd	3,460,742	3,704,983	2,130,858
Extol Ventures Sdn Bhd	25,000	15,000	1,711,500
Innodium Sdn Bhd	420,706	371,706	287,706
	3,906,448	4,091,689	4,130,064

The amounts due from subsidiary companies are unsecured, interest-free and repayable upon demand. The amounts arose from trade and non-trade transactions.

14. Fixed deposits with licensed banks

The interest rate and maturity of the deposit as at 30 September 2013 are as follows:

Group

		Interest rate	
	30.09.2013 %	30.09.2012 %	01.10.2011 %
Fixed deposits with licensed banks	2.90	2.90	2.75-2.90

		Maturity	
	30.09.2013 Days	30.09.2012 Days	01.10.2011 Days
Fixed deposits with licensed banks	30	30	30

Fixed deposits with licensed banks of a subsidiary company are pledged to the bank for credit facilities granted to the subsidiary company.

15. Cash and bank balances

The foreign currency exposures of bank balances are follows:

		Group	
	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
United States Dollar	1,436,904	1,039,983	804,443
Euro	137,192	125,279	-
British Pound Sterling	90,732	-	-

		Company	
	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
United States Dollar	8,362	7,951	7,780

16. Share capital

	Group and Company		
	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Ordinary shares of RM0.10 each			
Authorised:			
Balance as at beginning of the financial year	100,000,000	25,000,000	25,000,000
Created during the financial year	-	75,000,000	-
Balance as at end of the financial year	100,000,000	100,000,000	25,000,000
Issued and fully paid:			
Balance as at beginning of the financial year	12,632,400	10,440,000	10,440,000
Issued during the financial year	-	2,192,400	-
Balance as at end of the financial year	12,632,400	12,632,400	10,440,000

17. Share premium

	Group and Company		
	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Balance as at beginning of the financial year	4,167,884	3,620,000	3,620,000
Created during the financial year			
Addition during the financial year	-	866,520	-
Less: share issuance expenses	-	(318,636)	-
	-	547,884	-
Balance as at end of the financial year	4,167,884	4,167,884	3,620,000

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

The share premium arises from:

	Group and Company		
	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
10,440,000 shares at premium of RM0.05 each issued on 15.02.2012	-	522,000	-
11,484,000 shares at premium of RM0.03 each issued on 18.05.2012	-	344,520	-
Balance as at end of the financial year	-	866,520	-

18. Borrowings

	Note	Group 30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Non-Current Liabilities				
Hire purchase payables	(a)	-	-	16,284
Term loan - Conventional	(b)	-	-	-
- Islamic financing	(b)	500,000	-	-
		500,000	-	16,284
Current Liabilities				
Hire purchase payables	(a)	-	16,284	15,000
Term loan - Conventional	(b)	-	-	61,454
- Islamic financing	(b)	500,000	-	-
Bankers' acceptances	(c)	-	-	459,000
Lease payables	(d)	-	-	160,488
		500,000	16,284	695,942

	Note	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Total Borrowings				
Hire purchase payables	(a)	-	16,284	31,284
Term loan	(b)	1,000,000	-	61,454
Bankers' acceptances	(c)	-	-	459,000
Lease payables	(d)	-	-	160,488
		1,000,000	16,284	712,226

(a) Hire purchase payables

	Group 30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Minimum hire purchase payments			
- Not later than one year	-	18,264	16,980
- More than one year and not later than five years	-	-	16,980
	-	18,264	33,960
Less: Future interest charges	-	(1,980)	(2,676)
Present value of hire purchase payables	-	16,284	31,284
Repayable:			
- Not later than one year	-	16,284	15,000
- More than one year and not later than five years	-	-	16,284
	-	16,284	31,284

Rates of interest charged per annum:

		%	%
Hire purchase payables	-	4.40	4.40

18. Borrowings (continued)

(b) Term loan

	Group		
	30.09.2013	**30.09.2012**	**01.10.2011**
	RM	**RM**	**RM**
Repayable:			
- Not later than one year	500,000	-	61,454
- More than one year and not later than five years	500,000	-	-
	1,000,000	-	61,454

Conventional

The term loan which commenced repayment from September 2007 is subjected to interest at 2% per annum below the bank's lending rate (BLR) in the first year, 0.25% per annum above BLR for the second year and 0.75% per annum above BLR thereafter. The loan was fully repaid in financial year 2012.

