



TFP Solutions Berhad  
(773550-A)

1

Annual Report  
**2007**

**TFP Solutions Berhad** (773550-A)

20-2, Jalan Puteri 1/2,  
Bandar Puteri,  
47100 Puchong,  
Selangor Darul Ehsan.  
T: 603-8060 0088  
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# Productivity Through Innovations

[www.tfp.com.my](http://www.tfp.com.my)



## Our Corporate Vision :

We aspire to be the preferred solutions provider to increase “Total Factor Productivity” (TFP) for Businesses in ASEAN.



## Productivity Through Innovations

TFP Group since its inception has progressively and single-mindedly set out to continually innovate and evolve itself to be at the forefront of business productivity in IT industry. Transforming itself from a software developer into a software services provider, TFP has today truly reached the next stage of its transformation as a software services company whose reach is truly global. With innovation comes growth, and with the new product and services our business driving this change, we stand poised to leverage and reap the rewards of our capabilities well ahead into the future.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

- |                               |   |
|-------------------------------|---|
| 1. Dato' Jamaludin bin Hassan | <i>Chairman, Independent Non-Executive Director</i> |
| 2. Lim Lung Wen               | <i>Managing Director, Non Independent</i>           |
| 3. Quah Teik Jin              | <i>Executive Director, Non Independent</i>          |
| 4. Ow Poh Kwang               | <i>Executive Director, Non Independent</i>          |
| 5. Dr. Chew Seng Poh          | <i>Executive Director, Non Independent</i>          |
| 6. Edward Khor Yew Heng       | <i>Independent Non-Executive Director</i>           |
| 7. Joseph Ting                | <i>Independent Non-Executive Director</i>           |

## AUDIT COMMITTEE

- Chairman**
1. Dato' Jamaludin bin Hassan,  
*Independent Non-Executive Director*
- Members**
2. Edward Khor Yew Heng,  
*Independent Non-Executive Director*
  3. Joseph Ting,  
*Independent Non-Executive Director*

## COMPANY SECRETARY

Chua Siew Chuan  
(MAICSA 0777689)

## REGISTERED OFFICE

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel no.: +603 2084 9000  
Fax no.: +603 2094 9940 / 50292

## CORPORATE OFFICE

No 20-2 and 22-2, Jalan Puteri 1/2  
Bandar Puteri  
47100 Puchong  
Selangor Darul Ehsan  
Tel no.: +603 8060 0088  
Fax no.: +603 8061 3682

## SPONSOR

Kenanga Investment Bank Berhad  
17th Floor, Suite 17.06  
Kenanga International  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel no.: +603 2164 6689  
Fax no.: +603 2164 6690

## AUDITORS

KPMG  
Level 10, KPMG Tower  
8, First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel no.: +603 7721 3388  
Fax no.: +603 7721 3399

## SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel no.: +603 2084 9000  
Fax no.: +603 2094 9940 / 50292

## PRINCIPAL BANKER

Malayan Banking Berhad  
Puchong Jaya SSC  
No. 7, Jalan Kenari 1  
Bandar Puchong Jaya  
Jalan Puchong  
47100 Puchong  
Selangor Darul Ehsan  
Tel no.: +603 5882 0179/ 197/ 270  
Fax no.: +603 5882 0276

## STOCK EXCHANGE LISTING

MESDAQ Market of the Bursa Malaysia Securities Berhad  
("Bursa Securities")  
Stock Name : TFP  
Stock Code : 0145

# PROFILE OF DIRECTORS



## FROM LEFT TO RIGHT

- |                               |   |
|-------------------------------|---|
| 1. Edward Khor Yew Heng       | <i>Independent Non-Executive Director</i>           |
| 2. Ow Poh Kwang               | <i>Executive Director, Non Independent</i>          |
| 3. Lim Lung Wen               | <i>Managing Director, Non Independent</i>           |
| 4. Dato' Jamaludin bin Hassan | <i>Chairman, Independent Non-Executive Director</i> |
| 5. Quah Teik Jin              | <i>Executive Director, Non Independent</i>          |
| 6. Dr. Chew Seng Poh          | <i>Executive Director, Non Independent</i>          |
| 7. Joseph Ting                | <i>Independent Non-Executive Director</i>           |

# PROFILE OF DIRECTORS (CONT'D)

## **Dato' Jamaludin bin Hassan**

58 years old, Malaysian

Chairman, Independent Non-Executive Director

Dato' Jamaludin was appointed to the Board of the Company on 28 December 2007. He graduated from the University of Malaya with a Bachelor of Economics (Honours) degree and Post-graduate Diploma in Business Analysis, University of Lancaster, United Kingdom and attended a course on Policy for Public Enterprises in Developing Countries, Harvard Institute for International Development, Harvard University Boston, USA. He started his career in the Administrative and Diplomatic Service in 1974 and had served in various capacities in the public service including positions as Assistant Director, International Trade Division, Ministry of Trade and Industry, Assistant Trade Commissioner, Malaysian Trade Mission in Sydney Australia, Secretary Road Transport Licensing Board, Ministry of Public Enterprises, Principal Assistant Secretary, International Economic Section, The Treasury, Special Officer to Secretary General, Ministry of Finance and Special Assistant to The Chairman, Malaysian Airline System Bhd (MAS). Subsequently, he opted out to retire early from the Government Service and joined Malaysian Industrial Development Finance Berhad (MIDF) as General Manager, Corporate Affairs in 1994 and moving up to become the Chief Operating Officer of the Development Finance Division before retiring in 2007 and thereafter appointed as Advisor at the Group Managing Director's Office.

During his tenure with the Government of Malaysia and MIDF, Dato' Jamaludin had served on the Boards of Pahang State Economic Development Corporation, Kedah State Development Corporation, Amanah International Finance Sdn. Bhd., Amanah Factors Sdn. Bhd. and Malaysian Technology Development Corporation (MTDC). Whilst serving with the Treasury, he was also made Corporate Advisor of Sabah Gas Industry and Sabah Energy Corporation.

He is the Chairman of the Audit Committee and member of the Nomination Committee of the Company and he does not hold any directorships in other public companies.

## **Lim Lung Wen**

48 years old, Malaysian

Managing Director

Lim Lung Wen is currently our Managing Director and he was appointed to the Board of the Company on 28 December 2007. He graduated with a Bachelor of Science in Computer Science and a Master in Business Administration (MBA) from University of Arkansas, United States of America. He has over 23 years of experience in the ICT industry, mainly engaging with the manufacturing and services industry.

He began his career in 1986 as a System Analyst in Edaran Otomobil Nasional Berhad. Thereafter, he joined PT Setia Sapta in Indonesia as a System Analyst and rose to the position of sales manager where he was responsible for the overall sales and marketing operation of the company. In 1996, he returned to Malaysia and joined HPD Systems Sdn Bhd ("HPD") as General Manager. Later in 2002, Lim Lung Wen was appointed as Senior Vice President of Patimas Computers Berhad ("Patimas"), a company listed on the Main Board of Bursa Securities as part of Patimas' acquisition of HPD.

His years of ICT business experience and deep understanding of ICT provided him with a wide repertoire of skills to engage in the ICT industry. In his current role as Managing Director, he oversees responsibility for all aspects of the operations comprising sales, marketing, consulting, support, education, R&D and customer care.

He is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.

## **Quah Teik Jin**

36 years old, Malaysian

Executive Director, Vice President of Sales & Marketing

Quah Teik Jin was appointed to the Board of the Company on 28 December 2007 and he is currently our Vice President of Sales & Marketing. He graduated with a Diploma in Information Technology from National Computing Centre (NCC), United Kingdom. He is the founder of MBP Solutions Sdn Bhd, one of our subsidiary companies which business focus is on providing ERP consultancy and EBS to the manufacturing and services industry.

He began his career with ISC Technology Sdn Bhd as a System Engineer in 1994 and rose up the ranks as Business Executive. In 1998, he left for HPD Systems Sdn Bhd ("HPD") and took up the role of Sales Manager where he was responsible for sales in the northern and east coast region of Peninsula Malaysia, and East Malaysia.

With the repertoire of sales and marketing skills acquired during his tenure in HPD, he has since steered and positioned our Group as a prominent solutions and services player for the manufacturing and services sector in Malaysia and ASEAN.

He is a member of the Remuneration Committee of the Company and he does not hold any directorships in other public companies.

## **Ow Poh Kwang**

37 years old, Malaysian

Executive Director, Vice President of International Business

Ow Poh Kwang was appointed to the Board of the Company on 28 December 2007 and he is currently our Vice President of International Business. He holds a Bachelor of Science in IT & Mathematics from Campbell University in North Carolina, USA in 1995.

Ow Poh Kwang began his career in Quantum Storage Sdn Bhd as a System Engineer in 1995. Thereafter, he joined MCSB Sdn Bhd as Senior Account Manager for three (3) years. In 1998, he joined Sapura System Malaysia Sdn Bhd as Branch Manager in Penang. In 2000, Ow Poh Kwang joined Hewlett Packard Sales Sdn Bhd as Senior Account Manager and later rejoined Sapura System Malaysia Sdn Bhd in 2001 as Business Development Manager.

He brings with him over 12 years of experience in IT sales management, marketing and business development. He is responsible for establishing our Group's business in Thailand, Indonesia and Vietnam.

He is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.

# PROFILE OF DIRECTORS (CONT'D)

## **Dr. Chew Seng Poh**

46 years old, Malaysian  
Executive Director, Chief Technology Officer

Dr. Chew Seng Poh was appointed to the Board of the Company on 28 December 2007 and he is currently our Chief Technology Officer. He holds a Doctoral Degree in Business Administration (DBA) and a Master in Business Administration (MBA) from Southern Cross University, Australia. He also holds a Higher Diploma in Computer Studies from International Computers Limited, Beaumont, England.

He began his career in PDX Computers Sdn Bhd ("PDX") as a System Development Executive in 1985. After two (2) years, he joined Nixdorf Computers Sdn Bhd as a business software analyst and was promoted to project manager in 1988. He then rejoined PDX as Group Technical Manager and in the subsequent ten (10) years went on to hold various directorship positions in PDX's subsidiaries locally and overseas. He left PDX in 1998 as Group Technical Director to establish EIX Solutions Sdn Bhd ("EIX"), where he was a Director and shareholder. In 2001, he joined Patimas Computers Berhad ("Patimas") as part of Patimas' acquisition of EIX. In Patimas, Dr. Chew Seng Poh was Chief Technology Officer and the Executive Vice President.

