



TFP Solutions Berhad
(773550-A)

TFP Solutions Berhad

Annual Report '09 **3**



www.tfp.com.my

TFP Solutions Berhad
(773550-A)

No 8-3, Jalan Puteri 4/2
Bandar Puteri
47100 Puchong
Selangor Darul Ehsan
Malaysia.
Tel : +603 8060 0088
Fax : +603 8061 3682

Annual Report 2009



PRODUCTIVITY THROUGH INNOVATION

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

Dato' Jamaludin Bin Hassan,
Chairman, Independent Non-Executive Director

Lim Lung Wen,
Managing Director, Non Independent

Quah Teik Jin,
Executive Director, Non Independent

Dr. Chew Seng Poh,
Executive Director, Non Independent

Edward Khor Yew Heng,
Independent Non-Executive Director

Joseph Ting,
Independent Non-Executive Director

Audit Committee

Chairman
Dato' Jamaludin Bin Hassan,
Independent Non-Executive Director

Members
Edward Khor Yew Heng,
Independent Non-Executive Director

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

Sponsor

Kenanga Investment Bank Berhad
15th Floor, Suite 15.06,
Kenanga International,
Jalan Sultan Ismail,
50250 Kuala Lumpur.
Tel no. : +603 2027 5555
Fax no. : +603 2164 6690

Corporate Office

No. 8-3, Jalan Puteri 4/2,
Bandar Puteri,
47100 Puchong,
Selangor Darul Ehsan.
Tel no. : +603 8060 0088
Fax no. : +603 8061 3682

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/
+603 2095 0292

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

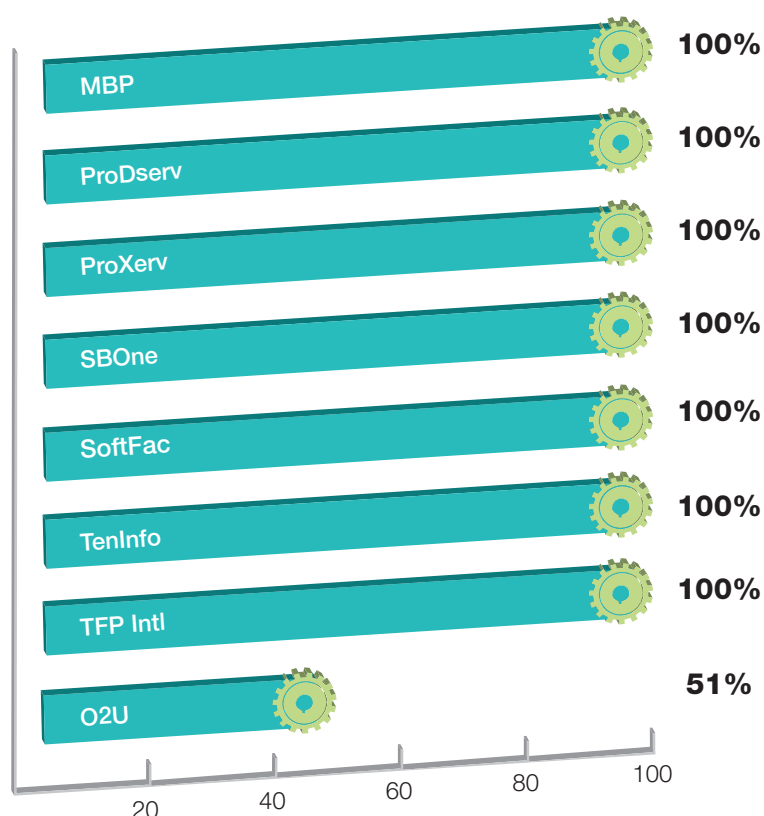
ACE Market of Bursa Malaysia Securities Berhad
("Bursa Securities")
Stock Name : TFP
Stock Code : 0145



Corporate Structure



TFP Solutions Berhad
(773550-A)



Name	Date and place of incorporation	Equity interest %	Issued and paid-up share capital	Principal activity
Subsidiary Companies				
MBP Solutions Sdn Bhd (MBP)	13 March 2004 Malaysia	100.00	RM1,000,000	Providing Enterprise Resource Planning (ERP) consulting and implementation of Microsoft Dynamics products
ProDserv Sdn Bhd (ProDserv)	3 August 2006 Malaysia	100.00	RM100,000	Developing and providing Enterprise Business Solutions (EBS) value added solutions
ProXerv Sdn Bhd (ProXerv)	20 September 2005 Malaysia	100.00	RM100,000	Providing shared services Information Technology (IT) outsourcing
SBOne Solutions Sdn Bhd (SBOne)	15 April 2005 Malaysia	100.00	RM500,000	Providing ERP consulting and implementation of SAP products
SoftFac Technology Sdn Bhd (SoftFac)	28 June 2005 Malaysia	100.00	RM500,000	Providing Human Capital Resource Management (HCRM) solutions
TenInfo Technology Sdn Bhd (TenInfo)	22 July 2002 Malaysia	100.00	RM1,000,000	Providing enterprise systems solutions
TFP International Pte Ltd (TFP Intl)	30 June 2008 Singapore	100.00	SGD2	Dormant
O2U Solutions Sdn Bhd (O2U)	18 December 2008 Malaysia	51.00	RM500,000	Providing ERP consulting and implementation of Oracle products



Chairman's Message

TFP must remain focused on its strategy and efforts to increase its market share, operational efficiency, quality enhancement and productivity in order to remain competitive in the industry.



Chairman's Message

Dear shareholders, customers, partners and employees,

On behalf of the Board of Directors of TFP Solutions Berhad (TFP), it gives me great pleasure to present to you our third annual report and the audited financial statements of the Company and the Group for the financial year ended 31 December 2009 ("FYE 2009").

The impact of the financial turbulence in 2008, has posed an immensely challenging business environment for TFP business operations in 2009. The crisis saw the Malaysian economy experiencing a negative GDP growth of -1.7% for the year 2009. In anticipation of the economic slowdown, TFP has taken several steps in our business operations to adapt to the economic climate by scaling down business expansion plans, realigning business activities and focusing on cost efficiency measures.

Throughout the year 2009, TFP Group had been experiencing a major slowdown in its core business activities in its targeted industry sectors. We had to take proactive measures to realign our business activities to meet the needs of the prevailing economic conditions in the country. As a result, despite the challenging operating environment, TFP was able to operate reasonably well to achieve growth in its business performance which contributes positively towards the Group's overall revenue.

Financial Performance

The challenging business environment in 2009 has a direct impact on our financial performance for FYE 2009. However, despite the unprecedented global economic downturn, TFP Group managed to close the year with a much improved performance in revenue totaling RM 61.4 million compared with RM 13.55 million in the previous year. Our business realignment exercise to address new market space allows us to grow our revenue base. However, in the context of a business environment which is extremely competitive and challenging, the operating margin is severely affected and squeezed. This has led to the decline in the Group's profitability performance with a net loss of RM 2.37 million FYE 2009.

Business Growth Potential

The Malaysian economy experienced a positive GDP growth rate in excess of 4% and 10% respectively for Q4 2009 and Q1 2010. This positive economic outlook corroborated the reports from PIKOM and WITSA which projected that the Malaysian IT spending will grow by 11% in the year 2010. Regional business activities across the ASEAN countries are also picking up as the global economy is showing signs of a sustained recovery from the economic crisis of 2008.

The continuously improving business climate for year 2010, both domestic and regional, presents vast opportunities as well as a new set of challenges to the Group. As such, we need to be fully prepared to competently seize these opportunities and innovatively address these challenges in order to carve out a more successful year ahead. At the same time, TFP must remain focused on its strategy and efforts to increase its market share, operational efficiency, quality enhancement and productivity in order to remain competitive in the industry.

We are confident that the challenges we faced and the lessons we learned in the turbulent year of 2009, have made TFP a more resilient and robust organization. As such, we are optimistic that we will emerge stronger and wiser to face the new challenges awaiting us in 2010.

Corporate Social Responsibility (CSR)

TFP has become a signatory of the United Nations Global Compact since February 2009. This is a voluntary initiative that promotes good corporate practices in human and labour rights, the environment and anti-corruption. We are committed to its ten principles which will be fully integrated into our Code of Ethics, our policies and our sustainability approach.

TFP continues to be actively involved in making social contributions towards the local community especially in Puchong. In 2009, the Company adopted an underprivileged home, "House of Joy", in Puchong under TFP's CSR community development project. To promote environmental sustainability within the organization, TFP launched an energy saving and recycling campaign where we actively pursue and promote recycling activities within the organization.

Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude and appreciation to the management and staff for their loyalty, efforts, commitment and dedication that contributed to the Group's results despite the turbulent times.

I would also like to put on record our sincere appreciation to our valued shareholders, business associates, suppliers and financiers for their support and continued faith in TFP.

Most importantly to our valued customers, we would like to thank you for your faith and trust in the Group's capabilities, and hope that we can continue to build on the strength of this relationship and mutually enjoy the benefits from this fruitful relationship in the year 2010.





Board of Directors

FROM LEFT TO RIGHT (Front Row)

Lim Lung Wen

Managing Director, Non Independent

Dato' Jamaludin Bin Hassan

Chairman

Joseph Ting

Independent Non-Executive Director

FROM LEFT TO RIGHT (Back Row)

Edward Khor Yew Heng

Independent Non-Executive Director

Quah Teik Jin

Executive Director, Non Independent

Dr. Chew Seng Poh

Executive Director, Non Independent

Board of Directors (cont'd)



Dato' Jamaludin Bin Hassan, DSPN, JSM, AMN, AMK
60 years old, Malaysian
Chairman

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 appointed as Director and Head of Financial Services in Lloyds.Earle. Panicker. Chartered Accountants Malaysia, an accounting and business consulting firm.

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.



Board of Directors (cont'd)



Lim Lung Wen,
50 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 25 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 Market of Bursa Malaysia Securities Berhad 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.



Board of Directors (cont'd)



Quah Teik Jin,
38 years old, Malaysian
Executive Director

Quah Teik Jin was appointed to the Board of the Company on 28 December 2007. 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.