Islamic financing

During the financial year, the Group secured a project financing facility in accordance with the financing procedure under the Syariah concept of Murabahah from Malaysia Debt Ventures Berhad.

The facility is repayable by two instalments in which the first instalment of RM500,000 will be due twelve months following the first disbursement. The balance of RM500,000 will be due twenty four months following the first disbursement. Based on the agreement, the total asset sell price payable by the Group is RM1,120,000.

The securities of the facility are as follows:

(i) Debenture creating a first fixed and floating charge over the borrowing subsidiary's assets, present and future, wheresoever situated; and

(ii) Personal guarantee of a director.

(c) Banker's acceptance

Details of the bankers' acceptances are as follows:

	Interest rate		
	30.09.2013	**30.09.2012**	**01.10.2011**
	%	**%**	**%**
Banker's acceptance	-	6.66-7.58	4.25-6.86

	Credit period		
	30.09.2013	**30.09.2012**	**01.10.2011**
	Days	**Days**	**Days**
Banker's acceptance	-	120	120

18. Borrowings (continued)

(d) Lease payables

	Group		
	30.09.2013	**30.09.2012**	**01.10.2011**
	RM	**RM**	**RM**
Repayable:			
- Not later than one year	-	-	167,279
- More than one year and not later than five years	-	-	-
	-	-	167,279
Less: Future interest charges	-	-	(6,791)
Present value of hire purchase payables	-	-	160,488

	Group		
	30.09.2013	**30.09.2012**	**01.10.2011**
	RM	**RM**	**RM**
Repayable:			
- Not later than one year	-	-	160,488
- More than one year and not later than five years	-	-	-
	-	-	160,488

19. Deferred taxation

	Group		
	30.09.2013	**30.09.2012**	**01.10.2011**
	RM	**RM**	**RM**
Balance as at beginning of the financial year	253,727	364,646	371,738
Transfer to comprehensive income (Note 24)			
Recognised in the statement of comprehensive income	(140,178)	(116,371)	(7,092)
Under-provided in the previous financial year	-	5,452	-
	(140,178)	(110,919)	(7,092)
Balance as at end of the financial year	113,549	253,727	364,646

Presented after appropriate offsetting as follows:

	Group		
	30.09.2013	**30.09.2012**	**01.10.2011**
	RM	**RM**	**RM**
Temporary difference arising from:			
Property, plant and equipment and development expenditure	113,549	256,048	405,545
Hire purchase outstanding	-	(2,321)	(40,899)
	113,549	253,727	364,646

20. Trade payables

The currency exposure profile of trade payables are as follows:

	Group		
	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Ringgit Malaysia	267,203	1,194,687	1,230,722
Euro	-	-	42,043
United States Dollar	597,645	545,823	574
	864,848	1,740,510	1,273,339

The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 30 to 60 days.

21. Other payables and accruals

	Group		
	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Other payables	230,686	478,437	197,008
Accruals	75,576	33,000	35,000
	306,262	511,437	232,008

	Company		
	30.09.2013 RM	30.09.2012 RM	01.10.2011 RM
Other payables	195,902	222,484	99,944
Accruals	16,500	16,500	19,000
	212,402	238,984	118,944

22. Revenue

These represent billings for net invoiced value of goods sold and services rendered.