During his professional career, he has accumulated over 22 years of management and technical ICT experience. His previous work engagement involve consulting IT companies in their strategic business direction, building technology synergy, business development as well as creating high level strategic alliances, partnerships and technology transfer. He also plays an active role in ensuring the adoption of technology within the local IT organisations in Malaysia.

His technical expertise covers area in software design and development, e-business solutions, ICT outsourcing, telecommunication and data networks, IT infrastructure solutions and consulting services.

He is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.

## **Edward Khor Yew Heng**

37 years old, Malaysian  
Independent Non-Executive Director

Mr. Khor was appointed to the Board of the Company on 28 December 2007 and he is a chartered management accountant by training. He is an Associate member of the Chartered Institute of Management Accountants, UK (CIMA) since 1996 and a registered chartered accountant with the Malaysian Institute of Accountants (MIA).

He has over 13 years of experience in areas of corporate affairs, corporate finance, strategy planning and financial management and has spent most of his years in the ICT industry. He has held various positions in the areas of corporate planning, corporate finance, business development, accounting operations, strategic marketing, debt and credit recovery and legal affairs.

He started his career as an auditor and management consultant with international public accountants, Deloitte Touche Tohmatsu. He also spent seven (7) years with the TIME Engineering Berhad Group which is the Technology & Engineering division of Renong Berhad Group (now known as UEM World Group).

He is the Chairman of the Remuneration Committee and member of the Nomination and Audit Committees of the Company and he does not hold any directorships in other public companies.

## **Joseph Ting**

43 years old, Malaysian  
Independent Non-Executive Director

Mr. Ting was appointed to the Board of the Company on 28 December 2007 and he is a practicing lawyer. He was conferred his Bachelor of Social Science majoring in Law and Economics with Honours (Second Class Upper) from the University of Keele, England in 1989 and completed his Certificate of Legal Practice in 1990. He chambered in Messrs Chooi & Co and was called to the Bar in 1991.

He is currently practicing as a partner in Messrs Joseph Ting & Co, Advocates & Solicitors. His area of practice is mainly in civil litigation and the preparation of commercial documentations.

Mr. Ting is currently the director of Perdulen (M) Bhd and Pusat Haemodialysis Manjung, a charitable company that he helped to set up.

He is the Chairman of the Nomination Committee and member of the Audit and Remuneration Committees of the Company.

### **Note:**

All Directors have no conflict of interest with the Company and have no family relationships with any other Director and/or major shareholder of the Company.

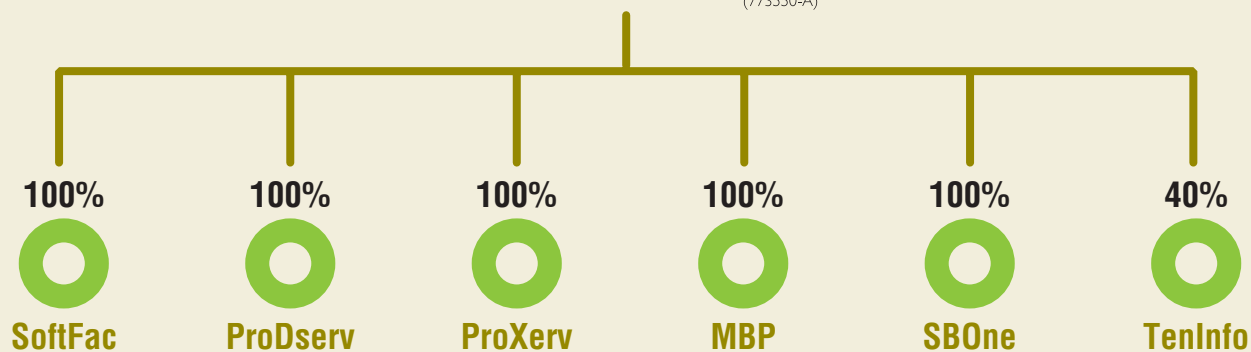
All Directors have not been convicted for any offences within the past (10) years other than traffic offences (if any).

# CORPORATE STRUCTURE

Name	Date and place of incorporation	Equity interest %	Issued and paid-up share capital (RM)	Principal activity
<i>Subsidiary Companies</i>				
SoftFac Technology Sdn Bhd (SoftFac)	28 June 2005/ Malaysia	100.00	500,000	Providing HCRM solutions
ProDserv Sdn Bhd (ProDserv)	3 August 2006/ Malaysia	100.00	100,000	Developing and providing EBS value added solutions
ProXerv Sdn Bhd (ProXerv)	20 September 2005/ Malaysia	100.00	100,000	Providing shared services IT outsourcing
MBP Solutions Sdn Bhd (MBP)	13 March 2004/ Malaysia	100.00	1,000,000	Providing ERP consulting and implementation of Microsoft Dynamics products
SBOne Solutions Sdn Bhd (SBOne)	15 April 2005/ Malaysia	100.00	500,000	Providing ERP consulting and implementation of SAP products
<i>Associate Company</i>				
TenInfo Technology Sdn Bhd (TenInfo)	22 July 2002/ Malaysia	40.00	1,000,000	Providing enterprise systems solutions



TFP Solutions Berhad  
(773550-A)





# FINANCIAL HIGHLIGHTS

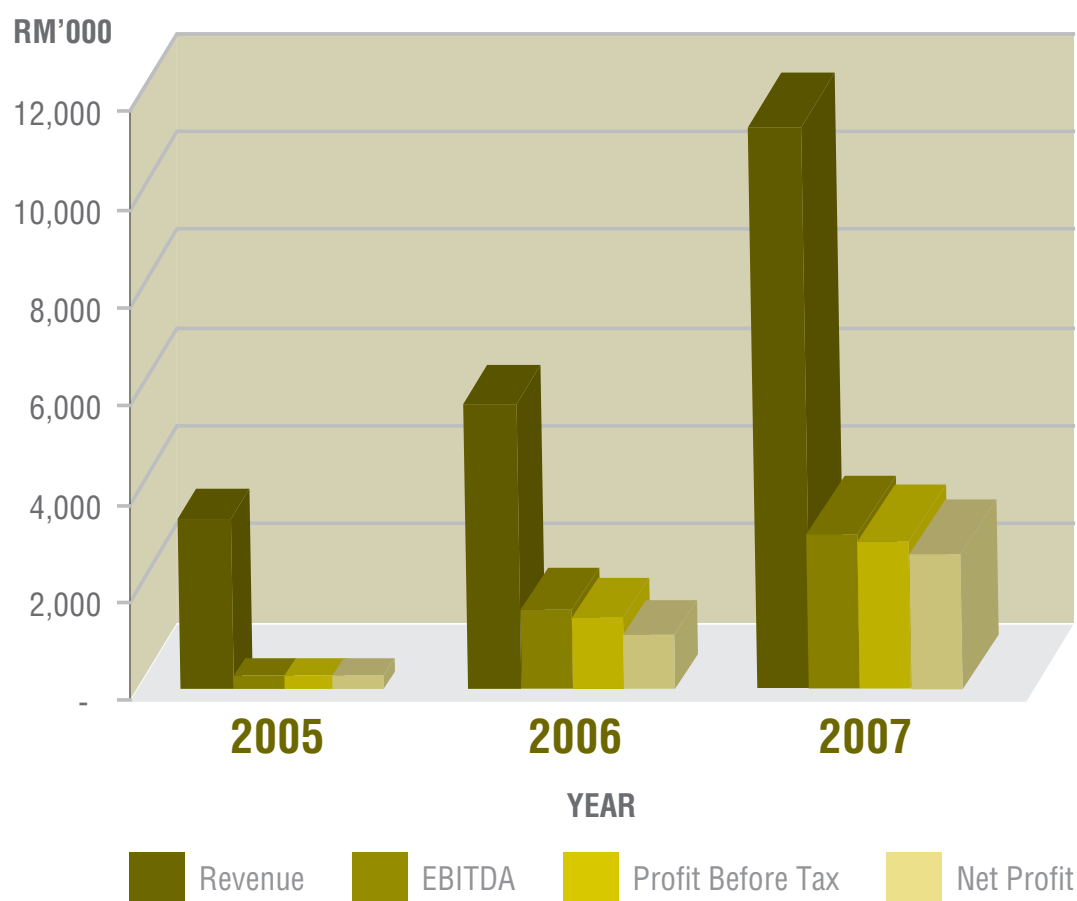
## SUMMARISED GROUP INCOME STATEMENTS

	← (Proforma)* →			Audited 2007 RM'000
	2005 RM'000	2006 RM'000	2007 RM'000	
Revenue	3,529	5,871	11,606	941
EBITDA #	333	1,694	3,195	3,195
Profit Before Tax	301	1,632	3,174	3,174
Net Profit	284	1,496	3,148	3,148

\* The proforma group income statements have been prepared for illustrative purposes after making certain adjustments to show what the financial results of our Group for financial periods ended 31 December 2005, 2006 and 2007 would have been if the Group structure as of the date of the Annual Report had been in place since the beginning of the period reported on.

# Earnings before interest, taxation, depreciation and amortisation but includes share of profits in associate company, is arrived by taking profit before taxation, after associate profits, plus depreciation and amortisation.

### Summarised Group Income Statements



# FINANCIAL HIGHLIGHTS (CONT'D)

## SUMMARISED GROUP BALANCE SHEETS

	Proforma* 2006 RM'000	Audited 2007 RM'000
Property, Plant & Equipment	290	2,418
Investment in Associate	999	1,435
Development Costs	302	632
Other Intangible Assets	250	187
Non-Current Assets	1,841	4,672
Current Assets	3,496	8,921
<b>TOTAL ASSETS</b>	<b>5,337</b>	<b>13,593</b>
Share Capital	2,600	6,938
Retained Profits	1,971	3,148
Shareholders' Equity	4,571	10,086
Non-Current Liabilities	9	5
Current Liabilities	757	3,502
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,337</b>	<b>13,593</b>

## FINANCIAL ANALYSIS

	Proforma** 2006	Proforma** 2007
Revenue Growth	66.36%	97.68%
EBITDA Growth	408.71%	88.61%
Profit Before Tax Growth	442.19%	94.48%
Net Growth	426.76%	110.43%
EBITDA Margin	28.85%	27.53%
PBT Margin	27.80%	27.35%
Net Margin	25.48%	27.12%
Cash and Cash Equivalents (RM'000)	1,160	2,949 ***
Return on Average Shareholders' Equity	32.73%	31.21%***
Return on Average Total Assets	28.03%	23.16%***

\* The proforma consolidated balance sheets have been prepared for illustrative purposes only and after making certain adjustments to show what the financial position of our Group as of 31 December 2006 would have been if our Group structure had been in place since the beginning of the reporting period.