Board of Directors (cont'd)



Dr. Chew Seng Poh,
48 years old, Malaysian
Executive Director

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 24 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 organizations 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.

Board of Directors (cont'd)



Edward Khor Yew Heng,
39 years old, Malaysian

Independent Non-Executive Director

Edward 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 15 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).

Edward Khor is currently also a director in DSC Solutions Berhad. He is the Chairman of the Remuneration Committee and member of the Nomination and Audit Committees of the Company.



Joseph Ting,
45 years old, Malaysian

Independent Non-Executive Director

Joseph 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.

Joseph Ting is currently the director of 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).





Management Team

FROM LEFT TO RIGHT (Front Row)

Foong Siang Ming

Vice President, Business Development

Lim Lung Wen

Managing Director, Non Independent

Tan Man Siang

Vice President, Sales and Marketing

FROM LEFT TO RIGHT (Back Row)

Choo Chuin Hui

Financial Controller

Ooi Chee Hong

Vice President, Research and Development

Dr. Chew Seng Poh

Executive Director, Non Independent

Andrew Xavier

Vice President, Technical Services

Quah Teik Jin

Executive Director, Non Independent

Management's Discussion

The global financial crisis which started in 2008 and spread into 2009 had multiple effects on our clients and our business. Our clients' base saw their profits and customers plummeting and their growth strategies swiftly becoming irrelevant. Their emphasis to cut cost and reduce IT spending has a profound effect on TFP business strategy. This has led to cost cutting and margin erosion to TFP's overall business model. Our ERP software business has been severely affected due to this adverse business conditions.

In view of that, TFP has rapidly realigned its business strategies to meet such demands and address new growth market segments. In May 2009, TFP acquired the remaining stakes of TenInfo Technology Sdn. Bhd. from its existing shareholders. This has enabled TFP to realign and refocus its business on IT infrastructure solutions. As a result of that, TFP's infrastructure solution business pillar recorded revenue of RM 56 million in 2009.



Management's Discussion (cont'd)

Financial Performance

Consolidated revenue for the financial year ended 31 December 2009 rose by 353 % to RM 61.41 million compared to RM 13.55 million in the year 2008. Our operational performance for the year had been lacklustre with TFP reporting a loss of RM 2.45 million compared to a profit before tax of RM 0.36 million in 2008.

Although TFP has grown its business revenue significantly, our gross margins plummeted due to highly competitive market conditions. The costs of penetration into new market segments has had an impact on our overall gross margins. TFP Group has also made additional provision for doubtful debts for the financial year ended 2009 amounting to RM 0.096 million in view of the economic slowdown. The Group's total asset base has increased by 2.5% to RM 23.62 million as at 31 December 2009 over the preceding year's asset base of RM 23.04 million.

Moving forward, our business realignment exercise has ensured that we remain focused on our growth strategy. In anticipation of continued pressure on operating costs, the management team has charted a strategic plan for the Group to reduce cost, improve productivity, strengthen our human resource capability building and maximise asset utilisation.

Industry Prospects

The year 2010 will provide tremendous challenges and opportunities. The World Bank has forecasted that the global GDP will grow at 2.7% in 2010 and 3.2% in 2011 after a 2.2% decline in 2009. ASEAN countries expected the region to achieve 4.9%-5.6% annual growth in 2010 up from 1.5% in 2009. The Malaysian economy has registered a positive GDP growth in 4Q 2009 and 1Q 2010 respectively. MIER (Malaysian Institute of Economic Research) is predicting a positive Malaysian GDP growth rate to +5.2% yoy in 2010.

Based on the report from PIKOM and WITSA, Information Technology (IT) spending in Malaysia will grow by 11.27% in 2010 compared to 5.11% in 2009. IT spending on hardware will grow by 5% in 2010 compared with negative 5% growth in 2009, while the software and services spending in 2010 will grow by 12% and 17% respectively.

Looking ahead, economic fundamentals are on a positive note. Barring any unforeseen circumstances, the performance of the Group going forward is expected to improve. As such, the management team of TFP Group is optimistic about the challenges ahead of us and we are confident of achieving satisfactory financial results in 2010.

Establishing Market Presence Into The ASEAN Countries

As the regional economic climate is gradually recovering from the global economic crisis, TFP will be actively pursuing business opportunities in ASEAN countries. We shall be strengthening our business relationships and collaborations with regional strategic partners to increase business presence in the ASEAN countries. Although, the global economic crisis has derailed TFP's regional expansion plan, TFP will be taking a cautious approach towards its overseas investment in 2010.

Research & Development ("R&D")

Despite the financial downturn, the Group continued with its R&D activities to support our growth strategy and business realignment exercise.

The R&D activities in 2009 have produced two in-house developed products for TFP. The Products are "Jinji Lite" (our HCM product for the SME markets) and B2logix Purchase Requisition module. In 2009 we incurred a total of RM 0.613 million on R&D which was financed from the proceeds of our listing exercise. The unfavourable business climate in 2009 has forced us to reassess and realign some of our R&D initiatives.

Moving forward, the R&D division in 2010 has been chartered to develop and innovate products to meet the following theme:

1. Making ERP "intelligent"
2. Making ERP "mobile"

We believe that with this R&D charter, TFP will be more focused in our R&D activities as innovative products developed from these activities will act as a foundation of growth for TFP in years to come.

Appreciation

2009 has been an immensely challenging year for TFP Group, with overall financial results in a loss, despite all the laborious effort put in by all TFP's employees. Nevertheless, TFP Management team would like to show our sincere appreciation and gratitude to all our employees which have contributed significantly to TFP revenue growth in 2009.

The Management team of TFP would like to take this opportunity to express our deepest gratitude and thanks to the board of directors, shareholders and business partners for their understanding, support and contribution. More importantly, our gratitude and thanks must of course also go out to our valued customers. We thank you for your faith and support in TFP Group's capabilities, and we hope to continue our mutually beneficial partnerships far into the future.

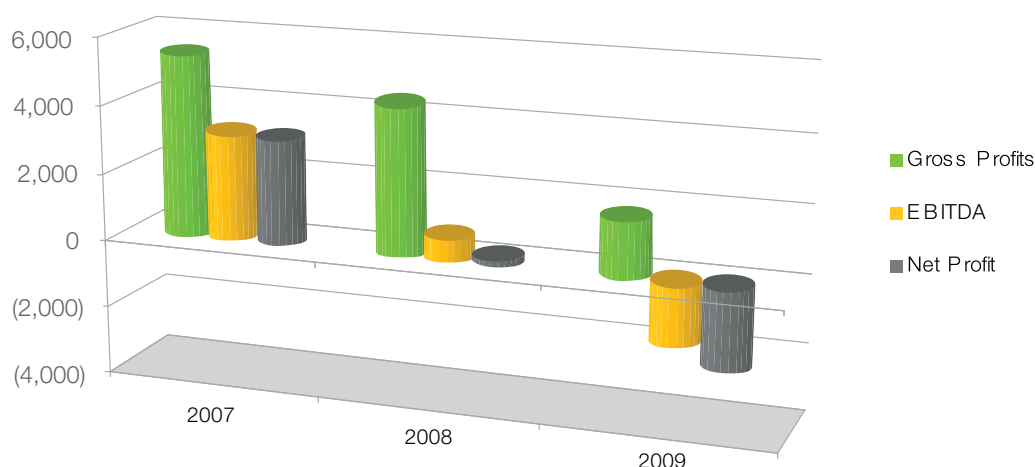
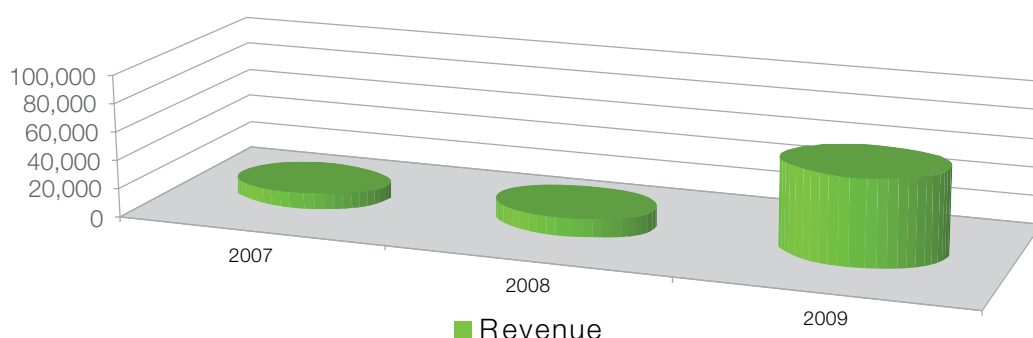


Financial Highlights

(RM'000)	* Proforma 2007	Audited 2008	Audited 2009
Revenue	11,606	13,554	61,414
Gross Profits	5,438	4,408	1,709
EBITDA #	3,195	716	(1,807)
Net Profit/(Loss)	3,148	222	(2,367)

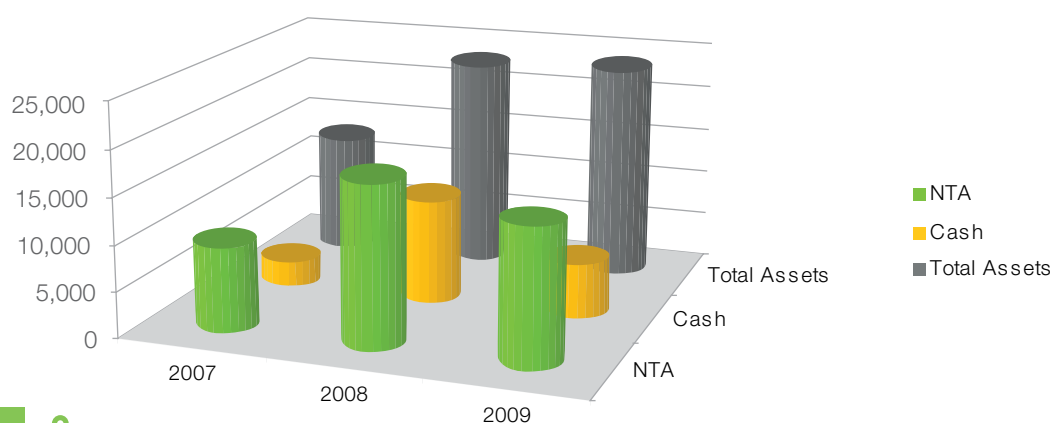
* The proforma group income statement have been prepared for illustrative purposes after making certain adjustments to show what the financial results of our Group for the financial period ended 31 December 2007 would have been if the Group structure had been in place since the beginning of the reporting period.