23. (Loss)/Profit before taxation

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
This is stated after charging/ (crediting):				
Amortisation of prepaid lease	-	142,359	-	-
Amortisation of product development expenditures	845,039	845,039	622,306	622,306
Auditors' remuneration:				
-statutory	35,000	33,000	16,500	16,500
-under-provision in previous year	-	1,000	-	-
-others	3,000	2,000	3,000	2,000
Staff costs (Note 25(a))	2,644,720	2,936,252	1,440,560	1,570,502
Directors' remuneration (Note 25(b))	400,620	435,475	360,620	435,475
Depreciation of investment properties	40,640	-	-	-
Depreciation of property, plant and equipment	557,124	664,992	83,717	92,374
Loss/(Gain) in foreign exchange:				
-realised	20,035	24,489	-	-
-unrealised	(82,951)	63,968	(411)	(171)
Interest income	(131,829)	(103,773)	(88,706)	(67,531)
Rental income	(122,700)	(89,600)	-	-
Rental of premises	614,250	564,090	304,701	341,757

24. Income tax expenses

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
<u>Current</u>				
Tax expense for the current financial year	84,874	223,386	420	-
Over-provided for previous year	(5,464)	-	-	-
	79,410	223,386	420	-
<u>Deferred</u> (Note 19)				
Deferred taxation relating to the origination and reversal of temporary differences	(140,178)	(116,371)	-	-
Under-provided in the previous financial year	-	5,452	-	-
	(140,178)	(110,919)	-	-
Tax (credit)/expenses for the current financial year	(60,768)	112,467	420	-

24. Income tax expenses (continued)

The reconciliation of income tax expense applicable to profit/ (loss) before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
(Loss)/Profit before taxation	(1,417,221)	184,587	(1,031,337)	(166,290)
Taxation at statutory tax rate	(354,305)	44,245	(257,834)	(41,573)
Effect of non-deductible expenses	304,969	297,297	257,834	170,407
Deductible capital expenditure	14,667	(43,945)	-	(2,989)
Utilisation of previous year unabsorbed capital allowances and unabsorbed business losses	-	(178,195)	-	(125,845)
Income not subject to taxation	(20,635)	(12,387)	-	-
Taxation over-provided in the previous financial year	(5,464)			
Deferred taxation under-provided in the previous financial year	-	5,452	420	-
Tax (credit)/ expense for the current financial year	(60,768)	112,467	420	-

The Company has been granted with the Multimedia Super Corridor (MSC) Status up to 25 September 2014 and awarded the Pioneer Status under Section 4A of Promotion of Investment (Amendment) Act, 1986.

Subject to agreement from the Inland Revenue Board, as at 30 September 2013,

(i) the Group has unabsorbed business losses and capital allowance RM3,019,123 (2012: RM2,356,518) and the Company has unabsorbed business losses and capital allowances amounting to approximately RM2,074,123 (2012: RM1,480,718) which is available for set off against future taxable income for which no deferred tax asset is recognised due to uncertainty of its recoverability, and

(ii) tax exempt income of the Company to approximately RM1,403,139 (2012: RM1,403,139) which can be used to pay tax exempt dividend.

(iii) Section 108 tax credit balance which is able to frank payment of dividend amounting to approximate RM64,518 (2012: RM64,518).

As at end of reporting date, the Company has not elected for the Single Tier Tax System. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically switch to Single Tier Tax System. Under the Single Tier Tax System, tax on Company's profit is a final tax and dividend distributed to the shareholders will be exempted from tax.

25. Staff costs and directors' remuneration

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
(a) Staff costs				
Salaries, bonus, allowances and overtime	2,318,120	2,647,762	1,318,245	1,439,285
Pension costs: Defined contribution plans and social security costs	326,582	288,490	122,315	131,217
	2,644,702	2,936,252	1,440,560	1,570,502
(b) Directors' remuneration				
Fee	78,000	94,943	78,000	94,943
Salaries, bonus and allowances	293,200	304,400	253,200	304,400
Pension costs: Defined contribution plans and social security costs	29,420	36,132	29,420	36,132
	400,620	435,475	360,620	435,475

26. (Loss)/Earnings per share

Basic (loss)/earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue for the financial year.

	Group	
	2013	2012
Net (loss)/earnings for the financial year (RM)	(1,356,453)	72,120
Weighted average number of ordinary shares in issue (units)	126,324,000	114,318,000
Basic (loss)/earnings per share (sen)	(1.07)	0.06

	Company	
	2013	2012
Net loss for the financial year (RM)	(1,031,757)	(166,290)
Weighted average number of ordinary shares in issue (units)	126,324,000	114,318,000
Basic loss per share (sen)	(0.82)	(0.15)

27. Significant related party disclosure

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are below significant related party transactions.