\*\* The proforma Group income statements have been prepared for illustrative purposes after making certain adjustments to show what the financial results of our Group for financial period ended 31 December 2007 would have been if the Group structure as of the date of the Annual Report had been in place since the beginning of the period reported on.

\*\*\* figure from Audited Financial Statements.

# CHAIRMAN'S STATEMENT

Dear shareholders, customers, partners and employees,

On behalf of the Board of Directors of TFP Solutions Berhad, it gives me great pleasure to present to you our first Annual Report and the audited financial statements of the Company and Group for the financial period ended 31 December 2007 ("FY2007").

On 22 February 2008, TFP Solutions Berhad was successfully listed on the MESDAQ Market of Bursa Malaysia Securities Berhad marking a new chapter in our corporate history.

We are indeed excited as this historical event does not only enhance our stature as a player in the exciting local ICT industry but also provide TFP Group with an added financial strength to explore the opportunities to further expand our products and services as well as our business model across ASEAN.

The 9th Malaysia Plan strongly emphasized the need for Malaysian business enterprises to enhance their "Total Factor Productivity" so that they could compete competitively in the global marketplace. TFP Solutions Berhad whose business charter is to provide end to end business productivity solutions to business enterprises is well positioned to address these needs.

## FINANCIAL PERFORMANCE

TFP Group has been posting consistent growth in terms of both turnover and profit over the years. For its financial year ended (FYE) 31 December 2006, TFP Group proforma consolidated revenue was RM5.87 million, an increase of RM2.3 million or 66% from its revenue of RM3.53 million recorded for its FYE 31 December 2005. Our Group proforma revenue for FYE 31 December 2007 was RM11.6 million which shows a substantial growth of 97.68%, due mainly to the better showing in all our product lines.

## BUSINESS GROWTH POTENTIAL

The future growth of the Group is promising. In an environment where cost, quality and delivery commitments are major requirements of customers today, our customer-oriented approach, our products excellence and our operational excellence has enabled us to increase products and services footprint of our existing customers base and acquired new ones. TFP Group is confident that our competitive strategies and business model we adopted have provided us with a sustainable competitive advantage to drive our business growth locally and regionally.

In 2008, we shall be promoting our products and services aggressively in ASEAN market. In addition to that, we shall also be launching new products and services through our R&D team in TFP.

## CORPORATE SOCIAL RESPONSIBILITY

TFP Group is committed to play its role as a caring corporate citizen. In line with this philosophy, our Group will be taking proactive steps in 2008 to make contributions towards the Malaysian society. The initiatives undertaken would include providing donations to charitable organizations, launching of our "ADOPT" charity scheme, offering graduate placement programs and trying to reduce the amount of wastage generated by the Group by improving the efficiency of our business workflow in order to reduce global warming.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to record my sincere appreciation to all our valued customers, shareholders, business partners, sponsors, financiers and corporate advisers for their continued support, guidance and confidence.

Lastly, I would like to thank the Board, Management Team, and employees of TFP Solutions Berhad for their continuous support and dedication. I believe that together, we are charting our path to become the preferred solutions provider to increase "Total Factor Productivity" (TFP) for Businesses in ASEAN.

**Dato' Jamaludin bin Hassan,**  
Chairman

# THE MANAGEMENT TEAM OF TFP SOLUTIONS BERHAD



## FROM LEFT TO RIGHT

- |                     |   |
|---------------------|---|
| 1. Tern Yen Soon    | <i>Vice President, Consulting Practice</i>                          |
| 2. Choo Chuin Hui   | <i>Financial Controller</i>   |
| 3. Quah Teik Jin    | <i>Executive Director, Vice President of Sales &amp; Marketing</i>  |
| 4. Lim Lung Wen     | <i>Managing Director</i>  |
| 5. Ow Poh Kwang     | <i>Executive Director, Vice President of International Business</i> |
| 6. Tan Man Siang    | <i>Vice President, Business Development</i>                         |
| 7. Ooi Chee Hong    | <i>Vice President, R&amp;D</i>                                      |
| 8. Lye Poh Leong    | <i>Vice President, Technical Services</i>                           |
| 9. Dr Chew Seng Poh | <i>Executive Director, Group Chief Technology Officer</i>           |

# MANAGEMENT'S DISCUSSION

## FINANCIAL PERFORMANCE

TFP Group has been posting consistent growth in terms of both turnover and profit over the years. For its financial year ended (FYE) 31 December 2006, TFP Group proforma consolidated revenue was RM5.87\* million, an increase of RM2.3\* million or 66% from its revenue of RM3.53\* million recorded for its FYE 31 December 2005.

For the financial year ended 31 December 2007, the Group recorded a turnover (proforma) of RM11.6 million and profit after tax of RM3.148 million. The Group's turnover reported a 97.68% increase from RM5.87\* million in the previous financial year mainly contributed by the Group's sales efforts to achieve higher sales which is mainly due to the better showing in all our product lines and the introduction of new and innovative product range.

Shareholders' equity stood at RM10.086 million as at 31 December 2007, compared with RM4.570\* million in the preceding year. This does not take into account the RM11.52\* million in gross proceeds raised through the Company's Initial Public Offering ("IPO") in 2008.

\* refer to prospectus for details of information.

## INDUSTRY PROSPECTS

In 2008, we at TFP Group see a bright future for our business with strong growth prospects in the local and regional arena. In addition, the target market space of TFP Group, which is primarily in the SME market is identified by the Malaysian Government in the 9th Malaysia Plan as the engine of growth for the Malaysian economy.

On the local front, the Malaysian ICT industry is expected to grow in line with the regional trend of adopting business solutions to achieve greater operational efficiency and global competitiveness. According to Access Market International (AMI) Partners Inc., a New York based leading consulting firm specializing in IT, Internet, telecom and business services market intelligence trends and strategy, with a strong focus on global small and medium business (SMB) enterprises forecasts small and medium businesses (SMBs, or companies with up to 999 employees) are on track to spend up to US\$4.6 billion on info communications technologies (ICT) in 2008, up some 11% over 2007.

On the regional front, the ASEAN ICT industry for SME industry is expected to have a robust growth in the year 2008. AMI Partners Inc forecasted that small and medium businesses (SMBs, or companies with up to 999 employees) across key countries in ASEAN—Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines—are set to spend US\$13.4 billion on IT in 2008, up 15% over 2007. This increase in spending is due to a boom in the economies of most of these countries and a rise in the number of SBs (small businesses, or companies with up to 99 employees). According to them, among the vertical sectors, the manufacturing industry is expected to be the largest contributor to IT spending and the one with the highest growth rate over last year, across ASEAN countries.

In view of that, TFP Group is well position to address these needs of the SMB industry in Malaysia and ASEAN.

## ESTABLISHING MARKET PRESENCE INTO THE ASEAN COUNTRIES

TFP Group will step up efforts in 2008 in expanding its relationships with strategic partners and presence in the ASEAN countries. In 2008, TFP Group will have a stronger market presence in Thailand and Vietnam. TFP Group will also establish market collaborations with business partners in the ASEAN countries. This is in line with the Group's strategic business development in continuing to strengthen its presence in countries that it already has inroads into. These collaborations will present the Group a platform to further tap into the ASEAN market, the market with immense and growth potentials.

## RESEARCH & DEVELOPMENT ("R&D")

In the year 2007, we spent an estimated total of RM0.6 million on R&D, financed from internally generated funds. As the key driver to continuous growth, the Group has continuously invested in R&D. The bulk of our R&D expenditure was for the ongoing enhancement of our Human Resource productivity suite and our B2logix vertical solutions.

Driving our R&D is a team of 28 technical staffs spread across Malaysia all equipped with extensive experience in Microsoft .Net and Service Oriented Architecture (SOA) technology. During the year under review, we successfully developed a web based HCRM solutions based on Microsoft .NET technology. This product is further certified by Microsoft as fully .NET compliance. In addition to that, TFP Group has built our B2logix SOA platform that offers scalability to build our future SOA vertical business applications.

In the R&D pipeline are our SaaS (Software as a Service) products and services, which will be rolling out in the near future. Further in enhancing our core competitiveness, TFP Group will continue investing into R&D initiatives, as well as increase the number of technological and business alliances with world-renowned partners; thus enhancing our ability to continuously rollout innovative products and services. Further to that, the gross proceeds derived from the IPO (Initial Public Offering) in 2008, TFP Group will be investing a total of RM3.3 million into R&D to produce more innovative product and services in the market over the next 3 years.

## APPRECIATION

The Management team of TFP Group would like to thank all of our esteemed customers, business partners and our shareholders for your continuous support in us which lead to our outstanding performance in 2007. The solid financial results and great performance in delivering our business productivity solutions in the country as well as the ASEAN market can only be made possible through the team of employees in TFP Group. With your innovative passion and beliefs in our products and services, we truly believe your hard-works and dedications are starting to bear fruits now. Our vision for the Company can only be achieved with all your belief in the Company and its team.

# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of TFP Solutions Berhad (“the Company”) is committed to ensuring that high standards of corporate governance are maintained throughout the Company and its subsidiaries (“the Group”). Hence, the Board is continuously dedicated to evaluate the Group’s corporate governance practices and procedures to ensure that the principles and best practices in corporate governance as promulgated by the Malaysian Code of Corporate Governance (“Code”) are applied and adhered to in the interests of its stakeholders. The Board is pleased to report that various affirmative steps have been implemented to apply the principles and comply with the best practices of the Code as advocated therein pursuant to the Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market.

## BOARD OF DIRECTORS

### 1. THE BOARD

The Board is made up of Directors who have an extensive range of skills, experience and knowledge and who are overall accountable for the corporate governance and strategic direction of the Group and are entrusted to exercise reasonable and due care in employing the Company’s resources in the best interests of its shareholders and to safeguard the Company’s assets. Three (3) Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee have been formed to assist the Board in the deliberation of issues within their respective functions and terms of reference. These Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board’s ultimate responsibility of decision-making.