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.



(RM'000)	*Proforma 2007	Audited 2008	Audited 2009
NTA	9,268	17,741	14,943
Cash	2,949	11,419	6,248
Total Assets	13,036	23,044	23,627

* 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 2007 would have been if our Group structure had been in place since the beginning of the reporting period.



Corporate Social Responsibility 2009

In February 2009, TFP Solutions Berhad (TFP) signed up to be a participant of the United Nations Global Compact Initiatives. As such, our Corporate Social Responsibility (CSR) policy is based on a UN Global Compact Principles. United Nations Global Compact initiative is aimed at fostering international progress and stability. The Global Compact sets out ten principles that address issues of human rights, the labor market, environmental protection, and the battle against corruption. Thus the initiative establishes a framework for economic, ecological and social sustainability. TFP stands by these principles and actively implements them within the scope of its commercial activities. Thereby, TFP will adhere to the principles as stated below:

1. We will support and respect the internationally declared human rights within our spheres of influence
2. We will ensure we are not complicit in human rights abuses
3. We will maintain employees' right to freedom of association and recognise employees' right to collective bargaining
4. We aim to actively fight all kinds of forced labour
5. We aim to actively fight child labour
6. We aim to eliminate discrimination in the workplace
7. We will support a precautionary approach to environmental challenges
8. We will undertake initiatives to promote greater environmental responsibility
9. We will encourage the development and diffusion of environmentally-friendly technologies
10. We will work against corruption, including extortion and bribery

TFP has been active in CSR activities in Malaysia. Our CSR objectives are as follows:

- To be a socially responsible organization which promotes charitable cause, community service and the better quality of life
- To protect and enhance our environment
- To enhance employees' well being and better working conditions
- To ensure our corporate strategy is ethical and operate honourably

In 2009, TFP has participated in a few CSR projects in accordance with our CSR objectives:

1. TFP has "adopted" an underprivileged home, "House of Joy" in Puchong. House of Joy is a non-profit charitable home that administers shelter, care and training to orphans, children and teens who are underprivileged, abused, abandoned, neglected, poor and/or delinquent. The activities that TFP participated in are:

Cost Saving Campaign



House of Joy Carnival



Corporate Social Responsibility 2009

(cont'd)

House of Joy Carnival

• Building of PC Lab

- i. TFP contributed 5 HP desktop PC's – Coordinated by TJ Quah
- ii. Installation of new carpet in PC lab - TFP
- iii. Painting and cleaning of PC Lab, 21 November 2009, Saturday – Alex Lim, Calvin Lim, Chua Soo Wai, Daryl Voon, Jacklyn Yim, Lena Lee, Ken Yap, Steve Lim and Jason Quah
- iv. Installation and set-up of desktop PC and setting up internet access – Steve Lim, Iskandar and Tan Chee Toh

• Participation in House of Joy Charity Carnival, 29 November 2009

- i. We assisted in the sales of tickets for the carnival amounting to RM2,000 – Lena Lee
- ii. TFP staff also participated as stall helpers in the carnival – Lena Lee, Calvin Lim, Wendy Mah, Ken Yap, Ryan Tern, Daryl Voon, Koh Wee Sern and Jacklyn Yim

Our aim in 2010 is to increase our contributions to our “adopted” underprivileged home, House of Joy.



2. To protect and enhance our environment, TFP has embarked in an energy saving campaign within its organization. The objective of the campaign is to cultivate an energy saving conscious culture in the organization. In 2010, TFP aim to reduce 5% of its energy costs within its organization.
3. TFP has also embarked on a recycling campaign within its organization. The recycling campaign involves the following activities:
 - i. Reusing of printed papers
 - ii. Installation of recycle bins within the organization
 - iii. Disposal of recycle waste and e-waste to recycling companies

Our aim in 2010 is to reduce our paper consumption within the organization by 5%.

These CSR statements will serve as our COP (Communication on Progress) reporting to United Nations Global Compact.



TFP Solutions Berhad
(773560-A)



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 on 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 ACE 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 six (6) members; of whom three (3) 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 7 to 11 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 year under review, six (6) Board meetings were held and the attendance of the Directors are as follows:

Directors	Total Meetings Attended
1. Dato’ Jamaludin Bin Hassan	6/6
2. Lim Lung Wen	6/6
3. Quah Teik Jin	6/6
4. Dr. Chew Seng Poh	6/6
5. Edward Khor Yew Heng	6/6
6. Joseph Ting	6/6

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



Statement of Corporate Governance

(cont'd)

BOARD OF DIRECTORS (CONT'D)

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:

- i. Joseph Ting (Chairman)
- ii. Dato' Jamaludin Bin Hassan
- iii. 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 identifies 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.

7. Directors' Training

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. In the year 2009, TFP Directors have attended the course on Risk Management.

DIRECTORS' REMUNERATION

1. The Level And Make-Up Of 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 should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

Statement of Corporate Governance

(cont'd)

DIRECTORS' REMUNERATION (CONT'D)

1. The Level And Make-Up Of Remuneration (cont'd)

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorised into appropriate components for the financial year ended 31 December 2009 are as follows:-

Directors' Fees and Remuneration	Fees RM'000	Salaries RM'000	Other Benefits RM'000
Executive Directors	80	663	237
Non-Executive Directors	80	-	-
Total	160	663	237

Bandwidth of Remuneration	No. of Executive Directors	No. of Non Executive Directors
50,000 - 100,000	1	-
100,001 - 150,000	-	-
150,001 - 200,000	1	-
200,001 - 250,000	-	-
250,001 - 300,000	1	-
300,001 - 350,000	-	-
350,001 - 400,000	1	-

The Non-Executive Directors did not receive any remuneration for the financial year ended 31 December 2009.

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.



Statement of Corporate Governance

(cont'd)

ACCOUNTABILITY AND AUDIT (CONT'D)

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

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

- a) selecting suitable accounting policies and then applying them consistently;
- b) stating whether applicable accounting standards have been followed;
- c) making judgments and estimates that are reasonable and prudent; and
- d) 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 21 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.

The Audit Committee met with the external auditors without the presence of the Executive Board Members and management staff twice a year regarding relevant audit and accounting issues.

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:-

- 1) 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 Directors of the Company is sufficient to meet the objectives of the Code.
- 2) 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 19 May 2010.

Statement of Internal Control

Pursuant to rule 15.26 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements for the ACE Market (“Listing Requirement”), 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 of Internal Control prepared in accordance with the Listing Requirements and as guided by the Statement of 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, organizational, 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 year 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.

In our efforts to improve our system of internal control, the Group, since financial year 2008, 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. The costs incurred for the internal audit function in respect of the financial year 2009 is RM28,000.

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 in 2007 and currently comprises the following committee members:

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

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") for ACE Market.

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 (a) 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.

Audit Committee Report (cont'd)

(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.

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.



Audit Committee Report (cont'd)

(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.



Audit Committee Report (cont'd)

3. The Audit Committee was formed on 28 December 2007 and during the financial year ended 31 December 2009, the Audit Committee held a total of five (5) meetings. The attendance of the members of the Audit Committee are set out as below :-

Directors	Attendance
(a) Dato' Jamaludin Bin Hassan	5/5
(b) Joseph Ting	5/5
(c) Edward Khor Yew Heng	5/5

4. Summary Of Activities Of The Audit Committee

The Audit Committee had undertaken the following main activities during the financial year ended 31 December 2009:

- (a) reviewed the unaudited quarterly financial results of the Company and its Group prior to the submission to the Board for approval;
- (b) reviewed the research report prior to the submission to the Board for approval;
- (c) discussed with the external auditors in relation to audit issues, audit reports, assistance provided by the management, management letter (if any) and audit plan;
- (d) reviewed the draft audited financial statements prior to the submission to the Board for approval;
- (e) reviewed the Statement of Internal Control and Audit Committee Report for inclusion in the Annual Report 2009 prior to the submission to the Board for approval;
- (f) reviewed the Circular to Shareholders for Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to the submission to the Board for approval;
- (g) reviewed and recommended to the Board the re-appointment of the external auditors and their audit fees;
- (h) reviewed the annual internal audit plan for the Group to ensure the principal risk areas were adequately covered in the audit plan;
- (i) reviewed the internal audit reports of the Group prepared by the internal auditors and ensure that appropriate corrective actions are taken by management; and
- (j) reported to the Board on any significant issues and concerns.



Additional Compliance Information

1. Utilisation Of Proceeds From Public Issue

TFP was listed on 22 February 2008 on the ACE Market. The utilisation of gross proceeds of RM11,520,000 from the public issue by the Group as at 31 December 2009 were as follows:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Time frame for utilisation
Working Capital	3,720	3,715	5	To be utilised by Feb 2011
Expansion	3,000	289	2,711	To be utilised by Feb 2011
R&D Expenditure	3,300	1,633	1,667	To be utilised by Feb 2011
Listing Expenses	1,500	1,505	(5)*	To be utilised by Feb 2011
	11,520	7,142	4,378	

* In view that the actual listing expenses was higher than estimated, the deficit had been funded out of proceeds allocated for working capital.

2. Share Buy-Back

There were no Share Buy-Back agreements during the financial year ended 31 December 2009.

3. Options or Convertible Securities

The Company did not issue any options or convertible securities during the financial year ended 31 December 2009.

4. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2009.

5. Imposition Of Sanctions or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 31 December 2009.

6. Variation Of Results

The Company did not issue any profit estimate, forecast or projection during the financial year ended 31 December 2009. There were no variances of 10% or more between the results for the financial year and the unaudited results announced.