Related parties	**Relationship**
Extol Corporation (M) Sdn Bhd	subsidiary
Extol Ventures Sdn Bhd	subsidiary
Innodium Sdn Bhd	subsidiary

Significant transactions with related parties are as follows:

		Company	
	Type of transactions	**30.09.2013 RM**	**30.09.2012 RM**
With subsidiaries:			
- Extol Corporation (M) Sdn Bhd	Royalties	187,978	291,026
	Sales	2,349,720	3,637,830
Innodium Sdn Bhd	Sales	49,000	84,000

The directors are of the opinion that all the transaction above have been entered into in a normal course of business and have been established on terms and conditions that are not material different from those obtained in transaction with third parties.

		Group	
	Type of transactions	**30.09.2013 RM**	**30.09.2012 RM**
Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:			
Financial assets			
With subsidiaries:			
Extol Corporation (M) Sdn Bhd	Advances	350,000	255,000
	Expenses paid on behalf	3,757	1,632
Extol Ventures Sdn Bhd	Advances	10,000	15,000
Financial liabilities			
With subsidiaries:			
Extol Corporation (M) Sdn Bhd	Expenses paid on behalf	1,945	454,310
	Repayment	2,415,973	1,575,000

The directors are of the opinion that all the transaction above have been entered into in a normal course of business and have been established on terms and conditions that are not material different from those obtained in transaction with third parties.

28. Segmental information

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business unit based on their products and services provided.

The Company principally carries out research and development in Information Communication Technology (ICT) security system and to provide professional services which are directly and indirectly linked to ICT and investment holdings.

No segmental information by geographical location is provided as the Group operates predominantly in Malaysia.

The segmental results for the Group are as follow:-

2013	Managed Security Solutions RM	Others RM	Eliminations RM	Group RM
Sales	15,376,916	719,000	(2,586,698)	13,509,218
Cost of Sales	(11,051,506)	(204,029)	2,586,698	(8,668,837)
Gross Profit	4,325,410	514,971	-	4,840,381
Loss before interest income	(1,266,410)	(248,000)	-	(1,514,410)
Interest income	131,828	-	-	131,828
Loss from operations	(1,134,582)	(248,000)	-	(1,382,582)
Finance costs	(34,639)	-	-	(34,639)
Loss before tax	(1,169,221)	(248,000)	-	(1,417,221)
Income tax expense	60,768	-	-	60,768
Net loss for the year attributable to owners of the Company	(1,108,453)	(248,000)	-	(1,356,453)

	Managed Security Solutions RM	Others RM	Eliminations RM	Group RM
Assets and liabilities				
Segment assets	25,662,152	-	(6,343,319)	19,318,833
Segment liabilities	2,458,585	-	(88,074)	2,370,511
Other Information				
Capital expenditure	76,685	-	-	76,685
Amortisation of product development expenditure	845,040	-	-	845,040
Depreciation of investment properties	40,640	-	-	40,640
Depreciation of property, plant and equipment	557,124	-	-	557,124

28. Segmental information (continued)

2012	Managed Security Solutions RM	Others RM	Eliminations RM	Group RM
Sales	18,200,821	973,915	(4,054,710)	15,120,026
Cost of Sales	(11,839,288)	(478,016)	4,054,710	(8,262,594)
Gross Profit	6,361,533	495,899	-	6,857,432
Profit before interest income	10,450	90,000	-	100,450
Interest income	103,773	-	-	103,773
Profit from operations	114,223	90,000	-	204,223
Finance costs	(19,636)	-	-	(19,636)
Profit before tax	94,587	90,000	-	184,587
Income tax expense	(57,630)	(54,837)	-	(112,467)
Net profit for the year attributable to owners of the Company	36,957	35,163	-	72,120

	Managed Security Solutions RM	Others RM	Eliminations RM	Group RM
Assets and liabilities				
Segment assets	31,439,902	-	(10,388,788)	21,051,114
Segment liabilities	6,879,883	-	(4,133,544)	2,746,339
Other Information				
Capital expenditure	50,040	-	-	50,040
Amortisation of product development expenditure	845,039	-	-	845,039
Depreciation of property, plant and equipment	664,992	-	-	664,992

29. Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise equity holder value.