### 2. COMPOSITION AND BOARD BALANCE

The Board currently has seven (7) members, of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. Each individual Director has a wide range of experiences and knowledge that contributes to the effective stewardship of the Group. Together, the Directors bring wide business, regulatory, industry and financial experience to complement the direction of the Group. The profiles of the Directors are presented on pages 4 to 5 of this Annual Report. The current composition of the Board complies with the LR. Although all Directors have an equal responsibility for the Group’s operations, the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined independently and objectively. There is also a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power.

### 3. BOARD MEETINGS

The Board meets regularly to review the corporate strategies, business operations and performance of the Group. Additional meetings are held as and when necessary to ensure that the Group is efficiently managed. During the financial period under review, one (1) Board meeting was held and the attendance of the Directors is as follows:

Directors	Total Meetings Attended
Dato’ Jamaludin bin Hassan	1/1
Lim Lung Wen	1/1
Quah Teik Jin	1/1
Ow Poh Kwang	1/1
Dr. Chew Seng Poh	1/1
Edward Khor Yew Heng	1/1
Joseph Ting	1/1

In view of the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the listing requirement.

## 4. SUPPLY OF INFORMATION

The agenda for each Board meeting and its relevant papers relating to the agenda items are forwarded to all Directors for their perusal prior to the Board meeting. Adequate notice is provided to allow the Directors to review the board papers so that matters arising can be properly deliberated at the Board meetings and appropriate decisions can be made by the Board. Senior management and appointed advisers of the Company may be required to attend the Board meetings when necessary. All Directors have access to the advice and services of the Company Secretary. The Board has also approved a procedure for Directors, whether in the capacity as the full Board or in their individual capacity, to obtain independent professional advice at the Company’s expense in the discharge of their duties and responsibilities.

## 5. NOMINATION COMMITTEE

The Nomination Committee comprises exclusively of Independent Non-Executive Directors of the Company. They are:

- Joseph Ting (Chairman)
- Dato’ Jamaludin bin Hassan
- Edward Khor Yew Heng

The Nomination Committee monitors, reviews and makes recommendations to the Board regarding the Board’s performance as a whole as well as every individual Director. It also reviews and makes recommendations to the Board on the size and composition of the Board, the criteria for Board membership, the desirable qualifications, experience and standing of individuals appointed to the Board. The Committee also oversees the induction program for new Directors, the continuing education programmes of Directors and identification of potential candidates for appointment to the Board. During the financial year under review, one (1) meeting was held and attended by all members.

## 6. RE-ELECTION OF DIRECTORS

In accordance with the Company’s Articles of Association, the Directors who are appointed by the Board shall retire from office and be subject to re-election by shareholders at the annual general meeting after their appointment. Meanwhile, one-third (1/3) of the Board, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office each year and each Director shall retire from office once in every three (3) years. A retiring Director shall thereafter be eligible for re-election. Directors of or over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

# STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

## 7. DIRECTORS' TRAINING

All the members of the Board are fully aware the need to attend and successfully completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities. Directors are required to undergo relevant training programmes to further develop their skills and knowledge as well as to keep abreast with relevant changes in laws, regulations and the business environment. The determination of suitable training programmes for the Directors shall be the responsibility of the Nomination Committee. As such, TFP Directors have attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities in the year 2008.

## DIRECTORS' REMUNERATION

The Remuneration Committee was established on 11 January 2008 and responsible to recommend the remuneration packages for Executive Directors taking into consideration the individual performance, seniority, experience and scope of responsibility that is sufficient to attract and retain the Director needed to run the Company successfully. The present members of the Remuneration Committee are Edward Khor Yew Heng (Chairman), Joseph Ting and Quah Teik Jin.

The determination of remuneration packages of Executive Directors, including Non-Executive Chairman, should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorised into appropriate components for the financial period ended 31 December 2007 are as follows:-

	Executive Director (RM'000)	Band of Remuneration (RM)	Executive Director
Salaries & other emoluments	666	0 - 50,000	-
Fees	-	50,000 - 100,000	1
Benefit in kind	-	100,001 - 150,000	2
Total	666	150,001 - 200,000	-
		200,001 - 250,000	1

The Non-Executive Directors did not receive any remuneration for the financial period ended 31 December 2007.

## Relationship with Shareholders

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through timely announcement of events, quarterly announcement of financial results and product information on the Company's website.

The Company's Annual General Meeting ("AGM") also provides an effective mean of face-to-face communication with the shareholders where they are encouraged to participate in the open question and answering session during the AGM. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least 21 days before the AGM in order for them to have sufficient time to read and understand the Company's financial and non-financial performance before the actual event takes place.

## Accountability and Audit

### (i) Directors' Responsibility Statement in respect of Financial Statements

It is the Board's responsibility to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards set by Malaysian Accounting Standard Board so as to present a balanced and fair assessment of the Group's financial position and prospects. The Directors are also responsible for keeping proper accounting records, safeguarding the assets of the Company and taking reasonable steps to prevent and enable detection of fraud and other irregularities.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:-

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable accounting standards have been followed;
- making judgments and estimates that are reasonable and prudent; and
- preparing the financial statements on a going concern basis, having made reasonable enquiries and assessment on the resources of the Company on its ability to continue further business in foreseeable future.

### (ii) Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Statement on Internal Control is set out on page 14 of the Annual Report providing an overview of the state of internal controls within the Group.

### (iii) Relationships With Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the authority to communicate directly with the external auditors. The auditors in turn are able to highlight matters which require the attention of the Board effectively to the Audit Committee in term of compliance with the accounting standards and other related regulatory requirements.

## Compliance Statement

The Board has taken steps to ensure that the Group has implemented as far as possible the Best Practices as set out in the Code and the Board considers that all Best Practices have been substantially implemented in accordance with the Code.

The areas of non-compliance with the code are as follows:-

- The recommended disclosure of details of the remuneration of each Director. At this point, the Board of Directors of the Company is of the view that disclosure of the remuneration bands of the Director of the Company is sufficient to meet the objectives of the code.
- The Board currently has no senior independent Non-Executive Director. Participation of the Board members on all issues is encouraged.

This statement is made in accordance with a resolution of the meeting of the Board of Directors on 28 May 2008.

# STATEMENT ON INTERNAL CONTROL

Pursuant to paragraph 2.14 (c), Guidance Note 2 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements for the MESDAQ Market (“Listing Requirements”), the Board of Directors is required to make a statement in the annual report on the state of the internal controls of the Group. In this respect, the Board of TFP Solutions Berhad is pleased to present the following Statement on Internal Control prepared in accordance with the Listing Requirements and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

## **BOARD RESPONSIBILITY**

The Board of Directors (“Board”) acknowledges its responsibility and reaffirms its commitment in recognising the importance of an effective system of internal control and risk management practices to enhance good corporate governance.

The Board is ultimately responsible for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial, organisational, operational and compliance controls.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders’ investment, the interests of customers, regulators and employees, and the Group’s assets. The management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

## **KEY ELEMENTS OF INTERNAL CONTROL**

The Group has a number of internal controls in place. The controls include the following:

- A management structure with defined lines of responsibilities and appropriate levels of delegation and authority.
- Monthly senior management meetings are held to monitor key operational and strategic business development together with financial performance of the Group.
- Policies and procedures for key business and financial processes have been reviewed by the directors to promote efficiency and accountability.
- Monitoring by management of the monthly results as against the budget and in the event of major variances, to take appropriate remedial action.

## **INTERNAL CONTROL**

The Board is satisfied that for the financial period under review, there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group’s system of internal control that would require disclosure in the Group’s Annual Report.

The management will continue to take measures to strengthen the control environment.

To improve its system of internal control, from financial year 2008, the Group outsourced its internal audit function to a professional services firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control systems from financial year 2008.

## **ASSURANCE**

In view of the Group’s current business activities, the Board is of the view that the above monitoring and reporting processes which have been put in place, provide an adequate form of check and balance. Nevertheless, the Board recognises that the system must continuously evolve and improve to support the Group’s business activities.

The Board recognises that the systems of internal control must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group’s system of internal control.

## **CONCLUSION**

The Board is of the opinion that based on the current level of activities, the Group’s systems of internal control is adequate and accords with guidance provided by the Internal Control Guidance adopted by Bursa Securities.



# AUDIT COMMITTEE REPORT

## 1. Introduction

The Audit Committee was established on 2007 and currently comprises the following committee members:

Chairman: Dato' Jamaludin bin Hassan  
(Independent Non-Executive Director)

Members: Joseph Ting  
(Independent Non-Executive Director)  
Edward Khor Yew Heng  
(Independent Non-Executive Director)

## 2. Terms of Reference

### (a) Composition of Members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.

*In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").*

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountant ("MIA"); or
- (b) if he is not a member of MIA, he must have at least three (3) years of working experience and:
  - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - (ii) he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

### **Retirement and resignation**

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph 1 above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

### (b) Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent director to chair the meeting.

### (c) Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

### (d) Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

The Finance Director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

### (e) Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

# AUDIT COMMITTEE REPORT (CONT'D)

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

## (f) Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

## (g) Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

- (i) evaluate the quality of the audits performed by the internal and external auditors;
- (ii) provide assurance that the financial information presented by management is relevant, reliable and timely;
- (iii) oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (iv) determine the quality, adequacy and effectiveness of the Group's control environment.

## (h) Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

- (i) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.
- (ii) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
- (iii) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
- (iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
- (v) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

## (i) Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- (i) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- (ii) To discuss with the external auditor before the audit

commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

- (iii) To review with the external auditor his evaluation of the system of internal controls and his audit report;
- (iv) To review the quarterly and year-end financial statements of the Board, focusing particularly on:-
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- (v) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- (vi) To review the external auditor's management letter and management's response;
- (vii) To do the following, in relation to the internal audit function:-
  - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (viii) To consider any related party transactions 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) To report its findings on the financial and management performance, and other material matters to the Board;
- (x) To consider the major findings of internal investigations and management's response;
- (xi) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- (xii) To determine the remit of the internal audit function;
- (xiii) To consider other topics as defined by the Board; and
- (xiv) To consider and examine such other matters as the Audit Committee considers appropriate.

- (i) The Audit Committee was formed on 28 December 2007 and the first meeting was held in 2008.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

TFP was listed on 22 February 2008, hence there were no Utilisation of Proceeds from Public Issue during the financial period ended 31 December 2007.