7. Profit Guarantee

The Company did not give any profit guarantee during the financial year ended 31 December 2009.

8. Material Contracts Involving Directors' And Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries, involving the Directors' and Major shareholders' interests during the financial year ended 31 December 2009.

9. Revaluation Policy On Landed Properties

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

10. Non-Audit Fees

The payments of non-audit fees to the external auditors by the Group during the financial year ended 31 December 2009 was RM11,000.



Additional Compliance Information (cont'd)

11. Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The Recurrent Transactions incurred are set out below:-

Transacting parties	Nature of transactions	Relationship of Related Party	Aggregate value made during the financial year ended 31 December 2009 (RM)
MBP and Lim Lung Wen	Monthly rental of office space at No 6-1, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan with an approximate area of 174.19 square meter for a period of one (1) year from 1 January 2010 to 31 December 2010	Our Director, Lim Lung Wen is the owner of the shophouse	18,000
SBOne and Lim Lung Wen	Monthly rental of office space at No 6-2, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan with an approximate area of 174.19 square meter for a period of one (1) year from 1 January 2010 to 31 December 2010	Our Director, Lim Lung Wen is the owner of the shophouse	12,000
TFP and Lim Lung Wen	Monthly rental of office space at No 6-3, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan with an approximate area of 174.19 square meter for a period of one (1) year from 1 January 2010 to 31 December 2010	Our Director, Lim Lung Wen is the owner of the shophouse	-
TFP Group and Lim Lung Wen and Quah Teik Jin	Monthly rental of office space at No 8-3, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan with an approximate area of 174.19 square meter for a period of one (1) year from 1 January 2010 to 31 December 2010	Our Directors, Lim Lung Wen and Quah Teik Jin are the owners of the shophouse	9,600

12. 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 four year old freehold property. TFP occupies the 2nd floor of this unit as its operational office while the remaining space is rented out. The net book value of this property is RM2,012,000 and the approximate land area is 197.42 sq.m. The build up area is 789.68 sq.m.

TFP Group acquired another property through the acquisition of a subsidiary company, TenInfo Technology Sdn Bhd ("TenInfo") on 29 July 2009. The property owned by TenInfo is adjacent to TFP's unit, located at No. 20, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan. This is a four year old freehold property. TenInfo occupies the 2nd floor of this unit as its operational office while the remaining space is rented out. The net book value of this property is RM2,004,000 and the approximate land area is 197.42 sq.m. The build up area is 789.68 sq.m.

TFP Group disposed both the above units for a total consideration of RM5,100,000.00 with the shareholders' approval obtained in an Extraordinary General Meeting held on 16 October 2009.

This disposal was completed on 23 February 2010. With the aforesaid disposals, TFP does not own any property.



Directors' Report

for the year ended 31 December 2009

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and also provides shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss attributable to:		
Owners of the Company	2,366	900
Minority interests	204	-
	2,570	900

RESERVES AND PROVISIONS

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

DIVIDEND

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

DIRECTORS OF THE COMPANY

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

Lim Lung Wen
Quah Teik Jin
Dr. Chew Seng Poh
Dato' Jamaludin Bin Hassan
Joseph Ting
Edward Khor Yew Heng



Directors' Report (cont'd)

for the year ended 31 December 2009

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009

Shareholdings in which Directors have direct interests

The Company:

Lim Lung Wen	7,000,026	6,500,000	-	13,500,026
Quah Teik Jin	7,000,089	6,500,000	-	13,500,089
Dr Chew Seng Poh	300,000	-	-	300,000
Dato' Jamaluddin Bin Hassan	112,500	-	-	112,500
Joseph Ting	150,000	-	-	150,000
Edward Khor Yew Heng	112,500	-	-	112,500

	Number of ordinary shares of RM0.10 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009

Shareholdings in which Directors have indirect interests

The Company (through Milan Premier Sdn. Bhd.):

Lim Lung Wen	63,034,758	15,000	(21,026,500)	42,023,258
Quah Teik Jin	63,034,758	15,000	(21,026,500)	42,023,258

By virtue of their interests in the shares of Milan Premier Sdn. Bhd., Lim Lung Wen and Quah Teik Jin are deemed interested in the shares of the subsidiaries during the financial year to the extent that TFP Solutions Berhad has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salaries of full time employees of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 25 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.



Directors' Report (cont'd)

for the year ended 31 December 2009

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

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

In the opinion of the Directors, except for the allowance for diminution in value for investment in subsidiaries as disclosed in Note 17 to the Company's financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

- i) On 17 June 2009, the Company entered into a Share Sales Agreement to acquire the remaining 600,000 ordinary shares of RM1.00 each in TenInfo Technology Sdn. Bhd. ("TenInfo") representing 60% of the issued and paid-up share capital of TenInfo for a cash consideration of RM1,633,000. The acquisition was completed on 29 July 2009 and thereafter TenInfo became a wholly owned subsidiary of the Company.
- ii) On 25 August 2009, the Group entered into a Sale and Purchase Agreement to dispose two units of investment properties for a total cash consideration of RM5.1 million. The Group, through the Extraordinary General Meeting held on 16 October 2009, obtained shareholders' approval to dispose the investment properties. The disposal was completed in February 2010.



Directors' Report (cont'd)

for the year ended 31 December 2009

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: 20 April 2010



Balance Sheets

at 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Assets					
Plant and equipment	3	600	485	129	143
Intangible assets	4	2,005	1,532	-	-
Investment properties	5	-	2,055	-	2,055
Investment in subsidiaries	6	-	-	5,935	3,572
Investment in associate	7	-	1,071	-	1,266
Deferred tax assets	8	-	84	-	10
Total non-current assets		2,605	5,227	6,064	7,046
Inventories	9	4,740	-	-	-
Receivables, deposits and prepayments	10	5,501	6,220	8,137	3,816
Current tax assets		517	177	85	95
Cash and cash equivalents	11	6,248	11,419	282	6,321
Assets held for sale	12	4,016	-	2,012	-
Total current assets		21,022	17,816	10,516	10,232
Total assets		23,627	23,043	16,580	17,278
Equity					
Share capital		14,007	14,007	14,007	14,007
Share premium		2,946	2,946	2,946	2,946
(Accumulated losses)/					
Retained profits		(47)	2,319	(851)	49
Total equity attributable to owners of the Company	13	16,906	19,272	16,102	17,002
Minority interests		42	-	-	-
Total equity		16,948	19,272	16,102	17,002
Liabilities					
Deferred tax liabilities	8	37	13	14	-
Total non-current liability		37	13	14	-
Loan and borrowing	14	368	-	-	-
Deferred income	15	515	156	-	-
Payables and accruals	16	5,759	3,452	464	276
Taxation		-	150	-	-
Total current liabilities		6,642	3,758	464	276
Total liabilities		6,679	3,771	478	276
Total equity and liabilities		23,627	23,043	16,580	17,278

The notes on pages 37 to 65 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue		61,414	13,554	1,084	2,710
Cost of sales		(59,705)	(9,146)	-	-
Gross profit		1,709	4,408	1,084	2,710
Other income		388	193	111	188
Distribution expenses		(360)	(389)	(54)	(37)
Administrative expenses		(3,843)	(3,553)	(1,416)	(1,641)
Other expenses		(266)	(537)	(792)	(2)
Results from operating activities		(2,372)	122	(1,067)	1,218
Interest income		67	278	246	168
Interest expense		(15)	-	-	-
Operating (loss)/profit	17	(2,320)	400	(821)	1,386
Share of loss after tax of a former associate		(137)	(33)	-	-
(Loss)/Profit before tax		(2,457)	367	(821)	1,386
Tax expense	19	(113)	(145)	(79)	(258)
(Loss)/Profit for the year		(2,570)	222	(900)	1,128
Attributable to:					
Owners of the Company		(2,366)	222	(900)	1,128
Minority interests		(204)	-	-	-
(Loss)/Profit for the year		(2,570)	222	(900)	1,128
Basic (loss)/earnings per ordinary share (sen):	20	(1.69)	0.17		

The notes on pages 37 to 65 are an integral part of these financial statements.



Statements of Changes In Equity

for the year ended 31 December 2009

Group	Note	Non-distributable			Total RM'000	Minority interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Distributable Retained profits/ (Accumulated losses) RM'000			
At 1 January 2008		6,938	-	3,148	10,086	-	10,086
Shares issued		2,400	9,120	-	11,520	-	11,520
Bonus issue		4,669	(4,669)	-	-	-	-
Listing expenses		-	(1,505)	-	(1,505)	-	(1,505)
Profit for the year		-	-	222	222	-	222
Dividends to shareholders	21	-	-	(1,051)	(1,051)	-	(1,051)
At 31 December 2008/ 1 January 2009		14,007	2,946	2,319	19,272	-	19,272
Minority interests in subsidiary		-	-	-	-	246	246
Loss for the year		-	-	(2,366)	(2,366)	(204)	(2,570)
At 31 December 2009		14,007	2,946	(47)	16,906	42	16,948

Company	Note	Non-distributable			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Distributable (Accumulated losses)/ Retained profits RM'000	
At 1 January 2008		6,938	-	(28)	6,910
Shares issued		2,400	9,120	-	11,520
Bonus issue		4,669	(4,669)	-	-
Listing expenses		-	(1,505)	-	(1,505)
Profit for the year		-	-	1,128	1,128
Dividends to shareholders	21	-	-	(1,051)	(1,051)
At 31 December 2008/1 January 2009		14,007	2,946	49	17,002
Loss for the year		-	-	(900)	(900)
At 31 December 2009		14,007	2,946	(851)	16,102

The notes on pages 37 to 65 are an integral part of these financial statements.