The Group and the Company manage its capital structure and make adjustments to it, in light of change in economic conditions. No changes were made in the objectives, policies or process during the year except disclosed on the notes of financial statements ended30 September 2013 and 2012 respectively.

29. Capital management (continued)

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables. Total capital is calculated as equity plus net debt.

	30.09.2013 RM	**30.09.2012 RM**	**01.10.2011 RM**
Borrowings	1,000,000	16,284	712,226
Trade payables	864,848	1,740,510	1,273,339
Other payables	306,262	511,437	232,008
Net debts	2,171,110	2,268,231	2,217,573
Total equity	16,948,322	18,304,775	15,492,371
Total equity and net debts	19,119,432	20,573,006	17,709,944
Gearing ratio	0.11	0.11	0.13

30. Contingent liability and commitment

(a) Guarantee

During the financial year, the Company has provided corporate guarantee of a project financing facility for one of the subsidiary companies. No liability is expected to arise.

(d) Lease

The Group had entered into non-cancellable lease agreement for office and operating use, resulting in future rental commitments which can, subject to terms in the agreement, be revised annually based on prevailing market rates.

Group	**30.09.2013**	**30.09.2012 RM**	**01.10.2011 RM**
Within one year	627,186	538,560	538,560
Later than one year but not more than five years	141,390	438,666	977,226
More than five years	-	-	-
	768,576	977,226	1,515,786

31. Financial instruments

The following table sets out the categories of the financial instruments as at the reporting date whose carrying amounts are reasonable approximation of fair value:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Financial assets				
- Amount due from subsidiaries	-	-	3,906,448	4,091,689
- Trade and other receivables(excluding prepayments)	3,122,509	3,352,740	80,644	81,644
- Cash and bank balances and fixed deposits	6,289,566	7,625,013	3,140,398	3,317,111
Total	9,412,075	10,977,753	7,127,490	7,490,444

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Financial liabilities				
-Borrowings	1,000,000	16,284	-	-
-Trade and other payables(excluding statutory liabilities)	1,171,110	2,218,947	212,402	238,984
Total	2,171,110	2,235,231	212,402	238,984

i) Financial risk management objective and policies

The Group's and the Company's financial risk management policies seek to ascertain that adequate financial resources are available for the development of the Group's and the Company's business whilst managing its foreign currency exchange, credit, liquidity and market risks.

ii) Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of interest rate changes on interest bearing borrowings from financial institutions. The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's and the Company's deposits and these financial assets are mainly short term in nature and they are not held for speculative purposes.

iii) Credit risk

The Group and the Company have no major concentration of credit risk. Cash is placed with credit worthy financial institutions. The maximum exposure to credit risk in the event that the counter-parties fail to perform their obligations as at end of the financial year in relation to trade receivable is the carrying amount of trade receivables as stated in the statement of financial position as at the end of the financial year.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of the related financial assets recognised on the statement of financial position. Information regarding financial assets that are neither past due nor impaired are disclosed in Note 11.

31. Financial instruments (continued)

iv) Foreign currency exchange risk

The Group and the Company are exposed to currency risk as a result of transactions entered into in currencies other than its functional currency. Foreign exchange exposures in transactional currencies other than functional currency are kept to an acceptable level. The Group and the Company have not entered into any derivative financial instruments such as forward foreign exchange contracts.

At 30 September 2013, if the RM had weakened/ strengthened by 5% against the USD with all other variables held constant, post-tax profit for the financial year would have been RM97,000 lower/ higher, mainly as a result of foreign exchange losses/ gains on translation of USD denominated receivables and cash at bank. The exposure to the other foreign currency risk of the Group and the Company is not material and hence, sensitivity analysis is no presented.

v) Liquidity risk

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuation in cash flows.

The Group and the Company maintain adequate funds to meet their obligations as and when they fall due.

The maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment are within one year from the financial reporting date.

vi) Fair value of financial assets and financial liabilities

All financial assets and liabilities are stated at or close to their fair values unless otherwise disclosed in the notes to the financial statements. The carrying amounts of the financial assets and financial liabilities are reasonable approximation of fair values, either due to short term nature or insignificant impact of discounting.

32. Events subsequent to the reporting date

On 3 October 2013, Hong Leong Investment Bank Berhad ("HLIB"), on behalf of the Company had announced the proposal to undertake a private placement ("Private Placement") of new ordinary shares of RM0.10 each which representing up to 10% of the issued and paid-up share capital of the Company to investor(s) to be identified and at an issue price at RM0.105 per Placement Share.

The Private Placement has been approved by the relevant authorities and is pending for implementation.

33. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on Company and Group basis in the annual audited financial statements.

The breakdown of retained profits as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 – Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securites Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of the Company and its subsidiaries				
Realised	1,133,083	2,826,214	1,213,074	2,244,831
Unrealised	82,951	(253,727)	-	-
	1,216,034	2,572,487	1,213,074	2,244,831
Less: Consolidation adjustments	(1,067,996)	(1,067,996)	-	-
Retained earnings as per financial statements	148,038	1,504,491	1,213,074	2,244,831

STATISTIC OF SHAREHOLDINGS
AS AT 10 FEBRUARY 2014

Authorized Share Capital	RM100,000,000
Issued and fully paid up Share Capital (*)	RM13,895,640 comprising of 138,956,400 ordinary shares of RM0.10 each
Class of Shares	Ordinary shares of RM0.10 each fully paid up
Voting Rights	One vote per RM0.10 ordinary share

Analysis by Size of Shareholding

	No of shareholders	% shareholders	No of shares held	% of issued capital
1 to 99 shares	6	0.49	238	0.00
100 to 1,000 shares	191	15.60	69,660	0.05
1,001 to 10,000 shares	258	21.08	1,767,102	1.27
10,001 to 100,000 shares	563	46.00	25,146,100	18.10
100,001 to 6,947,819 shares (**)	205	16.75	102,840,900	74.01
6,947,820 and above shares (***)	1	0.08	9,132,400	6.57
	1,224	100.00	138,956,400	100.00

Remarks:

(*) - The issued and paid-up share capital of the Company increased to RM13,895,640 comprising of 138,956,400 ordinary shares of RM0.10 each with the completion of the Private Placement on 28 January 2014

(**) - Less than 5% of issued shares

(***) - 5% and above of issued shares

List of Substantial Shareholders' Shareholdings (5% and above)

	No of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Mohd Badaruddin Bin Masodi	12,256,100	8.82	-	-
Satvinder Singh	10,303,300	7.41	-	-

List of Directors' Shareholdings

	No of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
1) Mohd Badaruddin Bin Masodi	12,256,100	8.82	-	-
2) Mohd Faidzal Bin Ahmad Mahidin	2,503,000	1.80	-	-
3) Ku Mun Fong	2,500,000	1.80	50,000[(a)]	0.04
4) Ismawadee Bin Ismail	-		-	-
5) Dato' Ahmad Bin Ismail	-	-	-	-

Note:

(a) Deemed interested via his late father, Koo Ah Lik @ Ku Yin Fu's shareholding.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
AS AT 10 FEBRUARY 2014

No.	Shareholder	No. of Shares	%
1	Yong Mun Tong	9,132,400	6.57
2	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Badaruddin Bin Masodi	5,147,100	3.70
3	Cimsec Nominees (Tempatan) Sdn Bhd Cimb Bank For Tee Chee Chiang (M55008)	4,070,500	2.93
4	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Angkasa Aman Sdn Bhd	4,000,000	2.88
5	Koh Chee Meng	3,500,000	2.52
6	Piara Singh A/L Anokh Singh	3,000,000	2.16
7	Mohd Badaruddin Bin Masodi	2,872,800	2.07
8	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Badaruddin Bin Masodi	2,752,000	1.98
9	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Faidzal Bin Ahmad Mahidin	2,503,000	1.80
10	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang (08HE101Q1-008)	2,500,000	1.80
11	Ku Mun Fong	2,500,000	1.80
12	RHB Capital Nominees (Tempatan) Sdn Bhd Toh Hong Chye	2,352,000	1.69
13	Teo Peng Boon	2,048,600	1.47
14	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Vincent Tan Seng Chye (Dealer 038)	2,010,000	1.45
15	Sai Yee @ Sia Say Yee	2,000,000	1.44
16	Hiah Swee Hiang	1,820,500	1.31
17	Lee Kay Huat	1,800,000	1.30
18	Lai Thiam Poh	1,700,000	1.22
19	Lee Cheng Tim	1,166,300	0.84
20	Yoong Sin Kuen	1,045,300	0.75