## 2. SHARE BUY-BACK

There were no Share Buy-Back agreements during the financial period ended 31 December 2007.

## 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial period ended 31 December 2007.

## 4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial period ended 31 December 2007.

## 5. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial period ended 31 December 2007.

## 6. VARIATION OF RESULTS

The Company did not issue any profit estimate, forecast or projection during the financial period ended 31 December 2007.

## 7. PROFIT GUARANTEE

The Company did not give any profit guarantee during the financial period ended 31 December 2007.

## 8. MATERIAL CONTRACTS INCLUDING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries, involving the Directors and substantial shareholders' interests during the financial period ended 31 December 2007, save as disclosed in the prospectus dated 5 February 2008.

## 9. REVALUATION POLICY ON LANDED PROPERTIES

The Company does not have any revaluation policy on its landed properties.

## 10. NON-AUDIT FEES

There were no payment of non-audit fees to the external auditors by the Group during the financial period ended 31 December 2007.

## 11. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Board of Directors have recognized the importance of a corporate culture that emphasizes good corporate social responsibility. The Group recognizes that its employees are important assets and it takes good care of the welfare of its employees. The Group provides Hospitalisation and Surgical insurance coverage and Group Personal Accident insurance on top of the statutory SOCSO contribution for employees to mitigate medical and accidental contingencies.

## 12. RELATED PARTY TRANSACTION

Related party transaction will be further elaborated in the circular to shareholders.

## 13. OWNED PROPERTY

TFP acquired a four storey shop office located at No. 22, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan on 19 December 2007. This is a two year old freehold property. Currently the TFP corporate office is located at the 2nd floor while the remaining space is rented out. The net book value of this property is RM2,100,000 and the approximate land area is 197.42 sq.m. The build up area is 789.68 sq.m.

# Directors' report

for the period from 16 May 2007 (date of incorporation) to 31 December 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the period from 16 May 2007 (date of incorporation) to 31 December 2007.

## Principal activities

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

The Company converted its status to a public limited company on 15 June 2007 for the purpose of the listing on the MESDAQ Market of Bursa Malaysia Securities Berhad. Consequently, the Company changed its name from TFP Solutions Sdn. Bhd. to TFP Solutions Berhad.

## Results

	Group RM'000	Company RM'000
Profit/(Loss) attributable to: Shareholders of the Company	3,148	(28)

## Reserves and provisions

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

## Dividend

No dividend was paid during the period and the Directors do not recommend any dividend to be paid for the period under review.

## Directors of the Company

Directors who served since the date of incorporation are:

Lim Lung Wen (appointed on 28.12.2007)  
Quah Teik Jin (appointed on 28.12.2007)  
Ow Poh Kwang (appointed on 28.12.2007)  
Dr. Chew Seng Poh (appointed on 28.12.2007)  
Dato' Jamaludin Bin Hassan (appointed on 28.12.2007)  
Joseph Ting (appointed on 28.12.2007)  
Edward Khor Yew Heng (appointed on 28.12.2007)  
Lee Yew Beng (appointed on 16.6.2007; resigned on 28.12.2007)  
Nor Afida Binti Ramelan (appointed on 16.6.2007; resigned on 28.12.2007)  
Chua Siew Chuan (First Director and resigned on 16.6.2007)  
Chin Mun Yee (First Director and resigned on 16.6.2007)

# Directors' report

for the period from 16 May 2007 (date of incorporation) to 31 December 2007

## Directors' interests

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at period end as recorded in the Register of Directors' Shareholdings are as follows:

	At Date of appointment as Director	Number of ordinary shares of RM0.10 each		At 31.12.2007
		Bought	Sold	
<i>Shareholdings in which Directors have direct interest</i>				
Lim Lung Wen	-	28,451,252	-	28,451,252
Quah Teik Jin	-	16,276,541	-	16,276,541
Ow Poh Kwang	-	3,367,648	-	3,367,648

By virtue of their interests in the shares of the Company, the Directors are also deemed interested in the shares of the subsidiaries during the financial period to the extent that TFP Solutions Berhad has an interest.

## Directors' benefits

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

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

## Issue of shares

The Company was incorporated with an authorised share capital of RM100,000 divided into 1,000,000 ordinary shares of RM0.10 each and issued and paid-up share capital comprising 2 ordinary shares of RM0.10 each.

On 28 November 2007, the Company increased its authorised share capital from RM100,000 divided into 1,000,000 ordinary shares of RM0.10 each to RM 25,000,000 divided into 250,000,000 ordinary shares of RM0.10 each by the creation of an additional 249,000,000 new ordinary shares of RM0.10 each. The new ordinary shares rank *pari passu* in all respect with the existing ordinary shares of the Company.

On the same date, the Company issued 48,384,798 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per ordinary share for the acquisition of the entire equity interests in SBOne Solutions Sdn. Bhd., ProXerv Sdn. Bhd., ProDserv Sdn. Bhd., MBP Solutions Sdn. Bhd., SoffFac Technology Sdn. Bhd. and 40% of the equity interest in TenInfo Technology Sdn. Bhd.

On 19 December 2007, the Company issued 21,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per ordinary share for the acquisition of a property from Lim Lung Wen and Quah Teik Jin.

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

## Options granted over unissued shares

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

# Directors' report

for the period from 16 May 2007 (date of incorporation) to 31 December 2007

## Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

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

In the opinion of the Directors, except for the negative goodwill, which represents the excess of the fair value of net assets acquired over the acquisition costs in relation to the Company's acquisition of the entire equity interests of its subsidiaries and 40% of the equity interest of its associate as disclosed in Note 23 to the financial statements, the results of the operations of the Group and of the Company for the financial period ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

## Subsequent event

On 14 January 2008, the shareholders of the Company approved the Public Issue of 24,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.48 per ordinary share for application by eligible directors, employees and business associates of the Company and its subsidiaries and associate, for placement to selected investors and for application by the public. Upon the Public Issue, the Company issued bonus shares of 1 new ordinary share of the Company to be credited as fully paid-up for every 2 existing ordinary shares held.

On 22 February 2008, the Company was officially listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

# Directors' report

for the period from 16 May 2007 (date of incorporation) to 31 December 2007

## **Auditors**

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

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

**Lim Lung Wen**  
**Managing Director**

**Quah Teik Jin**  
**Executive Director**

Kuala Lumpur,

Date: 25 April 2008

# Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 24 to 45 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of the results of their operations and cash flows for the period ended on that date.

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

**Lim Lung Wen**  
**Managing Director**

**Quah Teik Jin**  
**Executive Director**

Kuala Lumpur,

Date: 25 April 2008

# Statutory declaration

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

I, **Choo Chuin Hui**, the officer primarily responsible for the financial management of TFP Solutions Berhad, do solemnly and sincerely declare that the financial statements set out on pages 24 to 45 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 25 April 2008.

**Choo Chuin Hui**  
**Financial Controller**

Before me:

Commissioner for Oaths  
Raman Kunyapu  
(NO: W476)

Kuala Lumpur



# Report of the auditors

to the members of TFP Solutions Berhad

We have audited the financial statements set out on pages 24 to 45. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the period ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

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.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Foong Mun Kong**  
Partner  
Approval Number: 2613/12/08(J)

Kuala Lumpur,

Date: 25 April 2008

# Balance sheets

at 31 December 2007

	Note	Group 2007 RM'000	Company 2007 RM'000
<b>Assets</b>			
Plant and equipment	3	321	-
Intangible assets	4	819	-
Investment property	5	2,097	2,097
Investments in subsidiaries	6	-	3,572
Investment in associate	7	1,435	1,266
<b>Total non-current assets</b>		4,672	6,935
Receivables, deposits and prepayments	8	5,972	-
Cash and cash equivalents	9	2,949	*
<b>Total current assets</b>		8,921	*
<b>Total assets</b>		13,593	6,935
<b>Equity</b>			
Share capital		6,938	6,938
Retained profits/(Accumulated losses)		3,148	(28)
<b>Total equity</b>	10	10,086	6,910
<b>Liabilities</b>			
Deferred tax liabilities	11	5	-
<b>Total non-current liabilities</b>		5	-
Deferred income	12	205	-
Payables and accruals	13	3,218	25
Taxation		79	-
<b>Total current liabilities</b>		3,502	25
<b>Total liabilities</b>		3,507	25
<b>Total equity and liabilities</b>		13,593	6,935

\* Denotes RM0.20

The notes on pages 28 to 45 are an integral part of these financial statements.

# Income statements

for the period from 16 May 2007  
(date of incorporation) to 31 December 2007

	Note	Group 2007 RM'000	Company 2007 RM'000
Revenue		941	-
Cost of sales		(491)	-
<b>Gross profit</b>		<b>450</b>	<b>-</b>
Other income		3	-
Negative goodwill on acquisition of subsidiaries	23	2,757	-
Negative goodwill on investment in an associate		155	-
Distribution expenses		(19)	-
Administrative expenses		(180)	(28)
Other expenses		(8)	-
<b>Results from operating activities</b>		<b>3,158</b>	<b>(28)</b>
Interest income		2	-
<b>Operating profit/(loss)</b>	14	<b>3,160</b>	<b>(28)</b>
Share of profit after tax and minority interest of equity accounted associate		14	-
<b>Profit/(Loss) before tax</b>		<b>3,174</b>	<b>(28)</b>
Tax expense	16	(26)	-
<b>Profit/(Loss) for the period</b>		<b>3,148</b>	<b>(28)</b>
<b>Attributable to:</b>			
Shareholders of the Company		3,148	(28)
<b>Profit/(Loss) for the period</b>		<b>3,148</b>	<b>(28)</b>
<b>Basic earnings per ordinary share (sen):</b>	17	<b>39</b>	

The notes on pages 28 to 45 are an integral part of these financial statements.

# Statements of changes in equity

for the period from 16 May 2007 (date of incorporation) to 31 December 2007

Group	Share capital	<i>Distributable</i> Retained profits	Total equity
	RM'000	RM'000	RM'000
<b>At date of incorporation</b>	*	-	*
Shares issued	6,938	-	6,938
Profit for the period	-	3,148	3,148
<b>At 31 December 2007</b>	<b>6,938</b>	<b>3,148</b>	<b>10,086</b>

Company	Share capital	Accumulated losses	Total equity
	RM'000	RM'000	RM'000
<b>At date of incorporation</b>	*	-	*
Shares issued	6,938	-	6,938
Loss for the period	-	(28)	(28)
<b>At 31 December 2007</b>	<b>6,938</b>	<b>(28)</b>	<b>6,910</b>

\* Denotes RM0.20

The notes on pages 28 to 45 are an integral part of these financial statements.