Cash Flow Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(2,457)	367	(821)	1,386
Adjustments for:					
Allowance for diminution in value of investment in subsidiaries		-	-	791	-
Amortisation of intangible assets		396	196	-	-
Depreciation of investment properties		54	42	43	42
Depreciation of plant and equipment		200	116	32	4
Dividend income		-	-	-	(1,649)
Finance costs		15	-	-	-
Interest income		(67)	(278)	(246)	(168)
Loss on disposal of plant and equipment		-	7	-	-
Plant and equipment written off		25	-	-	-
Share of loss after tax of a former associate		137	33	-	-
Operating (loss)/profit before changes in working capital		(1,697)	483	(201)	(385)
Inventories		(4,740)	-	-	-
Deferred income		359	(49)	-	-
Payables and accruals		891	234	188	251
Receivables, deposits and prepayments		1,520	(248)	(4,321)	(3,816)
Cash (used in)/generated from operations		(3,667)	420	(4,334)	(3,950)
Interest received		67	278	246	168
Finance costs		(15)	-	-	-
Income tax refund		27	-	-	-
Income tax paid		(300)	(327)	(45)	(363)
Net cash (used in)/from operating activities		(3,888)	371	(4,133)	(4,145)
Cash flows from investing activities					
Acquisition of plant and equipment		(74)	(291)	(18)	(147)
Acquisition of subsidiary, net of cash and cash equivalent acquired		(833)	-	-	-
Increase in investment in subsidiaries		-	-	(1,888)	-
Proceeds from disposal of plant and equipment		4	4	-	-
Capital contribution from minority shareholders		246	-	-	-
Development costs		(614)	(909)	-	-
Net cash used in investing activities		(1,271)	(1,196)	(1,906)	(147)



Cash Flow Statements (cont'd)

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from financing activities					
Dividends paid to shareholders of the Company	21	-	(1,051)	-	(1,051)
Repayment of loan and borrowing		(12)	-	-	-
Proceeds from issuance of shares		-	11,520	-	11,520
Listing expenses		-	(1,505)	-	(1,505)
Dividend received		-	331	-	1,649
Net cash (used in)/from financing activities		(12)	9,295	-	10,613
Net (decrease)/increase in cash and cash equivalents		(5,171)	8,470	(6,039)	6,321
Cash and cash equivalents at 1 January	(i)	11,419	2,949	6,321	-
Cash and cash equivalents 31 December	(i)	6,248	11,419	282	6,321

i) *Cash and cash equivalents*

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

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	11	2,702	7,738	82	6,321
Deposits placed with licensed banks	11	3,546	3,681	200	-
		6,248	11,419	282	6,321

The notes on pages 37 to 65 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 and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

No 8-3, Jalan Puteri 4/2
Bandar Puteri
47100 Puchong
Selangor Darul Ehsan

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 year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2009 do not include other entities.

The Company is principally an investment holding company and also provides shared services to companies in the Group for which it charges management fees. 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 20 April 2010.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements (revised)*
- FRS 123, *Borrowing Costs (revised)*
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
 - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*



Notes to the Financial Statements (cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (cont'd)

- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

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

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, FRS 8, FRS 123, Amendments to FRS 2, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments of interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, Amendments to FRS 5, IC Interpretation 12, IC Interpretation 15, IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any significant financial impacts to the current and prior periods financial statements upon their first adoption.

The impact of applying FRS 7 and 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 exemptions given in the respective FRSs.

The initial application of other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except as disclosed in the notes to the financial statements.



Notes to the Financial Statements (cont'd)

1. BASIS OF PREPARATION (CONT'D)

(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 the following notes:

- Note 4 – measurement of the recoverable amounts of cash-generating units.
- Note 10 – allowance for doubtful debts
- Note 24 – provisions and contingent liabilities
- Note 26 – business combinations

Critical accounting estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Allowance for doubtful debts

The Group makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgement is guided by the past experiences, judgement is made about the future recovery of debts.

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 are stated in the Company's balance sheet at cost less any accumulated impairment losses.



Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(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. 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.

(iii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the owners of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) 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

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company 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 are translated at exchange rates at the dates of the transactions except for those measured at fair value, which 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 statement.



Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM are translated to RM at the average exchange rates which approximate the exchange rates at the dates of the transactions.

On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(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 and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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.

(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 and comparative periods 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.



Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leased assets

Operating lease

Lease, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating lease and the leased assets are not recognised on the Group's balance sheet.

Payments made under operating leases are recognised in the income statement 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 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 includes the cost of materials, direct labour and an appropriate proportion of overheads. 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.

(iii) **Other intangible assets**

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

(iv) **Subsequent expenditure**

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) **Amortisation**

Intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

- Capitalised software development costs 5 years
- Intellectual property rights 5 years



Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment properties

(i) *Investment property carried at cost*

Investment properties are properties which are 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. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less 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 statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

(ii) *Determination of fair value*

The Directors estimate the fair value of the Group's investment properties based on the corporate market value of similar property that 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) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(h) 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.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks.

(j) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

(k) Impairment of assets

The carrying amounts of assets except for inventories, assets held for sale and 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.

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").



Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of assets (cont'd)

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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 year in which the reversals are recognised.

(l) 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 or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

(m) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

(n) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(o) Deferred income

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

(p) 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.

(q) Contingent liabilities

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



Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) 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.

(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 other services rendered is recognised in the income statements as and when the services are rendered.

(iv) Rental income

Rental income from investment properties are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(s) Interest income and borrowing costs

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

All borrowings costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

(t) 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 year, 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 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.



Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Earnings per share

The Group presents basic 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.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. PLANT AND EQUIPMENT

Group	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
Cost					
At 1 January 2008	35	200	69	24	328
Additions	73	88	88	42	291
Disposals	-	(12)	-	-	(12)
At 31 December 2008 /1 January 2009	108	276	157	66	607
Acquisition through business combinations	47	117	52	54	270
Additions	3	50	18	3	74
Disposals	-	(5)	-	-	(5)
Write off	(1)	(11)	(1)	(29)	(42)
At 31 December 2009	157	427	226	94	904
Depreciation					
At 1 January 2008	1	4	2	-	7
Depreciation for the year	15	65	29	7	116
Disposals	-	(1)	-	-	(1)
At 31 December 2008/ 1 January 2009	16	68	31	7	122
Depreciation for the year	33	97	49	21	200
Disposals	-	(1)	-	-	(1)
Write off	(1)	(7)	(1)	(8)	(17)
At 31 December 2009	48	157	79	20	304
Carrying amounts					
At 1 January 2008	34	196	67	24	321
At 31 December 2008/ 1 January 2009	92	208	126	59	485
At 31 December 2009	109	270	147	74	600



Notes to the Financial Statements (cont'd)

3. PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
Cost					
At 1 January 2008	-	-	-	-	-
Additions	44	17	69	17	147
At 31 December 2008/ 1 January 2009	44	17	69	17	147
Additions	-	-	18	-	18
At 31 December 2009	44	17	87	17	165
Depreciation					
At 1 January 2008	-	-	-	-	-
Depreciation for the year	1	1	2	-	4
At 31 December 2008/ 1 January 2009	1	1	2	-	4
Depreciation for the year	9	3	16	4	32
At 31 December 2009	10	4	18	4	36
Carrying amounts					
At 1 January 2008	-	-	-	-	-
At 31 December 2008/ 1 January 2009	43	16	67	17	143
At 31 December 2009	34	13	69	13	129

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Intellectual property rights RM'000	Development costs RM'000	Total RM'000
Cost				
At 1 January 2008	-	192	638	830
Acquisitions - internally developed	-	-	909	909
At 31 December 2008/1 January 2009	-	192	1,547	1,739
Acquisition through business combinations	255	-	-	255
Acquisitions - internally developed	-	-	614	614
At 31 December 2009	255	192	2,161	2,608



Notes to the Financial Statements (cont'd)

4. INTANGIBLE ASSETS (CONT'D)

Group	Goodwill RM'000	Intellectual property rights RM'000	Development costs RM'000	Total RM'000
Amortisation				
At 1 January 2008	-	5	6	11
Amortisation for the year	-	62	134	196
At 31 December 2008/1 January 2009	-	67	140	207
Amortisation for the year	-	62	334	396
At 31 December 2009	-	129	474	603
Carrying amounts				
At 1 January 2008	-	187	632	819
At 31 December 2008/1 January 2009	-	125	1,407	1,532
At 31 December 2009	255	63	1,687	2,005

4.1 Development costs

Development costs principally comprise internally generated expenditure on development costs on major software development projects where it is reasonably anticipated that the costs will be recovered through future commercial activity.

4.2 Amortisation

The intellectual property rights and development costs are amortised over the estimated useful life of 5 years. The amortisation charge is recognised in cost of sales.

4.3 Impairment testing for cash-generating units containing goodwill

The goodwill of RM255,000 arose from the acquisition of the remaining 60% of the issued and paid up capital of TenInfo Technology Sdn. Bhd. ("TenInfo"). As such, for the purpose of impairment testing, TenInfo is deemed the cash-generating unit.

The recoverable amount of TenInfo was based on value in use calculations. These calculations use 5 years post-tax cash flow projections approved by the Board of Directors. Cash flows beyond financial year 2010 are extrapolated using the estimated growth rates stated below.

Value in use was determined by discounting the future cash flows expected from the operations of TenInfo over the next 5 years based on the following key assumptions:

- TenInfo will continue in operations over the next 5 years.
- Sales are expected to grow at 8% per annum constantly for the next 5 years.
- Gross profit margin is expected to remain constant.
- Cost of capital is assumed at 6.5%.

The values assigned to the key assumptions represent management's assessment of future trends in the industry in which TenInfo operates and is based on both external sources and internal sources (historical data).

The above estimates are particularly sensitive in the following areas:

- A 1% decrease in gross profit margin would have resulted in an impairment loss on goodwill of RM255,000.
- An increase of 1% in the cost of capital used would have resulted in an impairment loss on goodwill of RM61,000.



Notes to the Financial Statements (cont'd)

4. INTANGIBLE ASSETS (CONT'D)

4.4 Impairment testing for software development costs capitalised

Software development costs capitalised is tested for impairment. For the purpose of impairment testing, the recoverable amount of software development costs capitalised is based on its value in use calculation. These calculations use 5 years post-tax cash flow projections approved by the Board of Directors. Cash flows beyond financial year 2010 are extrapolated using the estimated growth rates stated below.