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (Cont'd)
AS AT 10 FEBRUARY 2014

No.	Shareholder	No. of Shares	%
21	Sim Mui Khee	988,800	0.71
22	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chu Chin	958,000	0.69
23	Tan Guan Eng @ Tan Siew Ying	834,800	0.60
24	Tan Yee Boon	820,000	0.59
25	PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Badaruddin Bin Masodi (A)	760,000	0.55
26	Nur Sabrina Binti Saharuddin	736,300	0.53
27	Chua Sewe Fua	720,000	0.52
28	Tee Kian Eng	698,300	0.50
29	Pau Yu Tiong	694,200	0.50
30	Zaini Bin Zainuddin	667,600	0.48
	TOTAL	**65,798,500**	**47.35**

LIST OF PROPERTIES
AS AT 30 SEPTEMBER 2013

	Registered Owner	Title / Location	Description/ Existing use	Land / built up (sq.ft)	Tenure	Approximate age of buildings	Net Book Value (RM)	Year of Acquisition
1	Extol Corporation (M) Sdn Bhd	Prima Square 13-1, Block I Dataran Prima Jalan PJU 1/37 47301 Petaling Jaya Selangor Darul Ehsan	Office Lot	1,282	Freehold	18 years	267,900	Dec, 1995
2	Extol Corporation (M) Sdn Bhd	Prima Square 13-2, Block I Dataran Prima Jalan PJU 1/37 47301 Petaling Jaya Selangor Darul Ehsan	Office Lot	1,487	Freehold	18 years	176,250	Dec, 1995
3	Extol Corporation (M) Sdn Bhd	Prima Square 13-3, Block I Dataran Prima Jalan PJU 1/37 47301 Petaling Jaya Selangor Darul Ehsan	Office Lot	1,480	Freehold	18 years	176,250	Dec, 1995
4	Extol Corporation (M) Sdn Bhd	Prima Square 13-4, Block I Dataran Prima Jalan PJU 1/37 47301 Petaling Jaya Selangor Darul Ehsan	Office Lot	1,480	Freehold	18 years	176,250	Dec, 1995
5	Extol Corporation (M) Sdn Bhd	Prima Square 13-5, Block I Dataran Prima Jalan PJU 1/37 47301 Petaling Jaya Selangor Darul Ehsan	Office Lot	1,487	Freehold	18 years	176,250	Dec, 1995
6	Extol Corporation (M) Sdn Bhd	Subang Business Centre 5-5, Jalan USJ 9/5Q Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan	Office Lot	1,726	Freehold	19 years	223,310	Apr, 1995
7	Extol Corporation (M) Sdn Bhd	Subang Business Centre 7-5, Jalan USJ 9/5Q Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan	Office Lot	1,726	Freehold	19 years	223,310	Apr, 1995

NOTICE OF TENTH ANNUAL GENERAL MEETING

EXTOL MSC BERHAD (643683-U)
(Incorporated in Malaysia)

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of EXTOL MSC BERHAD will be held at Homer Room, Unit G-1, Ground Floor, Wisma UOA Pantai, No. 11, Jalan Pantai Jaya, 59200 Kuala Lumpur on Friday, 28 March 2014 at 11.00 a.m., to transact the following businesses:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 30 September 2013 and the Reports of the Directors and Auditors thereon. (Please refer to Note 2)

2. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:-

   (i) Encik Mohd Badaruddin Bin Masodi (Resolution 1)
   (ii) Encik Ismawadee Bin Ismail (Resolution 2)