# Cash flow statements

for the period from 16 May 2007  
(date of incorporation) to 31 December 2007

	Note	Group 2007 RM'000	Company 2007 RM'000
<b>Cash flows from operating activities</b>			
Profit/(Loss) before tax		3,174	(28)
Adjustments for:			
Amortisation of intangible assets		11	-
Depreciation of investment property		3	3
Depreciation of plant and equipment		7	-
Interest income		2	-
Negative goodwill on acquisition of subsidiaries	23	(2,757)	-
Negative goodwill on investment in an associate		(155)	-
Share of profit after tax and minority interest of equity accounted associate		(14)	-
		<hr/>	<hr/>
Operating profit/(loss) before changes in working capital		271	(25)
Changes in working capital:			
Deferred income		(79)	-
Payables and accruals		1,764	25
Receivables, deposits and prepayments		(1,445)	-
		<hr/>	<hr/>
<b>Cash generated from operations</b>		511	-
Interest received		(2)	-
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		509	-
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(4)	-
Cash acquired arising from acquisition of subsidiaries	23	2,535	-
Internally developed intangible assets		(91)	-
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		2,440	-
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase in cash and cash equivalents		2,949	-
Cash and cash equivalents at date of incorporation	(i)	*	*
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	(i)	2,949	*
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group 2007 RM'000	Company 2007 RM'000
Cash and bank balances	1,872	*
Deposits placed with licensed banks	1,077	-
	<hr/>	<hr/>
	2,949	*
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

\* Denotes RM0.20

The notes on pages 28 to 45 are an integral part of these financial statements.

# Notes to the financial statements

TFP Solutions Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

## Principal place of business

No 20-2, Jalan Puteri 1/2  
Bandar Puteri  
47100 Puchong  
Kuala Lumpur

## Registered office

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the period from the date of incorporation on 16 May 2007 to 31 December 2007 comprise the Company and its subsidiaries and the Group's interest in an associate. The financial statements of the Company as at and for the period from the date of incorporation on 16 May 2007 to 31 December 2007 do not include other entities.

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

The financial statements were approved by the Board of Directors on 25 April 2008.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards (FRSs) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007 and that have not been applied in preparing these financial statements.

<b>FRSs / Interpretations</b>	<b>Effective date</b>
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

# Notes to the financial statements

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned FRSs and Interpretations for the annual period beginning 1 January 2008 except for FRS 139, Financial Instruments: Recognition and measurement which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgements

The preparation of financial statements 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 estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 23 – business combinations.

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries is stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

# Notes to the financial statements

## 2. Significant accounting policies (continued)

### a) Basis of consolidation (continued)

#### (ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investment in associates is stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

#### (iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

### (c) Plant and equipment

#### (i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of plant and equipment recognised as a result of a business combination is based on fair value at acquisition date.

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

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.



# Notes to the financial statements

## 2. Significant accounting policies (continued)

### (c) Plant and equipment (continued)

#### (ii) Subsequent costs

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

#### (iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives for the current period are as follows:

- Office equipment 5 years
- Computer equipment 5 years
- Furniture and fittings 5 years
- Renovations 5 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

### (d) Leased payments

The leased assets under operating leases are not recognised on the Group's and the Company's balance sheets.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

### (e) Intangible assets

#### (i) Goodwill

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

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

#### (ii) Research and development

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised is direct technical staff salaries. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

# Notes to the financial statements

## 2. Significant accounting policies (continued)

### (e) Intangible assets (continued)

#### (iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group are stated at cost less any accumulated amortisation and any accumulated impairment losses.

#### (v) Amortisation

Amortisation is charged to income statements on a straight-line basis over the estimated useful lives of intangible assets and development costs from the date of commencement of commercial operations, which is an average of five years.

### (f) Investment property

Investment property is property which is owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use.

Investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for plant and equipment as stated in accounting policy note 2(c).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of 50 years for buildings. Freehold land is not depreciated.

The market value of the investment property is based on a professional valuation performed by an external independent valuation company on the open market basis. The Directors regard market value as the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

### (g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

### (h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts, if any.

### (i) Impairment of assets

The carrying amounts of assets except for financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

# Notes to the financial statements

## 2. Significant accounting policies (continued)

### (i) Impairment of assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the period in which the reversals are recognised.

### (j) Deferred income

The amount of unearned income from services to be rendered in future financial years is disclosed as deferred income.

### (k) Employee benefits

#### *Short term employee benefits*

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

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

The Group's contributions to statutory pension funds are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

### (l) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

### (m) Revenue recognition

#### *(i) Goods sold*

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

# Notes to the financial statements

## 2. Significant accounting policies (continued)

### (m) Revenue recognition (continued)

#### (ii) System implementation services

Revenue from services rendered is recognised in the income statements in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

#### (iii) Other services

Revenue from services rendered is recognised in the income statements as and when the services are rendered.

### (n) Interest income

Interest income is recognised as it accrues, using the effective interest method.

### (o) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

### (p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

# Notes to the financial statements

## 3. Plant and equipment

<b>Group</b>	<b>Office equipment RM'000</b>	<b>Computer equipment RM'000</b>	<b>Furniture and fittings RM'000</b>	<b>Renovations RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At date of incorporation	-	-	-	-	-
Acquisitions through business combinations	35	196	69	24	324
Additions	-	4	-	-	4
At 31 December 2007	35	200	69	24	328
<b>Depreciation</b>					
At date of incorporation	-	-	-	-	-
Depreciation for the period	1	4	2	-	7
At 31 December 2007	1	4	2	-	7
<b>Carrying amounts</b>					
At date of incorporation	-	-	-	-	-
At 31 December 2007	34	196	67	24	321

## 4. Intangible assets

<b>Group</b>	<b>Intellectual property rights RM'000</b>	<b>Development costs RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At date of incorporation	-	-	-
Acquisitions through business combinations	192	547	739
Other acquisitions - internally developed	-	91	91
At 31 December 2007	192	638	830
<b>Amortisation</b>			
At date of incorporation	-	-	-
Amortisation for the period	5	6	11
At 31 December 2007	5	6	11
<b>Carrying amounts</b>			
At date of incorporation	-	-	-
At 31 December 2007	187	632	819

# Notes to the financial statements

## 5. Investment property

	<b>Freehold land and building RM'000</b>
<b>Group and Company</b>	
<b>Cost</b>	
At date of incorporation	-
Acquisition	2,100
	<hr/>
At 31 December 2007	2,100
	<hr/>
<b>Accumulated depreciation</b>	
At date of incorporation	-
Depreciation for the period	3
	<hr/>
At 31 December 2007	3
	<hr/>
<b>Carrying amount</b>	
At date of incorporation	-
	<hr/>
At 31 December 2007	2,097
	<hr/>
<b>Fair value</b>	
At date of incorporation	-
	<hr/>
At 31 December 2007	2,100
	<hr/>

Investment property comprises of a commercial property that is mainly leased to third parties. Each of the leases contains an initial non-cancellable period between 1 to 2 years. No contingent rents are charged.

There is no rental income and direct operating expenses recognised in the income statements in respect of investment property as the investment property was only acquired on 19 December 2007.

## 6. Investments in subsidiaries

	<b>Company 2007 RM'000</b>
At cost:	
Unquoted shares	3,572
	<hr/>

# Notes to the financial statements

## 6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2007 %
MBP Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resource Planning (ERP) consulting and implementation of Microsoft Dynamics products	100
ProDserv Sdn. Bhd.	Malaysia	Developing and providing Enterprise Business Solution (EBS) value added solutions	100
ProXerv Sdn. Bhd.	Malaysia	Providing shared services Information Technology (IT) outsourcing	100
SBOne Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resource Planning (ERP) consulting and implementation of SAP products	100
SoftFac Technology Sdn. Bhd.	Malaysia	Providing Human Capital Resource Management (HCRM) solutions	100

## 7. Investment in associate

	Group 2007 RM'000	Company 2007 RM'000
At cost:		
Unquoted shares	1,266	1,266
Share of post-acquisition reserves	169	-
	<u>1,435</u>	<u>1,266</u>

Summary of financial information on associate:

Company	Country of incorporation	Effective ownership interest 2007 %	Revenues (100%) RM'000	Profits (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
TenInfo Technology Sdn. Bhd.	Malaysia	40	13,937	407	7,871	4,965

# Notes to the financial statements

## 8. Receivables, deposits and prepayments

	Note	Group 2007 RM'000	Company 2007 RM'000
<b>Trade</b>			
Trade receivables		4,917	-
Less: Allowance for doubtful debts		(42)	-
		<hr/>	<hr/>
Amount due from associate	8.1	4,875 356	- -
		<hr/>	<hr/>
		5,231	-
		<hr/>	<hr/>
<b>Non-trade</b>			
Other receivables		2	-
Deposits		15	-
Prepayments		724	-
		<hr/>	<hr/>
		741	-
		<hr/>	<hr/>
		5,972	-
		<hr/>	<hr/>

### 8.1 Amount due from associate

The amount due from associate is subject to the normal trade terms.

## 9. Cash and cash equivalents

	Group 2007 RM'000	Company 2007 RM'000
Cash and bank balances	1,872	*
Deposits placed with licensed banks	1,077	-
	<hr/>	<hr/>
	2,949	*
	<hr/>	<hr/>

\* Denotes RM0.20



# Notes to the financial statements

## 10. Share capital and reserves

Group and Company	Number of shares '000	Amount RM'000
Ordinary shares of RM0.10 each:		
Authorised:		
At date of incorporation	1,000	100
Created during the period	249,000	24,900
At 31 December 2007	250,000	25,000
Issued and fully paid:		
At date of incorporation	*	*
Issued during the period	69,384	6,938
At 31 December 2007	69,384	6,938

\* Denotes 2 shares / RM0.20

During the period, the Company undertook the following:-

- (a) On 28 November 2007, the Company increased its authorised share capital from RM100,000 divided into 1,000,000 ordinary shares of RM0.10 each to RM 25,000,000 divided into 250,000,000 ordinary shares of RM0.10 each by the creation of an additional 249,000,000 new ordinary shares of RM0.10 each. The new ordinary shares rank pari passu in all respect with the existing ordinary shares in the Company.
- (b) On the same date, the Company issued 48,384,798 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per ordinary share for the acquisition of the entire equity interests in SBOne Solutions Sdn. Bhd., ProXerv Sdn. Bhd., ProDserv Sdn. Bhd., MBP Solutions Sdn. Bhd., SoftFac Technology Sdn. Bhd. and 40% of the equity interest in TenInfo Technology Sdn. Bhd.
- (c) On 19 December 2007, the Company issued 21,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per ordinary share for the acquisition of a property from Lim Lung Wen and Quah Teik Jin.

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

## 11. Deferred tax liabilities

### Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2007 RM'000	Liabilities 2007 RM'000	Net 2007 RM'000
Plant and equipment	-	16	16
Provisions	(11)	-	(11)
Net deferred tax (assets)/ liabilities	(11)	16	5

# Notes to the financial statements

## 12. Deferred income

	<b>Group 2007 RM'000</b>	<b>Company 2007 RM'000</b>
<b>Current</b>		
Maintenance and system support	205	-

The amount of unearned income from services to be rendered in future financial years is disclosed as deferred income.

## 13. Payables and accruals

	<b>Note</b>	<b>Group 2007 RM'000</b>	<b>Company 2007 RM'000</b>
<b>Trade</b>			
Trade payables		2,620	-
Amount due to associate	13.1	59	-
		<u>2,679</u>	<u>-</u>
<b>Non-trade</b>			
Other payables		443	-
Accrued expenses		96	25
		<u>539</u>	<u>25</u>
		<u>3,218</u>	<u>25</u>

### 13.1 Amount due to associate

The trade amount due to associate is subject to the normal trade terms.

## 14. Operating profit/(loss)

	<b>Group 2007 RM'000</b>	<b>Company 2007 RM'000</b>
<b>Operating profit/(loss) is arrived at after charging/(crediting):</b>		
Allowance for doubtful debts	44	-
Amortisation of intangible assets	11	-
Auditors' remuneration:		
- Statutory audit	69	25
Depreciation of investment property	3	3
Depreciation of plant and equipment	7	-
Negative goodwill on acquisition of subsidiaries	(2,757)	-
Negative goodwill on investment in an associate	(155)	-
Net foreign exchange loss	1	-
Personnel expenses (including key management personnel):		
- Contributions to Employees Provident Fund	22	-
- Wages, salaries and others	197	-
Rental expense on property leases	7	-

# Notes to the financial statements

## 15. Key management personnel compensation

The key management personnel compensations are as follows:

	Group 2007 RM'000	Company 2007 RM'000
Directors		
- Remuneration	35	-
Other key management personnel		
- Short-term employee benefits	67	-
	102	-

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

## 16. Tax expense

### *Recognised in the income statements*

	Group 2007 RM'000	Company 2007 RM'000
Current tax expense	30	-
Deferred tax expense	(4)	-
Total tax expense	26	-

### **Reconciliation of tax expense**

Profit/(Loss) for the period	3,148	(28)
Total tax expense	26	-
Profit/(Loss) excluding tax	3,174	(28)
Tax at Malaysian tax rates	857	(8)
Non-deductible expenses	9	8
Tax exempt income	(43)	-
Tax effect on non-taxable income	(786)	-
Others	(11)	-
	26	-

# Notes to the financial statements

## 16. Tax expense (continued)

With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a period of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2007 also announced the reduction of corporate tax rate to 26% in 2008. Consequently, deferred tax assets and liabilities are measured using these tax rates.

Certain subsidiaries were granted Multimedia Super Corridor ("MSC") status. Under the MSC status, the subsidiaries were accorded the Pioneer Status under Section 4A of the Promotion of Investments Act, 1986, which provides for tax incentive of 100% tax exemption on the statutory business income earned for a maximum period of ten years. The tax exemption once activated is valid for an initial period of five years and subject to review and assessment by MDC for an extension for another five years. The tax exempt income dates for the subsidiaries were activated on 13 December 2005 and 27 February 2007 respectively.

## 17. Earnings per ordinary share

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the period ended 31 December 2007 was based on the profit attributable to ordinary shareholders of RM3,148,000 and a weighted average number of ordinary shares outstanding calculated as follows:

### Weighted average number of ordinary shares

	<b>Group 2007</b>
Issued ordinary shares at date of incorporation	2
Effect of ordinary shares issued on 28 November 2007	6,972,482
Effect of ordinary shares issued on 19 December 2007	1,100,436
	<hr/>
Weighted average number of ordinary shares at 31 December	8,072,920

### Basic earnings per ordinary share

	<b>Group 2007 Sen</b>
Basic earnings per ordinary share	39*

\* The profit attributable to ordinary shareholders used in the calculation of basic earnings per ordinary share included a non recurring income (negative goodwill) of RM2,912,000 arising from the acquisition of subsidiaries and associate on 28 November 2007. The effect of the negative goodwill to the calculation of basic earnings per ordinary share is 36 sen.

### Diluted earnings per share

The Group does not have dilutive potential ordinary shares as at 31 December 2007.

## 18. Segmental reporting

The Group mainly operates in Malaysia. The Group considers it as a single geographical segment. Accordingly information by geographical segment is not presented.

The financial information by industrial segment is not presented as the Group operates predominantly in one business segment.

# Notes to the financial statements

## 19. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates. The Board reviews and agrees policies for managing each of these risks and they summarised below.

### Credit risk

Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

### Interest rates risk

The Group and the Company have no borrowings that attract interest during the financial period. Therefore, there is no significant exposure to interest rate risk.

### Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group	Average effective interest rate per annum %	Total RM	Within 1 year RM
<b>2007</b>			
<b>Financial assets</b>			
Deposits placed with licensed banks	3.1	1,077	1,077

### Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company. The currency giving rise to this risk is primarily U.S. Dollar (USD).

The Group's exposure to foreign currency risk is minimal. As such, the Group did not enter into any forward foreign currency exchange contracts to limit its exposure on foreign currency payables and on cash flows generated from anticipated transactions denominated in foreign currency. However, the management keeps this policy under review.

### Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables, accruals and deferred income, approximate fair values due to the relatively short term nature of these financial instruments.

# Notes to the financial statements

## 20. Operating leases

### Leases as lessor

The Group leases out its investment property under operating leases (see Note 5). The future minimum lease payments under non-cancellable leases are as follows:

	<b>Group 2007 RM'000</b>	<b>Company 2007 RM'000</b>
Less than one year	74	74

## 21. Contingencies

On 6 September 2007, a subsidiary received a letter of demand from a customer for refund of the contract sum paid of RM396,344 for the implementation of an enterprise planning system. The Directors, after seeking legal advice, are of the opinion that the subsidiary has reasonable grounds to defend the demand.

## 22. Related parties

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

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

### Related party transactions

Significant related party transactions other than key management personnel compensation are as follows:

<b>Group</b>	<b>Note</b>	<b>Transaction value for the period ended 31 December 2007 RM'000</b>	<b>Balance outstanding as at 31 December 2007 RM'000</b>
<b>Sales of goods and services</b>			
Associate	8	58	356
<b>Purchase of goods and services</b>			
Associate	13	161	59

# Notes to the financial statements

## 23. Acquisitions of subsidiaries

### Business combinations

On 28 November 2007, the Company acquired the entire equity interests in SBOne Sdn. Bhd., ProXerv Sdn. Bhd., ProDserv Sdn. Bhd., MBP Solutions Sdn. Bhd. and SoftFac Technology Sdn. Bhd. for a total purchase consideration of RM3,571,612 satisfied by the issuance of 35,716,160 new ordinary shares of RM0.10 each at an issue price of RM0.10 per share in the Company.

From 29 November 2007 to 31 December 2007, the subsidiaries contributed a profit of RM250,000 to the Group. If the acquisition had occurred on 1 January 2007, management estimates that consolidated revenue would have been RM11,851,000 and contributed profit for the year would have been RM3,007,000.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:-

	Note	Recognised fair values on acquisition RM'000
Plant and equipment	3	324
Intangible assets	4	739
Receivables, deposits and prepayments		4,527
Cash and cash equivalents		2,535
Deferred tax liabilities		(9)
Deferred income		(284)
Payable and accruals		(1,454)
Taxation		(49)
		<hr/>
Net identifiable assets and liabilities		6,329
Negative goodwill on acquisition of subsidiaries/Excess of fair value of net assets over acquisition costs		(2,757)
		<hr/>
Consideration paid satisfied in shares		3,572
Cash and cash equivalents acquired		(2,535)
		<hr/>
		1,037
		<hr/>

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The pre-acquisition carrying amounts of assets and liabilities acquired approximated their estimated fair values.

## 24. Subsequent event

On 14 January 2008, the shareholders of the Company approved the Public Issue of 24,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.48 per ordinary share for application by eligible directors, employees and business associates of the Company and its subsidiaries and associate, for placement to selected investors and for application by the public. Upon the Public Issue, the Company issued bonus shares of 1 new ordinary share of the Company to be credited as fully paid-up for every 2 existing ordinary shares held.

On 22 February 2008, the Company was officially listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

## 25. Comparative figures

No comparative figures are presented as this is the first set of financial statements prepared by the Group and the Company.

# Analysis of Shareholdings 6 May 2008

## STATISTICS OF SHAREHOLDINGS

Authorised Share Capital	:	RM25,000,000.00
Issued and Paid-Up Share Capital	:	RM14,007,720.00 comprising 140,077,200 Ordinary Shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per Ordinary Share on a poll

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares Held	Percentage (%) of Issued Capital
1 - 99	0	0.00	0	0.00
100 - 1000	23	1.08	6,700	0.01
1001 - 10000	1,613	75.80	4,553,891	3.25
10001 - 100000	397	18.65	15,914,300	11.36
100001 - 7003859(*)	94	4.42	56,567,551	40.38
7003860 AND ABOVE(**)	1	0.05	63,034,758	45.00
<b>TOTAL</b>	<b>2,128</b>	<b>100.00</b>	<b>140,077,200</b>	<b>100.00</b>

Remarks: \* Less than 5% of Issued Shares  
\*\* 5% and above of Issued Shares

## SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	Percentage (%)	No. of Shares Held	Percentage (%)
Quah Teik Jin	5,000,089	3.57	*63,034,758	45.00
Lim Lung Wen	5,000,026	3.57	*63,034,758	45.00
Ow Poh Kwang	8,691	0.01	*63,034,758	45.00

\* Deemed interested by virtue of his substantial shareholdings in Milan Premier Sdn. Bhd. who in turn holds shares in TFP Solutions Berhad.