Value in use was determined by discounting the future cash flows expected from the sale of the software based on the following key assumptions:

- Sales are expected to achieve approximately RM588,000 in 2010 and consistently grow at 8% per annum for subsequent years of the projections. The higher growth projected for 2010 is due to the recovery of demand for software expected in 2010.
- Gross profit margin is expected to remain constant.
- Cost of capital is assumed at 6.5%.

The values assigned to the key assumptions represent management's assessment of future trends in the industry in which the Group operates and is based on both external sources and internal sources (historical data).

The above estimates are particularly sensitive in the following areas:

- Sales with no growth from 2011 – 2014 would have decreased the value in use by RM121,000.
- An increase of 1% in the cost of capital used would have resulted in an impairment loss of RM69,000.

5. INVESTMENT PROPERTIES

Group	Note	Freehold land and building RM'000
Cost		
At 1 January 2008/31 December 2008/ 1 January 2009		2,100
Acquisition through business combinations		2,015
Transfer to assets held for sale	12	(4,115)
At 31 December 2009		-
Accumulated depreciation		
At 1 January 2008		3
Depreciation for the year		42
At 31 December 2008/1 January 2009		45
Depreciation for the year		54
Transfer to assets held for sale	12	(99)
At 31 December 2009		-
Carrying amounts		
At 1 January 2008		2,097
At 31 December 2008/1 January 2009		2,055
At 31 December 2009		-



Notes to the Financial Statements (cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

Group	Note	Freehold land and building RM'000
Fair values		
At 1 January 2008		2,100
At 31 December 2008/1 January 2009		2,750
At 31 December 2009		-

Security

At 31 December 2009, freehold land and building of a subsidiary with a carrying amount of RM2,004,000 (2008: RM nil) are pledged to a bank as security for a term loan. The pledge was discharged in March 2010 upon settlement of the term loan in February 2010. (see Note 14).

Company	Note	Freehold land and building RM'000
Cost		
At 1 January 2008/31 December 2008/1 January 2009		2,100
Transfer to assets held for sale	12	(2,100)
At 31 December 2009		-
Accumulated depreciation		
At 1 January 2008		3
Depreciation for the year		42
At 31 December 2008/1 January 2009		45
Depreciation for the year		43
Transfer to assets held for sale	12	(88)
At 31 December 2009		-
Carrying amounts		
At 1 January 2008		2,097
At 31 December 2008/1 January 2009		2,055
At 31 December 2009		-
Fair values		
At 1 January 2008		2,100
At 31 December 2008/1 January 2009		2,750
At 31 December 2009		-

Notes to the Financial Statements (cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

Investment properties comprise of commercial properties that are 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.

The following is recognised in the income statements in respect of investment properties:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Rental income	118	124	111	124
Direct operating expenses:				
- income generating investment properties	(50)	(11)	(13)	(11)

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost		
Balance at 1 January	3,572	3,572
Acquisition of subsidiary (previously an associate)	1,266	-
Increase in investment in subsidiaries	1,888	-
	6,726	3,572
Less: Allowance for diminution in value	(791)	-
Balance at 31 December	5,935	3,572

Details of the subsidiaries are as follow:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2009 %	2008 %
MBP Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resource Planning (ERP) consulting and implementation of Microsoft Dynamics products	100	100
ProDserv Sdn. Bhd.	Malaysia	Developing and providing Enterprise Business Solutions (EBS) value added solutions	100	100
ProXerv Sdn. Bhd.	Malaysia	Providing shared services Information Technology (IT) outsourcing	100	100
SBOne Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resource Planning (ERP) consulting and implementation of SAP products	100	100
SoftFac Technology Sdn. Bhd.	Malaysia	Providing Human Capital Resource Management (HCRM) solutions	100	100



Notes to the Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follow: (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2009 %	2008 %
TenInfo Technology Sdn. Bhd.*	Malaysia	Providing Enterprise Systems Solutions	100	40
O2U Solutions Sdn. Bhd.**	Malaysia	Providing Enterprise Resource Planning (ERP) consulting and implementation of Oracle products	51	51
TFP International Pte. Ltd.***	Singapore	Dormant	100	100

* On 17 June 2009, the Company entered into a Share Sales Agreement to acquire the remaining 600,000 ordinary shares of RM1.00 each in TenInfo Technology Sdn. Bhd. ("TenInfo") representing 60% of the issued and paid-up share capital of TenInfo for a cash consideration of RM1,633,000. The acquisition was completed on 29 July 2009 and thereafter TenInfo became a wholly owned subsidiary of the Company. (see Note 7).

** During the financial year, the Company increased its investment in O2U Solutions Sdn. Bhd. through the subscription of additional 254,949 new ordinary shares of RM1.00 per share.

*** Audited by another firm of Public Accountants.

7. INVESTMENT IN ASSOCIATE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost				
Balance at 1 January	1,071	1,266	1,266	1,266
Share of post-acquisition reserves	(137)	(195)	-	-
Conversion of associate to subsidiary	(934)	-	(1,266)	-
Balance at 31 December	-	1,071	-	1,266

Summary financial information on associate:

Company	Country of incorporation	Effective ownership interest		Revenues (100%) RM'000	Losses (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
		2009 %	2008 %				
2009	-	-	-	-	-	-	-
2008							
TenInfo Technology Sdn. Bhd.	Malaysia	-	40	11,627	(82)	5,284	3,289

Notes to the Financial Statements (cont'd)

7. INVESTMENT IN ASSOCIATE (CONT'D)

On 17 June 2009, the Company entered into a Share Sales Agreement to acquire the remaining 600,000 ordinary shares of RM1.00 each in TenInfo Technology Sdn. Bhd. ("TenInfo") representing 60% of the issued and paid-up share capital of TenInfo for a cash consideration of RM1,633,000. The acquisition was completed on 29 July 2009 and thereafter TenInfo became a wholly owned subsidiary of the Company (see Note 6).

8. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Plant and equipment	-	-	96	20	96	20
Deductible temporary differences	-	(79)	-	-	-	(79)
Unabsorbed capital allowances	(15)	(12)	-	-	(15)	(12)
Tax losses carry forward	(44)	-	-	-	(44)	-
Deferred tax (assets)/liabilities	(59)	(91)	96	20	37	(71)
Set off	59	7	(59)	(7)	-	-
Net deferred tax (assets)/liabilities	-	(84)	37	13	37	(71)

Movement in temporary differences during the year

Group	At 1.1.2008 RM'000	Recognised in income statement (Note 19) RM'000	At 31.12.2008 RM'000	Recognised in income statement (Note 19) RM'000	Acquired through business combinations (Note 26) RM'000	At 31.12.2009 RM'000
Plant and equipment	16	4	20	7	69	96
Deductible temporary differences	(11)	(68)	(79)	79	-	-
Unabsorbed capital allowances	-	(12)	(12)	14	(17)	(15)
Tax losses carry forward	-	-	-	(44)	-	(44)
	5	(76)	(71)	56	52	37

Company	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Plant and equipment	-	-	14	2	14	2
Provisions	-	(12)	-	-	-	(12)
Tax (assets)/ liabilities	-	(12)	14	2	14	(10)



Notes to the Financial Statements (cont'd)

8. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Movement in temporary differences during the year

Company	At 1.1.2008 RM'000	Recognised in income statement (Note 19) RM'000	At 31.12.2008 RM'000	Recognised in income statement (Note 19) RM'000	At 31.12.2009 RM'000
Plant and equipment	-	2	2	12	14
Provisions	-	(12)	(12)	12	-
	-	(10)	(10)	24	14

Unrecognised deferred tax assets

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unutilised tax losses	(1,763)	(455)	-	-
Deductible temporary differences	(489)	(72)	(791)	-
Unabsorbed capital allowances	(88)	(8)	-	-
	(2,340)	(535)	(791)	-

The unutilised tax losses, deductible temporary differences and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

9. INVENTORIES

	Group	
	2009 RM'000	2008 RM'000
At cost		
Computer hardware	4,740	-



Notes to the Financial Statements (cont'd)

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade receivables	10.1	5,637	5,267	-	-
Less: Allowance for doubtful debts	10.2	(510)	(529)	-	-
		5,127	4,738	-	-
Associate	10.3	-	460	-	64
Subsidiaries	10.4	-	-	7,824	3,752
		5,127	5,198	7,824	3,816
Non-trade					
Other receivables		7	12	-	-
Deposits		56	20	-	-
Prepayments	10.5	311	990	-	-
Subsidiaries	10.4	-	-	313	-
		374	1,022	313	-
		5,501	6,220	8,137	3,816

10.1 Trade receivables

Included in trade receivables of a subsidiary is an amount of RM3 million of which RM2.5 million has been outstanding for more than 12 months. The outstanding amount is for system implementation services carried out on behalf of a customer. The hardware installation services have been fully delivered to the end user and the customer has acknowledged this fact.

The project experienced some delays and at the request of the end user, the project timeline has been extended to 30 June 2010. Subsequent to year end, the subsidiary commenced work on the system implementation portion which represents the final phase of the project. Management has expressed confidence that the project will be fully delivered within the stipulated timeline of 30 June 2010.

No allowance has been made in respect of this amount at year end as the project is still on-going and the end user has made substantial payments during the year which indicates the customer's ability to repay the outstanding amount. The payment to the subsidiary is by way of an escrow account arrangement between the subsidiary, the customer and the end user through a local financial institution. Management is closely monitoring the outstanding amount and the Directors are confident of securing the payments once the project is completely delivered.

10.2 Allowance for doubtful debts

During the year, doubtful debts of RM45,000 (2008: RM38,000) were written off against trade receivables.

10.3 Amount due from a former associate

The trade amount due from a former associate was subject to the normal trade terms. During the year, the Company acquired the remaining 60% equity interest in the associate and thereafter, the associate became a wholly owned subsidiary of the Company.