3. To re-appoint Messrs CAS & Associates as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 3)

SPECIAL BUSINESS:-

To consider and if thought fit, to pass the following resolution, with or without modifications:-

4. ORDINARY RESOLUTION

   AUTHORITY TO ISSUE SHARES

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." (Resolution 4)

5. To consider any other business of which due notice shall be given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
WONG PEIR CHYUN (MAICSA 7018710)
Secretaries

Kuala Lumpur
Date: 6 March 2014

Notes:-

1. Appointment of Proxy

I. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead and that where a member appoints two (2) proxies, he shall specify the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

II. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

III. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

IV. Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

V. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.

VI. The instrument appointing a proxy must be deposited at the registered office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting, i.e. on or before **11.00 a.m., Wednesday, 26 March 2014** or any adjournment thereof.

VII. For the purpose of determining a member who shall entitle to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 61(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 21 March 2014. Only depositor whose name appears on the Record of Depositors as at 21 March 2014 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her.

2. Audited Financial Statements for the financial year ended 30 September 2013

The Audited Financial Statements in Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

3. Ordinary Resolution 2 – Re-election of Director

The Board had carried out assessment on the contribution and performance as well as the independence of the Independent Director standing for re-election and satisfied that he meets the criteria of independence as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

4. Explanatory Note on Special Business

Resolution No. 4 – Authority to Issue Shares

The proposed Resolution No. 4 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the Issued Share Capital of the Company for such purpose as the Directors consider would be in the interest of the Company.

The authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The General Mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this General Mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

As at the date of this Notice, the Company has placed out 12,632,400 ordinary shares of RM0.10 each at an issue price of RM0.105 each representing 10% of the issued and paid up capital of the Company pursuant to the authority granted to the Directors at the last Annual General Meeting. The placement raised a total of RM1,326,402.00 and the placement shares were all listed on the ACE Market of Bursa Malaysia Securities Berhad on 28 January 2014. Details and status of the utilisation of proceeds from Private Placement are set out in the "Additional Corporation Information" in page 24 of the Annual Report 2013.

FORM OF PROXY

EXTOL MSC BERHAD (643683-U)

(Incorporated in Malaysia)

I/We ______________________________ NRIC No. ____________________
(Full Name in Capital Letters)

of ____.
(Full Address)

being a member(s) of **EXTOL MSC BHD** (Company No.: 643683-U) hereby appoint ____________________
(Full Name in Capital Letters)

of ____.
(Full Address)

or failing him, ____________________ of ______________________________ as my/our proxy to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Homer Room, Unit G-1, Ground Floor, Wisma UOA Pantai, No. 11, Jalan Pantai Jaya, 59200 Kuala Lumpur on **Friday, 28 March 2014** at **11.00 a.m.** and at any adjournment thereof for/against* the resolution(s) to be proposed thereat. The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Item	Agenda	Resolution	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 30 September 2013 and the Reports of Directors and Auditors thereon.			
2. (i)	Re-election of Encik Mohd Badaruddin Bin Masodi as Director of the Company pursuant to Article 84 of the Company's Articles of Association.	1		
2. (ii)	Re-election of Encik Ismawadee Bin Ismail as Director of the Company pursuant to Article 84 of the Company's Articles of Association.	2		
3.	Re-appointment of Messrs CAS & Associates as Auditors of the Company and authorise the Directors to fix their remuneration.	3		
4.	**Special Business** Authority to the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.	4		

Signed this __________ day of __________ 2014.

Number of shares held:-	
CDS account no.:-	

____
Signature of Shareholder or Common Seal

* Strike out whichever is not desired.

Notes:-

I. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead and that where a member appoints two (2) proxies, he shall specify the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

II. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

III. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

IV. Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

V. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.

VI. The instrument appointing a proxy must be deposited at the registered office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting, i.e. on or before **11.00 a.m**., **Wednesday**, **26 March 2014** or any adjournment thereof.

VII. For the purpose of determining a member who shall entitle to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 61(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 21 March 2014. Only depositor whose name appears on the Record of Depositors as at 21 March 2014 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her.

ADVANCING EXCELLENCE

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