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	Percentage (%)	No. of Shares Held	Percentage (%)
Quah Teik Jin	5,000,089	3.57	*63,034,758	45.00
Lim Lung Wen	5,000,026	3.57	*63,034,758	45.00
Dr. Chew Seng Poh	300,000	0.21	-	-
Ow Poh Kwang	8,691	0.01	*63,034,758	45.00
Dato' Jamaludin Bin Hassan	112,500	0.08	-	-
Edward Khor Yew Heng	112,500	0.08	-	-
Joseph Ting	150,000	0.11	-	-

\* Deemed interested by virtue of his substantial shareholdings in Milan Premier Sdn. Bhd. who in turn holds shares in TFP Solutions Berhad.



# Analysis of Shareholdings 6 May 2008 (CON'D)

## THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%) of Issued Capital
1.	Milan Premier Sdn. Bhd	63,034,758	45.00
2.	Lim Tiew Ming	6,001,401	4.28
3.	Affin Nominees (Tempatan) Sdn. Bhd. Core Capital Management Sdn. Bhd. for Quah Teik Jin	5,000,089	3.57
4.	Affin Nominees (Tempatan) Sdn. Bhd. Core Capital Management Sdn. Bhd. for Lim Lung Wen	5,000,026	3.57
5.	Lim Chee Siong	3,771,895	2.69
6.	Bong Nyon	3,754,200	2.68
7.	Affin Nominees (Tempatan) Sdn. Bhd. Core Capital Management Sdn. Bhd. for Chong Wei Phoi	2,408,663	1.72
8.	Affin Nominees (Tempatan) Sdn. Bhd. Core Capital Management Sdn. Bhd. for Lye Poh Leong	2,028,753	1.45
9.	Affin Nominees (Tempatan) Sdn. Bhd. Core Capital Management Sdn. Bhd. for Tan Man Siang	2,011,647	1.44
10.	Lim Tay Hean	1,621,500	1.16
11.	Chung Lea Chun	1,531,000	1.09
12.	Lim Yau Tong	1,060,100	0.76
13.	Grid Solutions Sdn. Bhd.	1,045,000	0.75
14.	Cheah Ui Huat	1,030,277	0.74
15.	Ng Chooi Kam	968,000	0.69
16.	San Ah Lan	900,000	0.64
17.	Quek Phaik Im	800,000	0.57
18.	Wong Ah Chin	730,000	0.52
19.	Goh Seok Mei	633,000	0.45
20.	Visi Raya Sdn. Bhd.	595,500	0.43
21.	ASQ Technology Sdn. Bhd.	535,000	0.38
22.	Arthur Varkey Samuel	500,000	0.36
23.	Chew Song Meng	500,000	0.36
24.	Chew Beng Cheng	430,000	0.31
25.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Quek Phaik Im	400,000	0.29
26.	Chua Soo Seong	397,100	0.28
27.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Ahad Rulnisam Bin Malim	387,500	0.28
28.	Yap Yok Foo	380,000	0.27
29.	Ng Kam Fook	360,000	0.26
30.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Hashim Bin Jusoh	332,500	0.24
<b>TOTAL</b>		<b>108,147,909</b>	<b>77.23</b>

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the First Annual General Meeting of the Company will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 24 June 2008, at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the financial period ended 31 December 2007 together with the Reports of the Directors and the Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association, and being eligible, have offered themselves for re-election: -
  - (i) Dato' Jamaludin Bin Hassan *(Resolution 1)*
  - (ii) Mr. Lim Lung Wen *(Resolution 2)*
  - (iii) Mr. Quah Teik Jin *(Resolution 3)*
  - (iv) Mr. Ow Poh Kwang *(Resolution 4)*
  - (v) Dr. Chew Seng Poh *(Resolution 5)*
  - (vi) Mr. Edward Khor Yew Heng *(Resolution 6)*
  - (vii) Mr. Joseph Ting *(Resolution 7)*
3. To re-appoint Messrs. KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. *(Resolution 8)*
4. As Special Business:

To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as ordinary resolutions:-

### ORDINARY RESOLUTION NO. 1

#### - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons 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 ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

*(Resolution 9)*

# Notice of Annual General Meeting (CONT'D)

## 5. ORDINARY RESOLUTION NO. 2

### - PROPOSED SHAREHOLDERS' RATIFICATION AND MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT** subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into and give effect to the recurrent related party transactions of a revenue or trading nature which are necessary for the Company's subsidiaries' day-to-day operations subject to the following:-

- (a) the recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders;
- (b) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this ordinary resolution and continue to be in force until :-
  - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this Proposed Shareholders' Ratification and Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is the earlier and that for the avoidance of doubt, all such transactions entered into, as per Section 2.4 of the Circular to Shareholders in relation to the Proposed Shareholders' Ratification and Mandate for recurrent related party transactions of a revenue or trading nature dated 2 June 2008, prior to the date of this resolution be and is hereby confirmed and approved; and

- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

*(Resolution 10)*

6. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board  
Chua Siew Chuan (MAICSA 0777689)  
Company Secretary

Kuala Lumpur  
2 June 2008

# Notice of Annual General Meeting (CONT'D)

## Explanatory Notes to Special Business:

### 1. Authority Pursuant to Section 132D of the Companies Act, 1965

The proposed adoption of the Ordinary Resolution No. 1 is primarily to give flexibility to the Board of Directors to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting.

### 2. Proposed Shareholders' Ratification and Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed adoption of the Ordinary Resolution No. 2 is intended to confirm and ratify the recurrent related party transactions of a revenue or trading nature which were entered into from the date of listing, 22 February 2008 up to the date of this meeting. It is also intended to seek for new shareholders' mandate to enter into recurrent related party transactions to facilitate transactions in the normal course of business of the Company's subsidiaries which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Shareholders' Ratification and Mandate for recurrent related party transactions is set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2007 Annual Report.

## Notes:

1. For the purpose of determining a member who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 49(d) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 June 2008. Only a depositor whose name appears on the Record of Depositors as at 18 June 2008 shall be entitled to attend the said Meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149 (a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

# Statement Accompanying the Notice of Annual General Meeting

Pursuant to Rule 8.36 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

## **Directors standing for re-election**

The Directors who are standing for re-election at the First Annual General Meeting are as follows:-

(i)	Dato' Jamaludin Bin Hassan	(Article 105)	(Resolution 1)
(ii)	Mr. Lim Lung Wen	(Article 105)	(Resolution 2)
(iii)	Mr. Quah Teik Jin	(Article 105)	(Resolution 3)
(iv)	Mr. Ow Poh Kwang	(Article 105)	(Resolution 4)
(v)	Dr. Chew Seng Poh	(Article 105)	(Resolution 5)
(vi)	Mr. Edward Khor Yew Heng	(Article 105)	(Resolution 6)
(vii)	Mr. Joseph Ting	(Article 105)	(Resolution 7)

The details of Directors who are standing for re-election are set out in the Directors' Profile on pages 4 to 5 of this Annual Report and their attendance of Board Meeting are set out on page 12 of this Annual Report.

## **Shareholdings of Directors who are standing for re-election.**

Shareholdings of Directors who are standing for re-election are set out in the Analysis of Shareholdings on page 46 of this Annual Report.

# TFP SOLUTIONS BERHAD

(Company No. 773550-A)  
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

## FORM OF PROXY

\*I/We, (full name in capital letters) .....  
of (full address) .....being a \*member/members of  
TFP SOLUTIONS BERHAD (“the Company”), hereby appoint (full name in capital letters).....  
.....  
of (full address).....  
or \*failing him/her, (full name in capital letters).....  
.....  
of (full address).....  
or \*failing him/her, the CHAIRMAN OF THE MEETING as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the First Annual General Meeting of the Company to be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 24 June 2008 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an “X” in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

1.	To receive the Audited Financial Statements for the financial period ended 31 December 2007 together with the Reports of the Directors and the Auditors thereon.		
<b>No.</b>	<b>Resolutions</b>	<b>For</b>	<b>Against</b>
2(i).	To re-elect Dato’ Jamaludin Bin Hassan who retires pursuant to Article 105 of the Company’s Articles of Association, and being eligible, have offered himself for re-election. (Resolution 1)		
2(ii).	To re-elect Mr. Lim Lung Wen who retires pursuant to Article 105 of the Company’s Articles of Association, and being eligible, have offered himself for re-election. (Resolution 2)		
2(iii).	To re-elect Mr. Quah Teik Jin who retires pursuant to Article 105 of the Company’s Articles of Association, and being eligible, have offered himself for re-election. (Resolution3)		
2(iv).	To re-elect Mr. Ow Poh Kwang who retires pursuant to Article 105 of the Company’s Articles of Association, and being eligible, have offered himself for re-election. (Resolution 4)		
2(v).	To re-elect Dr. Chew Seng Poh who retires pursuant to Article 105 of the Company’s Articles of Association, and being eligible, have offered himself for re-election. (Resolution 5)		
2(vi).	To re-elect Mr. Edward Khor Yew Heng who retires pursuant to Article 105 of the Company’s Articles of Association, and being eligible, have offered himself for re-election. (Resolution 6)		
2(vii).	To re-elect Mr. Joseph Ting who retires pursuant to Article 105 of the Company’s Articles of Association, and being eligible, have offered himself for re-election. (Resolution 7)		
3.	To re-appoint Messrs. KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 8)		
	<b>As Special Business :</b>		
4.	Ordinary Resolution No. 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 9)		
5.	Ordinary Resolution No. 2 - Proposed Shareholders’ Ratification and Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 10)		

\* strike out whichever not applicable

Signed this ..... day of ....., 2008

.....  
Signature of Member/Common Seal

### Notes:

- For the purpose of determining a member who shall entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 49(d) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 June 2008. Only a depositor whose name appears on the Record of Depositors as at 18 June 2008 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149 (a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

FOLD THIS FLAP FOR SEALING

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FOLD HERE

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**Affix  
stamp**

The Company Secretary  
**Securities Services (Holdings) Sdn Bhd**  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur.

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