Notes to the Financial Statements (cont'd)

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

10.4 Amount due from subsidiaries

10.4.1 The trade amount due from subsidiaries is subject to normal trade terms.

10.4.2 The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

10.5 Prepayments

Included in prepayments is RM280,000 (2008 - RM950,000) of amount due from contract customers for ongoing projects at year end.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	2,702	7,738	82	6,321
Deposits placed with licensed banks	3,546	3,681	200	-
	6,248	11,419	282	6,321

12. ASSETS HELD FOR SALE

The investment properties held by the Group and the Company are presented as assets held for sale following the Sale and Purchase Agreement entered into on 25 August 2009 to sell these investment properties at a total consideration of RM5.1 million. The Group, through the Extraordinary General Meeting held on 16 October 2009, obtained shareholders' approval to dispose the investment properties. The disposal was completed in February 2010.

Investment properties held for sale comprise the following:

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Investment properties:					
Cost	5	4,115	-	2,100	-
Accumulated depreciation	5	(99)	-	(88)	-
		4,016	-	2,012	-

Notes to the Financial Statements (cont'd)

13. SHARE CAPITAL AND RESERVES

	Group and Company			
	Amount	Number	Amount	Number
	2009 RM'000	of shares 2009 '000	2008 RM'000	of shares 2008 '000
Ordinary shares of RM0.10 each:				
Authorised	25,000	250,000	25,000	250,000
Issued and fully paid:				
At 1 January	14,007	140,077	6,938	69,384
Issued during the year	-	-	7,069	70,693
At 31 December	14,007	140,077	14,007	140,077

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

Share premium

This reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

14. LOAN AND BORROWING

	Group	
	2009 RM'000	2008 RM'000
Current		
Term loan - secured	368	-

Security

The term loan is secured by the following:

- Freehold land and building in a subsidiary with a carrying amount of RM2,004,000 (2008 – RM nil) (see Note 5); and
- Joint and Several Guarantee of RM1,880,000 by the Directors and several third parties.

Terms and debt repayment schedule

The term loan is subject to interest rate of 6.35% - 7.30% (2008: 7.30% - 7.55%) per annum.

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000
Group			
2009			
Term loan - secured	2010	368	368

2008 - nil

Subsequent to the balance sheet date, the loan was fully repaid in February 2010 and the pledge on freehold land and building was discharged in March 2010.

Notes to the Financial Statements (cont'd)

15. DEFERRED INCOME

	Group	
	2009 RM'000	2008 RM'000
Current		
Maintenance and system support	515	156

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

16. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade payables		3,595	2,660	-	-
Associate	16.1	-	47	-	-
		3,595	2,707	-	-
Non-trade					
Other payables		237	366	59	66
Accrued expenses		257	182	197	180
Deposits received	16.2	1,670	197	203	30
Subsidiary	16.3	-	-	5	-
		2,164	745	464	276
		5,759	3,452	464	276

16.1 Amount due to a former associate

The trade amount due to a former associate was subject to the normal trade terms. During the year, the Company acquired the remaining 60% equity interest in the associate and thereafter, the associate became a wholly owned subsidiary of the Company.

16.2 Deposits received

Included in the deposits received is the down payment of RM510,000 (2008: RM nil) received from the purchasers of the investment properties. (see Note 12)

16.3 Amount due to a subsidiary

The non-trade amount due to a subsidiary is unsecured, interest free and repayable on demand.



Notes to the Financial Statements (cont'd)

17. OPERATING (LOSS)/PROFIT

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating (loss)/profit is arrived at after charging:				
Allowance for doubtful debts	96	525	-	-
Allowance for diminution in value for investment in subsidiaries	-	-	791	-
Amortisation of intangible assets	396	196	-	-
Auditors' remuneration:				
- Statutory audit	70	70	16	20
- Other services	11	6	-	-
Depreciation of investment properties	54	42	43	42
Depreciation of plant and equipment	200	116	32	4
Interest expense on:				
- bank overdraft	3	-	-	-
- term loan	10	-	-	-
- other borrowings	2	-	-	-
Loss on disposal of plant and equipment	-	7	-	-
Net unrealised foreign exchange loss	164	-	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	401	375	80	94
- Wages, salaries and others	4,083	3,829	996	1,161
Plant and equipment written off	25	-	-	-
Rental expenses	80	77	18	5
and after crediting:				
Dividend income	-	331	-	1,649
Interest income	67	278	246	168
Net realised foreign exchange gain	3	10	-	-
Management fees	133	257	1,084	1,318
Rental income	118	124	111	124
Reversal of allowance for doubtful debts	70	38	-	-

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors				
- Fees	160	180	160	180
- Remuneration	1,443	1,433	900	1,047
Other key management personnel				
- Short-term employee benefits	372	653	-	-
	1,975	2,266	1,060	1,227

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



Notes to the Financial Statements (cont'd)

19. TAX EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
- Current year	57	255	57	268
- Over provision in prior year	-	(34)	(2)	-
	57	221	55	268
Deferred tax expense				
- Origination and reversal of temporary differences	11	(89)	3	(10)
- Under provision in prior year	45	13	21	-
	56	(76)	24	(10)
Total tax expense	113	145	79	258
Reconciliation of tax expense				
(Loss)/Profit before tax	(2,457)	367	(821)	1,386
Tax at Malaysian tax rates *	(614)	95	(205)	360
Non-deductible expenses	69	15	67	-
Tax exempt income	-	(157)	-	(102)
Effect of deferred tax benefits not recognised	451	134	198	-
Effect of deferred tax benefits not recognised during the tax exempt period	117	36	-	-
Others	45	43	-	-
	68	166	60	258
Under/(Over) provision in prior year:				
- current tax expense	-	(34)	(2)	-
- deferred tax expense	45	13	21	-
Tax expense	113	145	79	258

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. 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 Multimedia Development Corporation ("MDC") for an extension of another five years. The tax exempt income dates for the subsidiaries were activated on 13 December 2005 and 27 February 2007 respectively.



Notes to the Financial Statements (cont'd)

20. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share for the year ended 31 December 2009 and 31 December 2008 were based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2009	2008
	RM'000	RM'000

Continuing operations

(Loss)/Profit for the year attributable to owners of the Company	(2,366)	222
--	---------	-----

Weighted average number of ordinary shares outstanding

	Group	
	2009	2008
	'000	'000
Issued ordinary share at 1 January	140,077	69,384
Effect of share issued	-	60,622
Issued ordinary share at 31 December	140,077	130,006

Basic (loss)/earnings per ordinary share

	Group	
	2009	2008
	Sen	Sen
Basic (loss)/earnings per ordinary share	(1.69)	0.17

Diluted earnings per share

The Group does not have dilutive potential ordinary shares as at 31 December 2009 and 31 December 2008.

21. DIVIDENDS

Dividends recognised in the prior year by the Company was:

	Sen per share	Total amount RM'000	Date of payment
2009 - nil			
2008			
Interim 2008 ordinary, tax exempt	0.75	1,051	29 July 2008

22. 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 business segment is not presented as the Group operates predominantly in one business segment.

Notes to the Financial Statements (cont'd)

23. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of the Group's business. 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 other than trade receivable owing from a major customer of RM3,050,000 (2008 - RM2,500,000).

No allowance has been made in respect of this amount at year end as the project is still on-going and the end user has made substantial payments during the year which indicates the customer's ability to repay the outstanding amount. The payment to the subsidiary is by way of an escrow account arrangement between the subsidiary, the customer and the end user through a local financial institution. Management is closely monitoring the outstanding amount and the Directors are confident of securing the payments once the project is completely delivered.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rates risk

The Group has a term loan bearing interest at base lending rate ("BLR") + 0.8% which is exposed to changes in BLR. The Company does not hedge its exposure to interest rate risk as the effect of the fluctuation of interest rate is not expected to be significant.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest bearing financial liabilities, 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.

	Effective interest rate %	Total RM'000	Within 1 year RM'000
Group			
2009			
Financial assets			
Deposits placed with licensed banks	2.10	3,546	3,546
Financial liabilities			
Term loan - secured	6.46	368	368
2008			
Financial assets			
Deposits placed with licensed banks	3.00	3,681	3,681
Company			
2009			
Financial assets			
Deposits placed with licensed banks	1.08	200	200
2008 – nil			



Notes to the Financial Statements (cont'd)

23. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. 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 manage 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.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

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

24. CONTINGENT LIABILITIES

	Company	
	2009	2008
	RM'000	RM'000
i) Unsecured corporate guarantee issued in favour of third parties	5,400	1,000

The Company granted unsecured corporate guarantee amounting to RM5,400,000 to suppliers of the Group for the supply of goods and services to the subsidiaries within the Group.

- ii) On 6 September 2007, a subsidiary received a letter of demand from a customer for the refund of the contract sum for the implementation of an ERP system. At present, no legal proceedings have been initiated by either party. The Directors are of the opinion that the likelihood of a potential liability arising from the demand is remote.

25. 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 entities.



Notes to the Financial Statements (cont'd)

25. RELATED PARTIES (CONT'D)

Significant related party transactions

Significant related party transactions other than key management personnel compensation of the Group and of the Company are as follows:

	2009 RM'000	2008 RM'000
Group		
Transactions with a former associate:		
Sales of goods and services	17	882
Purchase of goods and services	(44)	(430)
Acquisition of plant and equipment	-	(12)
Management fees charged	133	257
Rental income	11	18
Rental expense	(18)	(30)
Gross dividend receivable	-	448
Transactions with certain Directors of the Company:		
Rental expense	(40)	(35)
Company		
Transactions with subsidiaries:		
Management fees charged	951	1,061
Gross dividend receivable	-	1,201
Interest on advances	227	64
Rental income	8	-
Transactions with a former associate:		
Acquisition of plant and equipment	-	(12)
Management fees charged	133	257
Gross dividend receivable	-	448
Rental income	11	18
Transactions with certain Directors of the Company:		
Rental expense	(10)	(5)

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

The transactions with key management personnel are disclosed in Note 18.

The outstanding net amounts due from/(to) subsidiaries and a former associate are disclosed in Note 10 and 16 respectively.

There are no allowances for doubtful debts made and no bad or doubtful receivables recognised for the year ended 31 December 2009 and 31 December 2008 in respect of the above related party balances.

Notes to the Financial Statements (cont'd)

26. ACQUISITION OF SUBSIDIARY

Business combinations

2009

On 29 July 2009, the Company acquired the remaining 60% equity interest in TenInfo Technology Sdn. Bhd. for RM1,633,000 satisfied in cash.

From 30 July 2009 to 31 December 2009, the subsidiary contributed a profit of RM45,000 to the Group. If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue would have been RM63,820,000 and loss for the year would have been RM2,701,000.

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

	Pre-acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Plant and equipment	270	-	270
Investment property	1,356	659	2,015
Receivables, deposits and prepayments	801	-	801
Current tax assets	274	-	274
Cash and cash equivalents	800	-	800
Loan and borrowing	(380)	-	(380)
Deferred tax liabilities	(52)	-	(52)
Payables and accruals	(1,416)	-	(1,416)
Net identifiable assets and liabilities	1,653	659	2,312
Investment in associate			(934)
Goodwill on acquisition			255
Consideration paid, satisfied in cash			1,633
Cash acquired			(800)
Net cash outflow			833

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.

27. SIGNIFICANT EVENTS

- (i) On 17 June 2009, the Company entered into a Share Sales Agreement to acquire the remaining 600,000 ordinary shares of RM1.00 each in TenInfo Technology Sdn. Bhd. ("TenInfo") representing 60% of the issued and paid-up share capital of TenInfo for a cash consideration of RM1,633,000. The acquisition was completed on 29 July 2009 and thereafter TenInfo became a wholly owned subsidiary of the Company.
- (ii) On 25 August 2009, the Group entered into a Sale and Purchase Agreement to dispose two units of investment properties for a total cash consideration of RM5.1 million. The Group, through the Extraordinary General Meeting held on 16 October 2009, obtained shareholders' approval to dispose the investment properties. The disposal was completed in February 2010.



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 32 to 65 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

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: 20 April 2010

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 32 to 65 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 20 April 2010.

Choo Chuin Hui
Financial Controller

Before me:

Commissioner of Oaths
P.Thurirajoo
(No: W438)

Kuala Lumpur

Independent Auditors' Report

to the members of TFP Solutions Berhad
(Company No. 773550-A)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TFP Solutions Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 65.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries (of which we have acted as auditors) have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.
- c) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



Independent **Auditors' Report** (cont'd)

to the members of TFP Solutions Berhad
(Company No. 773550-A)
(Incorporated in Malaysia)

OTHER MATTERS

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

KPMG

Firm Number: AF 0758
Chartered Accountants

Chew Beng Hong

Approval Number: 2920/02/12(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 20 April 2010

Statistics of Shareholdings

as at 4 May 2010

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	4	0.26	241	0.00
100 – 1,000	28	1.85	10,150	0.01
1,001 – 10,000	1,159	76.65	3,302,000	2.36
10,001 – 100,000	244	16.14	9,827,900	7.02
100,001 – 7,003,859 (*)	74	4.89	57,913,536	41.34
7,003,860 and above (**)	3	0.20	69,023,373	49.28
TOTAL	1,512	100.00	140,077,200	100.00

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	13,500,089	9.64	*42,023,258	30.00
Lim Lung Wen	13,500,026	9.64	*42,023,258	30.00
Milan Premier Sdn. Bhd.	42,023,258	30.00	-	-

* 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	13,500,089	9.64	*42,023,258	30.00
Lim Lung Wen	13,500,026	9.64	*42,023,258	30.00
Dr. Chew Seng Poh	300,000	0.21	-	-
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.



Statistics of Shareholdings (cont'd)

as at 4 May 2010

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%) of Issued Capital
1.	Milan Premier Sdn. Bhd.	42,023,258	30.00
2.	Affin Nominees (Tempatan) Sdn. Bhd. Core Capital Management Sdn. Bhd. for Quah Teik Jin	13,500,089	9.64
3.	Affin Nominees (Tempatan) Sdn. Bhd. Core Capital Management Sdn. Bhd. for Lim Lung Wen	13,500,026	9.64
4.	Lim Yau Tong	6,020,600	4.30
5.	Lim Tiew Ming	6,001,401	4.28
6.	ASQ Technology Sdn. Bhd.	5,036,500	3.60
7.	Cheah Sek Lim, Sonny	3,866,300	2.76
8.	Lim Chee Siong	3,865,895	2.76
9.	Tham Yoke Ling	3,512,600	2.51
10.	Raymond Selvaraj a/l Victor Benjamin	3,490,200	2.49
11.	Tan Man Siang	2,386,247	1.70
12.	Tan Bee Lean	2,300,000	1.64
13.	Lim Tay Hean	1,621,400	1.16
14.	Chung Lea Chun	1,311,100	0.94
15.	Oey Ai Li	1,000,000	0.71
16.	Ng Chooi Kam	968,000	0.69
17.	San Ah Lan	900,000	0.64
18.	Ching Mee Nguk	889,300	0.63
19.	Wong Ah Chin	830,000	0.59
20.	Lau Sie Hui	748,100	0.53
21.	Saw Lian Peck	588,000	0.42
22.	Askpowern Solutions Sdn. Bhd.	567,000	0.40
23.	Chew Mei Chee	533,000	0.38
24.	Lim Yang Kiow	508,000	0.36
25.	Arthur Varkey Samuel	500,000	0.36
26.	Chew Beng Cheng	430,000	0.31
27.	Lim Chew Lee	425,900	0.30
28.	Wong Wen Chieh	410,000	0.29
29.	Bong Sze Khiong	400,000	0.29
30.	Cheah Ui Huat	363,377	0.26
TOTAL		118,496,293	84.59

Notice of the Third Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Wednesday, 23 June 2010, at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors' Fees for the financial year ended 31 December 2009. *(Resolution 1)*
3. 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) Dr. Chew Seng Poh *(Resolution 2)*
 - (ii) Mr. Joseph Ting *(Resolution 3)*
4. To appoint Auditors and to authorise the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" have been received by the Company for the nomination of Messrs. Crowe Horwath, for appointment as Auditors and of the intention to propose the following ordinary resolution:-

"That subject to their consent to act, Messrs. Crowe Horwath be appointed as Auditors of the Company for the financial year ending 31 December 2010 in place of Messrs. KPMG, the retiring Auditors, and that their remuneration to be fixed by the Directors."

(Resolution 4)

5. 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 5)

6. **ORDINARY RESOLUTION NO. 2**

- PROPOSED RENEWAL OF SHAREHOLDERS' 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 Bursa Malaysia Securities Berhad ACE Market Listing Requirements, approval be and is hereby given to the Company's subsidiaries to enter into and to give effect to the specified recurrent related party transactions of a revenue or trading nature as stated in Section 2.4 of the Circular to Shareholders dated 1 June 2010 which are necessary for the day-to-day operations of the Company's subsidiaries provided that the transactions are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders;

AND THAT such approval, shall only 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 such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

Notice of the Third Annual General Meeting

(cont'd)

(ii) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 143(1) of the Act, (but must 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 in general meeting;

whichever is the earlier;

AND THAT 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) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.” (Resolution 6)

7. To transact any other ordinary business for which due notice has been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Company Secretary

Kuala Lumpur
1 June 2010

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 for the purpose of granting a renewed general mandate (“General Mandate”) and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Second Annual General Meeting held on 23 June 2009 and which will lapse at the conclusion of the Third Annual General Meeting.

2. Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed adoption of the Ordinary Resolution No. 2 is intended to renew the Shareholders’ Mandate granted by the Shareholders of the Company at the Second Annual General Meeting held on 23 June 2009. The Proposed Renewal of the Shareholders’ Mandate will enable the Company’s subsidiaries 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 Renewal of Shareholders’ 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 2009 Annual Report.

Notice of the Third Annual General Meeting

(cont'd)

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 16 June 2010. Only a depositor whose name appears on the Record of Depositors as at 16 June 2010 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.



Annexure A

Lim Yau Tong
11 Jalan USJ 5/1B,
47610 Subang Jaya

10 May 2010

To:

The Board of Directors
TFP SOLUTIONS BERHAD
8-3, Jalan Puteri 4/2,
Bandar Puteri, Puchong,
47100 Selangor D.E.

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

I, being a registered shareholder of your Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965, of my nomination of Messrs Crowe Horwath for appointment as auditors of the Company at the forthcoming Annual General Meeting.

I, therefore, propose the following resolution to be considered and passed at the said meeting:-

“THAT subject to their consent to act, Messrs Crowe Horwath be appointed as Auditors of the Company for the financial year ending 31 December 2010 in place of Messrs KPMG, the retiring Auditors, and that their remuneration be fixed by the Directors.”

Thank you.

Yours faithfully,

Lim Yau Tong
(NRIC No.: 550301-02-5233)

Shareholder

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 Third Annual General Meeting of the Company to be held at The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Wednesday, 23 June 2010 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 cast. 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 year ended 31 December, 2009 together with the Reports of the Directors and the Auditors thereon.		
No.	Resolutions	For	Against
2.	To approve the payment of Directors' Fees for the financial year ended 31 December, 2009. (Resolution 1)		
3(i).	To re-elect Dr. Chew Seng Poh who retires pursuant to Article 105 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 2)		
3(ii).	To re-elect Mr. Joseph Ting who retires pursuant to Article 105 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 3)		
4.	To appoint Auditors and to authorise the Directors to fix their remuneration. (Resolution 4)		
	As Special Business :		
5.	Ordinary Resolution No. 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 5)		
6	Ordinary Resolution No. 2 - Proposed Renewal of Shareholders' Mandate for Recurrant Related Party Transactions of a Revenue or Trading Nature. (Resolution 6)		

* strike out whichever not applicable

Signed this day of 2010

Signature of Member/Common Seal

Notes:

- 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 16 June 2010. Only a depositor whose name appears on the Record of Depositors as at 16 June 2010 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.
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AFFIX
STAMP

The Company Secretary
TFP SOLUTIONS BERHAD
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur