



TFP Solutions Berhad  
(773550-A)

# 4 Annual Report '10



## Productivity Through Innovation

# Vision

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

## Cover Rationale

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

**Crowe Horwath**  
Kuala Lumpur Office,  
Level 16 Tower C,  
Megan Avenue II,  
12 Jalan Yap Kwan Seng,  
50450 Kuala Lumpur  
Tel no. : +603 2166 0000  
Fax no. : +603 2166 1000

## 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

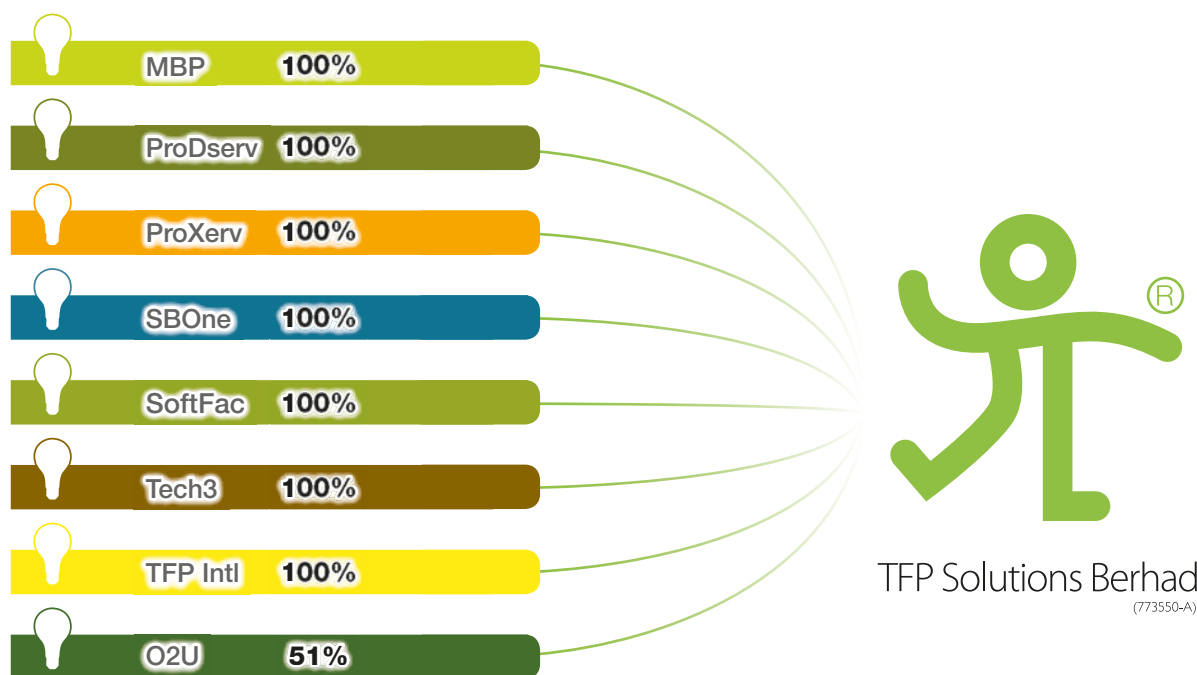
**Malayan Banking Berhad**  
Puchong Jaya SSC,  
No. 7, Jalan Kenari 1,  
Bandar Puchong Jaya,  
Jalan Puchong,  
47100 Puchong,  
Selangor Darul Ehsan.  
Tel no. : +603 5882 0179/ 197/ 270  
Fax no. : +603 5882 0276

## Stock Exchange Listing

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



# Corporate Structure



Name	Date and place of incorporation	Equity interest %	Issued and paid-up share capital	Principal activity
<b>Subsidiary Companies</b>				
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
Tech3 Solutions Sdn Bhd (formerly known as TenInfo Technology Sdn Bhd) (Tech3)	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

Dear  
Shareholders,  
Customers, Partners  
and Employees,

On behalf of the Board of Directors of TFP Solutions Berhad ("TFP" or "TFP Group"), I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2010 ("FYE 2010").

## 2010 Economic Outlook

The world economic recovery which started in 2009, continued into 2010, accelerating in the first half of the year due to inventory restocking and the low base effect before tapering off towards the end of the year. The world economy expanded by 5% in 2010 led by the strong economic performance of the Asian Newly-Industrialised Economies. However the gradual depreciation of the US currency coupled with the rise in oil and commodity prices have led regional economies to experience rising inflationary pressures, resulting in the operational cost of most enterprises especially in Asia to escalate.

The Malaysian economy experienced similar growth trend with a strong GDP growth of 10.1% in the first quarter of 2010 and slowing down to 4.8% in the fourth quarter. Overall the Malaysian economy recorded a growth of 7.2%, driven by a robust domestic demand and

supported by a steady regional demand. Growth was recorded in all sectors of the economy with the ICT sector growing by an estimated 13.4%. However within the ICT sector, growth in the sub-sector that the company is engaged in, stagnated.

## Financial Performance

Faced with the challenges posed by the ICT sub-sector stagnation and operational cost escalation, TFP Group managed to close the 2010 financial year with a revenue totaling RM38.4 million compared with RM 61.4 million in the previous year. Although the revenue was comparatively lower, the product gross margin was higher improving from 2.8% in 2009 to 13.8% in 2010. However, the escalation in the group's business operation cost structure due to high cost of operation severely affected the Group's operating margins resulting in the Group recording a net loss of RM2.3 million for financial year end 2010.

## Business Growth Potential

Going forward, the business environment will continue to be competitive and challenging. The projected GDP growth of 5.2% in 2011 and rising to 5.5% in 2012, ICT spending growth of 9% as estimated by WITSA and PIKOM and the implementation of the government's Economic Transformation Programme initiatives, present ample business opportunities for TFP Group to pursue. What is required is for the Group to adopt innovative yet flexible business model to suit the changing needs and requirements of customers. Operational efficiency needs to be continuously monitored, appropriately addressed and enhanced to ensure that the operating margins are not severely affected by the rising inflationary pressures and escalation in cost of operation.

Undoubtedly, the year 2011 will continue to be challenging. Nevertheless, with the





right business strategy, right product mix, perseverance and commitment by all, 2011 can turn out to be a better and more rewarding year for TFP Group.

### Corporate Social Responsibility (CSR)

TFP has been actively promoting the United Nations Global Compact corporate practices on human and labour rights, the environment and anti-corruption. TFP continues to be actively involved in making social contributions towards the local community especially in Puchong. Since 2009, the Company adopted an underprivileged home, "House of Joy", in Puchong under TFP's CSR community development project. Since then, we have conducted and organized computer and English language tuition classes to these underprivileged children. In addition to that, TFP has donated books and stationaries to the underprivileged

home. WE firmly believe that education is the root to success and these children deserved the best.

Our continuous efforts to promote environmental sustainability within the organization are within our set targets. Our energy saving and recycling campaign where we actively pursue and promote have resulted in cultivating an environment conscious culture amongst the employees.

### Acknowledgement

I would like to thank my fellow colleagues who served with me on the Board, for their invaluable support, dedication and loyalty working together as a team charting the way forward in these turbulent times for the Group.

To the Management Team and all employees of TFP, my sincere appreciation

for your full commitment and tireless efforts working as a team in delivering exceptional services to our customers during these difficult times.

My heartfelt gratitude goes to all our Shareholders for the confidence and trust in us over the past years. Please accept our assurance that we will sustain and move forward in expanding this business and seize every potential opportunity to achieve greater success. We shall strive to go beyond our capabilities to shoulder this responsibility. Our sincere appreciation also to our valued business associates, suppliers and financiers for their support and continued faith in TFP.

To our valued customers, our sincere thanks for your faith and trust in our Group's capabilities and strength. We hope the strength of this relationship will be mutually benefiting in the year 2011.

**Dato' Jamaludin Bin Hassan,**  
Chairman



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



## Board of Directors (cont'd)



**Dato' Jamaludin bin Hassan**, DSPN, JSM, AMN, AMK  
**61 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 the Chairman of the Audit Committee and member of the Nomination Committee of the Company and he does not hold any directorships in other public companies.



**Lim Lung Wen**,  
**51 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 26 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 Saptia in Indonesia as a System Analyst and rose to the position of sales manager where he was responsible for the overall sales and marketing operation of the company. In 1996, he returned to Malaysia and joined HPD Systems Sdn Bhd ("HPD") as General Manager. Later in 2002, Lim Lung Wen was appointed as Senior Vice President of Patimas Computers Berhad ("Patimas"), a company listed on the Main Board of Bursa Securities as part of Patimas' acquisition of HPD.

His years of ICT business experience and deep understanding of ICT provided him with a wide repertoire of skills to engage in the ICT industry. In his current role as Managing Director, he oversees responsibility for all aspects of the operations comprising sales, marketing, consulting, support, education, R&D and customer care. He is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.



## Board of Directors (cont'd)



**Quah Teik Jin,**  
**39 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.

In 2010, he has been appointed as the Group Chief Executive Officer for TFP Group.



**Dr. Chew Seng Poh,**  
**49 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 25 years of management and technical ICT experience. His previous work engagement involve consulting IT companies in their strategic

business direction, building technology synergy, business development as well as creating high level strategic alliances, partnerships and technology transfer. He also plays an active role in ensuring the adoption of technology within the local IT organisations in Malaysia.

His technical expertise covers area in software design and development, e-business solutions, ICT outsourcing, telecommunication and data networks, IT infrastructure solutions and consulting services. He is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.

## Board of Directors (cont'd)



**Edward Khor Yew Heng,**  
**40 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 16 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 the director of DSC Solutions Bhd. He is the Chairman of the Remuneration Committee and member of the Nomination and Audit Committees of the Company.



**Joseph Ting,**  
**46 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 the Chairman of the Nomination Committee and member of the Audit and Remuneration Committees of the Company, and he does not hold any directorship in other public companies.

*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's Discussion

## Management Team

### FROM LEFT TO RIGHT (Front Row)

<b>Choo Chuin Hui</b>	Financial Controller
<b>Dr. Chew Seng Poh</b>	Executive Director, Non-Independent
<b>Lim Lung Wen</b>	Managing Director, Non-Independent
<b>Quah Teik Jin</b>	Executive Director, Non-Independent

### FROM LEFT TO RIGHT (Back Row)

<b>Andrew Xavier</b>	Vice President, Technical Services
<b>Tan Man Siang</b>	Vice President, Sales and Marketing
<b>Simon Foong</b>	Vice President, Business Development
<b>Ooi Chee Hong</b>	Vice President, Research and Development



## Financial Performance

TFP has recorded consolidated revenue for the financial year ended 31 December 2010 of RM 38.41 million as compared to RM 61.41 million. Our financial performance for the year 2010 had been lackluster with TFP reporting a loss before tax of RM 2.28 million compared to a loss of RM 2.47 million in 2009.

In 2010, TFP managed to increase our product gross margin from 2.8% in 2009 to 13.8% in 2010. Although our product gross margins have increased, TFP operational expenditure has increased in tandem due growing inflationary pressures encountered by business enterprises in Asia. This is reflected in TFP Group's performance where we reported a loss of RM 2.29 million in the financial year ended ("FYE") 2010. TFP Group has also made additional provision for doubtful debts and stock obsolescence for FYE 2010 amounting to RM 0.12 million and RM

2.37 million respectively.

Moving forward, our business remodeling exercise will ensure we remain focused on our growth and profitability strategy. In anticipation of continued inflationary pressure in 2011, the management team has charted a strategic plan for the Group to revise and remodeled our business operating model to improve our productivity and strengthen our human resource capability building.

## Industry Prospects

The year 2011 shall pose tremendous challenges and opportunities as the global economy continues to recover since 2009. The World Bank has forecasted a world GDP lower growth of 3.3% in 2011 as compared to 3.9% growth in 2010. IMF has forecasted that ASEAN countries will achieve 5.5% annual GDP growth in 2011 against a 6.4% growth in 2010. In Malaysia, MIER has reported that the

Malaysian economy will grow at the pace of 5.2% in the year 2011 against a 7.2% growth in 2010.

As reported by PIKOM and WITSA, Information Technology (IT) spending in Malaysia will grow by 9% in 2011. A further breakdown of the spending also shows that the IT spending on hardware will grow by 7% in 2011 compared with a 5% growth in 2010, while the software and services spending in 2011 will grow by 8% and 9.8% respectively.

Economic fundamentals in Malaysia and the ASEAN region are on a positive note. Going forward, the performance of the Group is expected to improve business performance in the year 2011. The management team of TFP Group is cautiously optimistic about the challenges ahead of us in 2011. We are confident of achieving satisfactory financial results in 2011.





## Establishing Market Presence Into The ASEAN Countries

TFP 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 in 2010, TFP will be taking a more aggressive approach towards expanding our business footprint in ASEAN countries in 2011.

## Research & Development ("R&D")

The financial downturn in 2009 has propelled TFP Group to relook into our R&D activities in 2010. As information technology trends are moving towards "cloud computing" environment, TFP's R&D team is realigning its R&D efforts towards this technology trend. As a result of that, we have asked for an extension for the usage of our R&D proceeds for a

period of one and a half years. This will enable us to realign our R&D strategy and projects toward this new computing environment.

The R&D division in 2010 has been chartered to innovate and develop products to meet the following innovation architecture:

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

In 2010, we have completed and launched our RapidQuill product (our B2logix product using digital pen technology). This product is developed in accordance with R&D architecture. In 2010, we have incurred a total of RM 0.55 million in R&D expenditure.

The R&D division is looking forward to produce more products in the cloud computing environment in the near future. We believe these R&D efforts will act as a catalyst of growth for TFP in years to come.

## Appreciation

The volatile and challenging economic outlook in 2010, have resulted in an unfavorable financial performance of the Group. However strenuous and unwavering efforts have been put in by all TFP employees all year long. As such, TFP Management Team would like to express our sincere appreciation and gratitude to all our employees for their dedication, commitment and unwavering loyalty to the Company and the Group.

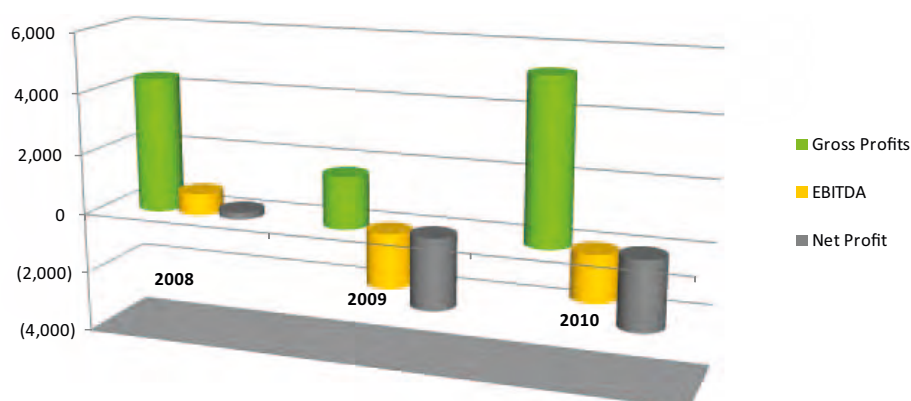
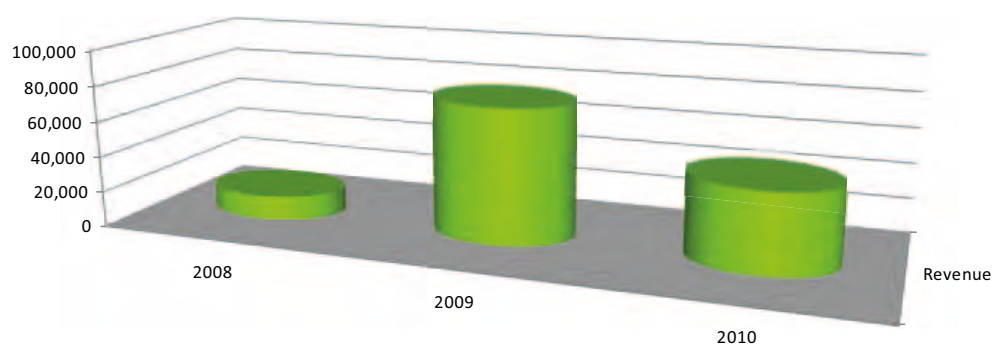
The Management Team of TFP would like to take this opportunity to convey our deepest gratitude to the Board of Directors, shareholders and business partners for their understanding, support and trust. Our utmost gratitude and thanks must of course go out to our valued customers. We thank you for your trust and support in TFP Group's capabilities. We believe that this business partnership of ours shall continue to flourish further in 2011.



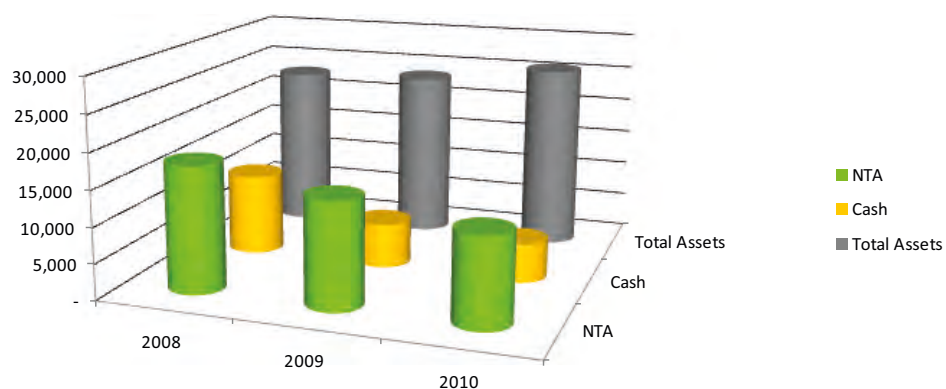
# Financial Highlights

(RM'000)	Audited 2008	Audited 2009	Audited 2010
Revenue	13,554	61,414	38,408
Gross Profits	4,408	1,709	3,476
EBITDA #	716	(1,807)	(1,496)
Net Profit/(Loss)	222	(2,366)	(2,300)

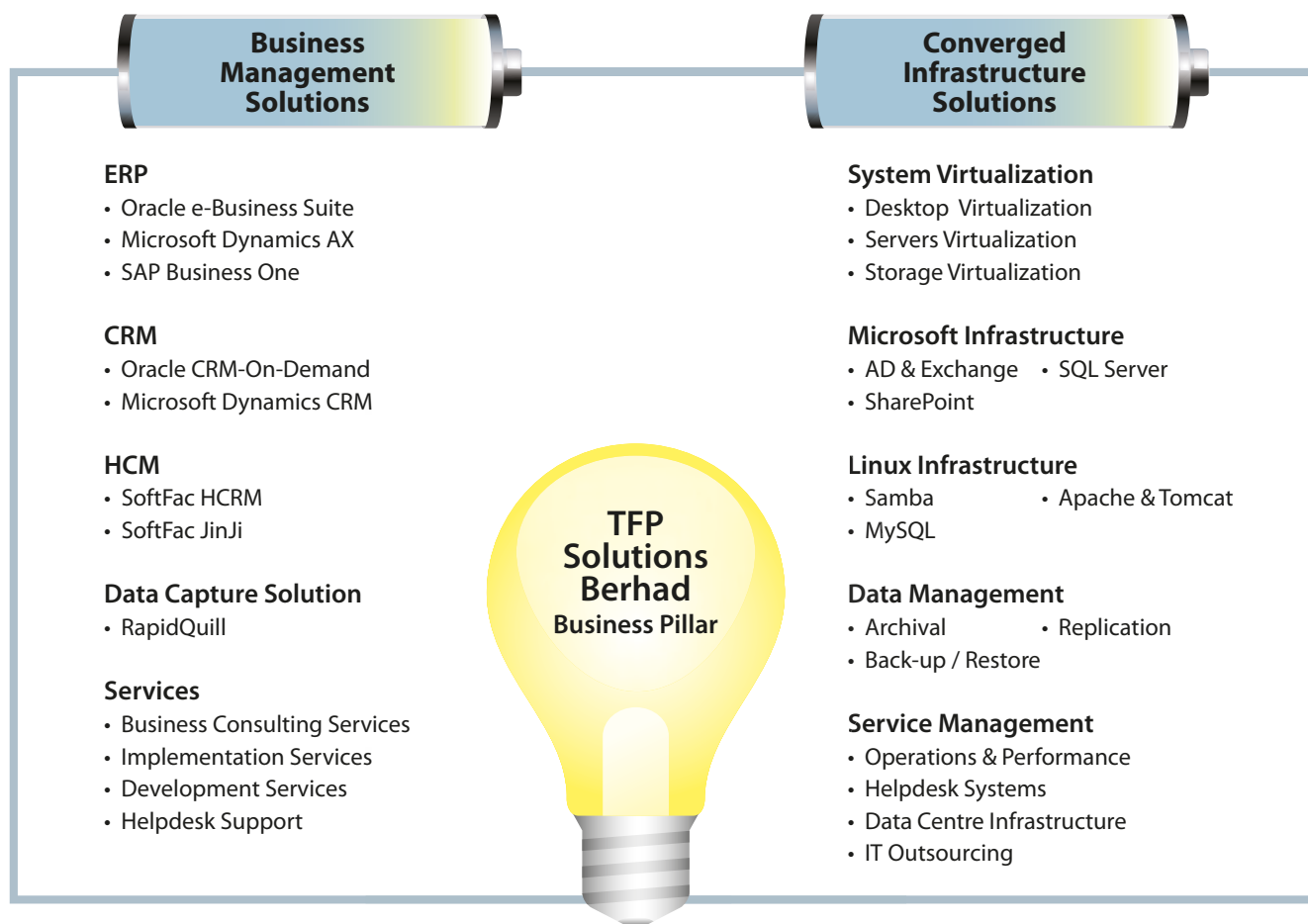
# Earnings before interest, taxation, depreciation and amortisation but includes share of profits in associate company, is arrived by taking profit before taxation after associate profits, plus depreciation and amortisation.



(RM'000)	Audited 2008	Audited 2009	Audited 2010
NTA	17,741	14,943	12,552
Cash	11,419	6,248	5,530
Total Assets	23,044	23,627	26,096



# Business Information



Our business intent is focused on enhancing the business productivity of business enterprises by providing solutions and services which will improve their Total Factor Productivity.

## Business Management Solutions

In line with the Total Factor Productivity tagline, our Business Management Solutions (BMS) team provides sales, consultation, implementation, helpdesk and after-sales support and maintenance services for the various solutions in Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and Human Capital Management (HCM).

Marketing to the Malaysian Small and Medium Enterprises (SMEs), our knowledge workers have the necessary domain expertise in their respective subject matter; coupled with the best solutions the industry has from SAP, Microsoft and Oracle, we offer best in class solution to our customers the right solution at the right price.

For SMEs to be competitive in the globalization market, adopting the latest technology in this information edge is inevitable. Challenges to the SMEs then are lack of know-how, affordability and having the right knowledge workers to run and optimize the many IT applications such as ERP, CRM, BI, SCM to maximize return of investment.

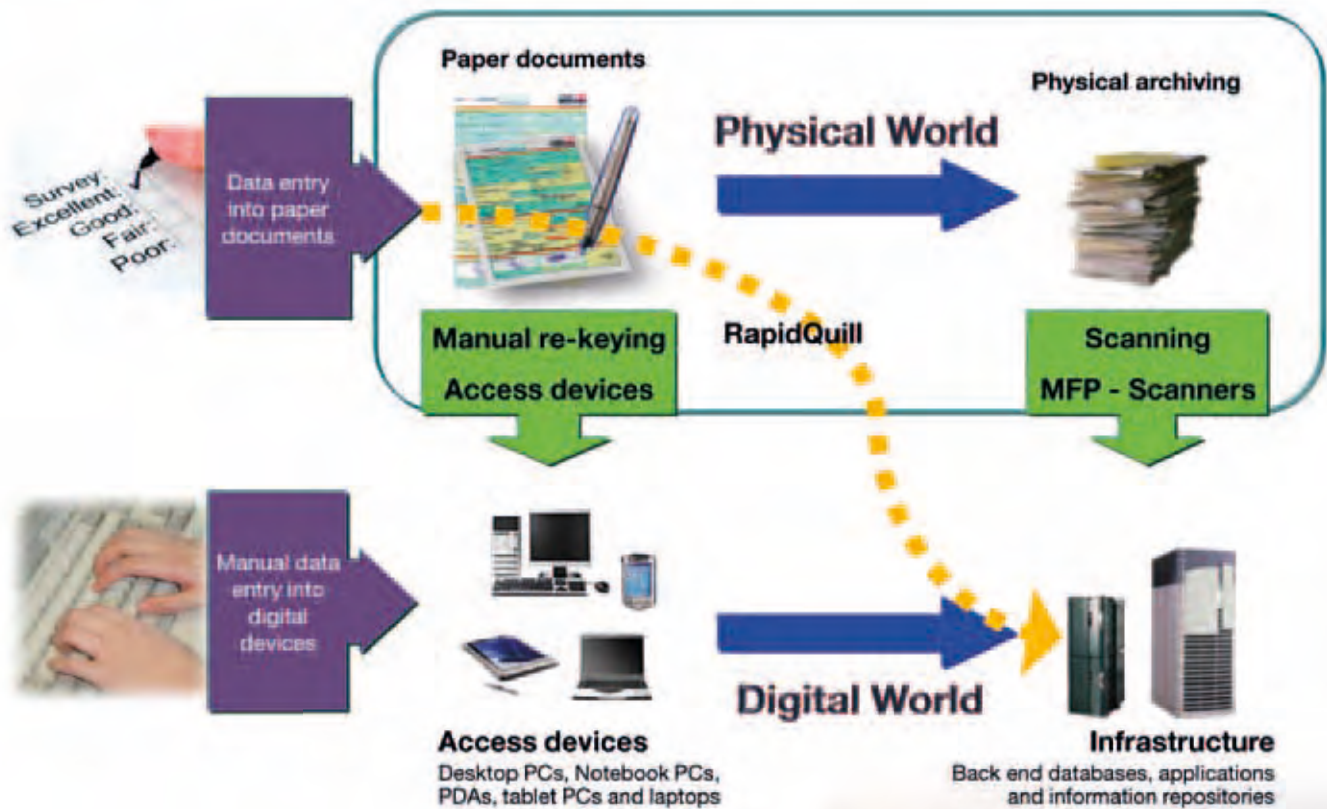
Addressing these specific challenges, TFP's Cloud Computing Business Productivity Suite initiative, together with our Technology Partners, such as Oracle and Microsoft, TFP now offers our client Subscription-Based business applications such as ERP and CRM. Now, our client can acquire the latest technology with a much lower Total Cost of Ownership (TCO) with a faster and shorter Return of Investment (ROI). No more high capital expenditure (Capex) but a Software as a Service (SaaS) pay-as-you-go approach.



# Business Information (cont'd)

Our R&D team has made great stride last year. Available to our customers now, our RapidQuill Data Capture Solution helps to simplify and streamline otherwise traditional complex business processes. Using a patented Digital Pen which has a built-in infra-red camera, paper or forms that are printed with digital carbon dots and also integration to any ERP and CRM application, we help our customers increase their adoption of IT application and productivity. Non-IT literate staffs can now use this pen and paper technology for the daily tasks and all the handwritten information will be digitize through RapidQuill.

## RapidQuill vs Conventional Process Flow



## Converged Infrastructure Solutions

Technology today is moving towards being mobile, connected, interactive, immediate, and fluid.

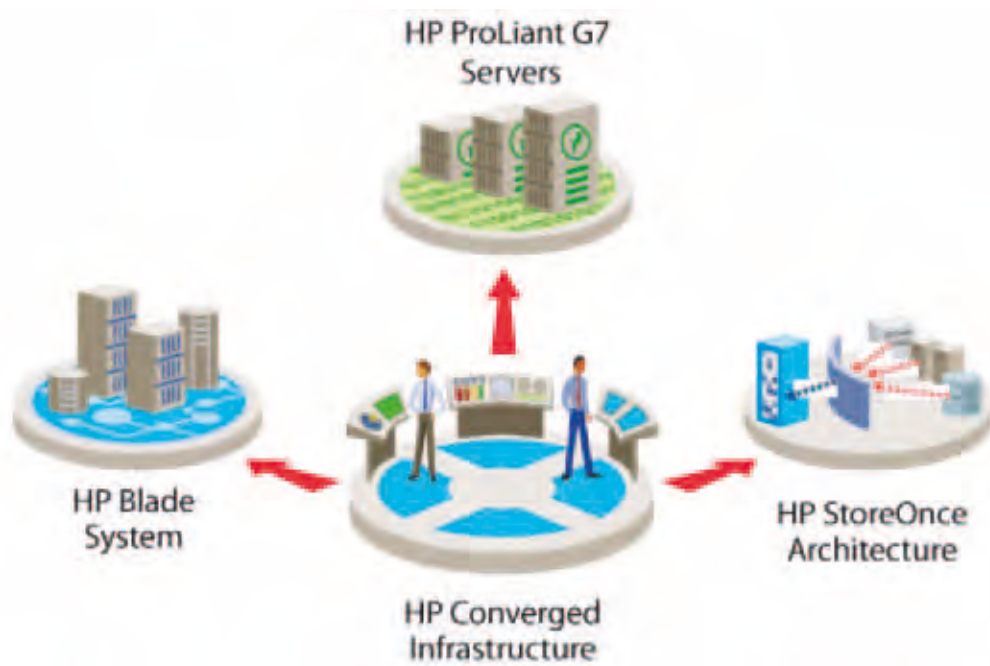
The Infrastructure-as-a-Service (IaaS) in a Cloud Computing environment will provide a single open computing system that integrates consumers and enterprises.

TFP is offering consultancy on Cloud computing as a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.

We focus on service delivery, providing technology-enabled services to users whenever and wherever they need by ensuring it to be cost-effective, secured, and efficient. In summary, the key benefits of Cloud Computing are:

- Significant Cost Reduction,
- Increased Storage
- Highly Automated
- Flexible and Adaptable
- Mobility
- And Reduce cost of ownership.

# Business Information (cont'd)



Our Converged Infrastructure Solutions (CIS) team provides the following solutions:

- System Virtualization
- Microsoft Infrastructure
- Linux Infrastructure
- Data Management
- Service Management

We offer a wide range of CIS products and services such as:

- Enterprise Servers (x64 & UNIX Platforms)
- Enterprise Storage System (DAS, NAS, SAN, & Tape Solutions)
- Networking Components (Switches, Routers, Load Balancers)
- Data Centre Infrastructure (Availability, Accessibility, Performance)
- IT Outsourcing Services



# Corporate Social Responsibility 2010

TFP Solutions Berhad's (TFP) Corporate Social Responsibility (CSR) core philosophy is based on the United Nations Global Compact principles. As such, our CSR objectives are as follows:

- To be a socially responsible organization which promotes charitable cause, community service and a better quality of life
- To protect and enhance our environment
- To enhance employee wellbeing and better working conditions
- To ensure our corporate strategy is ethical and operate honorably.

In 2010, TFP has participated in a few CSR projects in accordance with our CSR objectives:

1. TFP is committed to leverage our core competency to bring a positive impact to the society. Since 2009, 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:

- Launch of PC Lab
  - i. In 2009, TFP set-up a PC Lab in House of Joy
  - ii. Official Launch of House of Joy's PC Lab by Guest of Honour, Selangor State Senior Executive Councillor - YB Teresa Kok on 24 June 2010
  - iii. TFP invited Dr. Mohd Nasir Bin Ismail from Pantai Hospital Klang as the speaker for The Health Talk during the launch
  - iv. TFP donated Polo T-shirts to all the children and staff of House of Joy



- Tuition Classes
  - i. Weekly English Classes – Lena Lee
  - ii. Bi-Monthly Computer Classes – Iskandar, Steve Lim, Helen Xu, Ho Wing Onn, Ng Chin Keong, Simon Chong
- Mid Autumn Festival Celebration
  - i. On 24 September 2010, TFP celebrated Mid Autumn Festival with the children of House of Joy at Bukit Jalil Golf & Country Resort
  - ii. Fun games and creative activities were organized and conducted by TFP Sports Club "VGO" – Davinder Singh, Rohayu Binti Mohamed Shahrim, Steve Lim, Helen Xu, Lena Lee, Theresa Lim, Joyce Tan, Khong Cheh Lu
  - iii. TFP donated books and stationery to all children of House of Joy



# Corporate Social Responsibility 2010 (cont'd)

- Participation in House of Joy Charity Carnival, 19 December 2010
  - i. We assisted in the sale of tickets for the carnival amounting to RM3,000 – Lena Lee
  - ii. TFP staff also participated as stall helpers in the carnival – Lena Lee, Chua Soo Wai, Steve Lim, Helen Xu and Dr. Chew Seng Poh & Family



2. To protect and enhance our environment, TFP embarked on an energy saving campaign within its organization since its launch in 2009. The objective of the campaign is to cultivate an energy saving conscious culture in the organization. In 2010, TFP has achieved a 10% reduction in our energy costs within its organization. Our target in 2011 is to reduce our energy saving cost by another 5%.
3. TFP has also embarked on a recycling campaign within its organization. The recycling campaign involves the following activities:
  - Reusing of printed papers
  - Installation of recycle bins within the organization
  - Disposal of recycle waste and e-waste to recycling companies

For the year 2010, TFP has recorded an increase of 100% in our recycle waste collection compared to our recycle efforts in the year 2009. The recycling campaign has also resulted in 20% reduction of paper usage in TFP as compared to the previous year 2009. TFP will target to increase our waste recycle collection by another 20% and reduction of our paper usage by another 5%. In our effort to reduce our carbon footprint, TFP will promote IT waste recycling and IT energy saving campaign to our customers and suppliers.

4. To enhance employee wellbeing and better working conditions, TFP organized a 3 days 2 nights trip to Club Med Cherating for all staff on 29 – 31 October 2010.

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:

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



TFP Solutions Berhad  
(773550-A)



This CSR statement will serve as our COP (Communication On Progress) reporting to the United Nations Global Compact.

# 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 Bursa Malaysia Securities Berhad (“Bursa Securities”) ACE Market Listing Requirements (“LR”).

## 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 experience and knowledge in the areas of business, regulatory, industry and finance that contributes towards the effective stewardship as well as shaping the direction of the Group. The profiles of the Directors are presented on pages 7 to 9 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, five (5) Board meetings were held and the attendance of the Directors are as follows:

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

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.

### 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.



# Statement of Corporate Governance (cont'd)

## BOARD OF DIRECTORS (CONT'D)

### 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 ("AGM") 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 2010, TFP Directors have attended the course on Designing Balance Score Card.

## DIRECTORS' REMUNERATION

### 1. The Level and Make-Up of Remuneration

The Remuneration Committee was established on 11 January 2008 and is 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.

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorised into appropriate components for the financial year ended 31 December 2010 are as follows:

Directors' fees and remuneration	Fees RM'000	Salaries RM'000	Other benefits RM'000
Executive Directors	80	675	288
Non-Executive Directors	80	-	-
Total	160	675	288

Bandwidth of remuneration	No. of Executive Directors	No. of Non-executive directors
250,001 - 300,000	2	-
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 2010.



# Statement of Corporate Governance (cont'd)

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

## ACCOUNTABILITY AND AUDIT

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

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

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

- (a) selecting suitable accounting policies and then applying them consistently;
- (b) stating whether applicable accounting standards have been followed;
- (c) making judgement 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 of 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 terms 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 during the 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 18 May 2011.



# 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 delegations 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 2010 is RM30,000.

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

## 2. TERMS OF REFERENCE

### (a) Composition of Members

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

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

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.

### (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.

# Audit Committee Report (cont'd)

## 2. TERMS OF REFERENCE (CONT'D)

### (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 who 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)

## 2. TERMS OF REFERENCE (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 2010, THE AUDIT COMMITTEE HELD A TOTAL OF FIVE (5) MEETINGS. THE ATTENDANCE OF THE MEMBERS OF THE AUDIT COMMITTEE ARE SET OUT AS BELOW :

Director	Attendance
1. Dato' Jamaludin Bin Hassan	5/5
2. Joseph Ting	5/5
3. 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 2010:

- (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 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 2010 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 2010 were as follows:-

	Proposed Amount RM'000	Timeframe for Utilisation	Utilised as at 31 December 2010 RM'000	Balance as at 31 December 2010 RM'000
(i) R&D expenditure	3,300	Within three (3) years from the date of receipt	2,126	1,174
(ii) Business expansion and capital expenditure #	3,000	Within three (3) years from the date of receipt	289	2,711
(iii) Working capital #	3,720	Within three (3) years from the date of receipt	3,715	5
(iv) Estimated Listing Expenses *	1,500	Within six (6) months from the date of receipt	1505	(5)
	<u>11,520</u>		<u>7,635</u>	<u>3,885</u>

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

Note #:

The Board had on 4 April 2011 approved the following:-

- the redeployment of part of its Initial Public Offering (IPO) proceeds of RM2.68 million, originally allocated for business expansion and capital expenditure to be used as working capital for TFP and its subsidiaries; and
- the extension of time for full utilisation of its remaining IPO proceeds as at 28 February 2011 amounted to RM3.76 million, made up of working capital of RM2.68 million by one (1) year to 21 February 2012 and research and development expenditure of RM1.08 million by one and half (1½) years to 21 August 2012

## 2. Share Buy-Back

There were no Share Buy-Back agreements during the financial year ended 31 December 2010.

## 3. Options or Convertible Securities

The Company did not issue any options or convertible securities during the financial year ended 31 December 2010.

## 4. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2010.

## 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 2010.

## 6. Variation Of Results

The Company did not issue any profit estimate, forecast or projection during the financial year ended 31 December 2010. 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 2010.



# Additional Compliance Information (cont'd)

## 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 2010.

## 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 2010 was RM4,000.

## 11. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial year are set out below:-

Transacting parties	Nature of transactions	Relationship of Related Party	Aggregate value made during the financial year ended 31 December 2010 (RM)
MBP Solutions Sdn Bhd 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	Lim Lung Wen, Director of TFP is the owner of the shophouse	18,000
SBOne Solutions Sdn Bhd 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	Lim Lung Wen, Director of TFP is the owner of the shophouse	12,000
TFP Solutions Berhad 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	Lim Lung Wen, Director of TFP is the owner of the shophouse	9,600
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	Lim Lung Wen and Quah Teik Jin, Directors of TFP are the owners of the shophouse	9,600



# Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and engaged in the business of providing shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM'000	The Company RM'000
(Loss)/Profit after taxation for the financial year	(2,434)	245
Attributable to:-		
Owners of the Company	(2,300)	245
Minority interests	(134)	-
	(2,434)	245

## DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

## ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.



# Directors' Report (cont'd)

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 28 to the financial statements. At the date of this report, there does not exist:-

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

No contingent or other liability of the Group and of the Company 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 when they fall due.

## CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

## DIRECTORS

The directors who served since the date of the last report are as follows:-

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



# Directors' Report (cont'd)

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

The Company	Number of ordinary shares of RM0.10 each			
	At 1.1.2010	Bought	Sold	At 31.12.2010
<i>Direct Interests</i>				
Lim Lung Wen	13,500,026	-	-	13,500,026
Quah Teik Jin	13,500,089	-	-	13,500,089
Dr Chew Seng Poh	300,000	-	-	300,000
Dato' Jamaludin Bin Hassan	112,500	-	-	112,500
Joseph Ting	150,000	-	-	150,000
Edward Khor Yew Heng	112,500	-	-	112,500
<i>Indirect Interests</i>				
Lim Lung Wen <sup>#</sup>	42,023,258	-	(2,340,000)	39,683,258
Quah Teik Jin <sup>#</sup>	42,023,258	-	(2,340,000)	39,683,258

<sup>#</sup> - Deemed interest by virtue of their direct substantial shareholdings in Milan Premier Sdn. Bhd.

By virtue of their interests in the shares of the Company, Lim Lung Wen and Quah Teik Jin are deemed to have interests in shares in its subsidiaries during the financial year to the extent of the Company's interests in accordance with Section 6A of the Companies Act 1965.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 26 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 30 to the financial statements.



# Directors' Report (cont'd)

## **AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 26 April 2011.

**LIM LUNG WEN**

**QUAH TEIK JIN**



# Statement by Directors

We, Lim Lung Wen and Quah Teik Jin, being two of the directors of TFP Solutions Berhad, state that, in the opinion of the directors, the financial statements set out on pages 35 to 71 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 state of affairs of the Group and of the Company at 31 December 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 31 on page 71, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 26 April 2011.

**LIM LUNG WEN**

**QUAH TEIK JIN**

# Statutory Declaration

I, Choo Chuin Hui, being 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 35 to 71 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 Choo Chuin Hui at Kuala Lumpur in the Federal Territory on this 26 April 2011

**CHOO CHUIN HUI**

Before me

Commissioner of Oaths  
**RAMALINGAM S.PILLAY**  
No: W432

Kuala Lumpur



# Independent Auditors' Report

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

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TFP Solutions Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 35 to 71.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 2010 and of their financial performance and cash flows for the financial year then ended.

### *Other Matters*

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 20 April 2010, expressed an unqualified opinion on those statements.

### *Emphasis of Matter*

Without qualifying our opinion, we wish to draw attention on Note 9 to the financial statements. The Group has not made an allowance for impairment loss on a trade receivable of approximately RM3 million which has been outstanding for more than one year, as the directors are of the opinion that the debt is recoverable.

# Independent Auditors' Report (cont'd)

to the members of TFP Solutions Berhad

(Incorporated in Malaysia)

Company No : 773550 - A

## 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' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 5 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 subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 31 on page 71 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

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.

### CROWE HORWATH

Firm No: AF 1018

Chartered Accountants

### OOI SONG WAN

Approval No: 2901/10/12 (J)

Chartered Accountant

Kuala Lumpur

Date: 26 April 2011



# Statements of Financial Position

at 31 December 2010

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-Current Assets					
Investments in subsidiaries	5	-	-	5,935	5,935
Plant and equipment	6	404	600	98	129
Intangible assets	7	2,054	2,005	-	-
		2,458	2,605	6,033	6,064
Current Assets					
Inventories	8	2,382	4,740	-	-
Receivables, deposits and prepayments	9	15,315	5,501	9,266	8,137
Tax refundable		411	517	108	85
Deposits with licensed banks	10	4,928	3,546	1,130	200
Cash and bank balances		602	2,702	64	82
		23,638	17,006	10,568	8,504
Assets held for sale	11	-	4,016	-	2,012
		23,638	21,022	10,568	10,516
Total Assets		26,096	23,627	16,601	16,580
EQUITY AND LIABILITIES					
Equity					
Share capital	12	14,007	14,007	14,007	14,007
Share premium	13	2,946	2,946	2,946	2,946
Accumulated losses		(2,347)	(47)	(606)	(851)
Total Equity Attributable to Owners of the Company		14,606	16,906	16,347	16,102
Minority Interests		(92)	42	-	-
Total Equity		14,514	16,948	16,347	16,102
Non-Current Liabilities					
Deferred taxation	14	37	37	14	14
		37	37	14	14
Current Liabilities					
Short-term borrowings	15	1,848	368	-	-
Deferred income	16	94	515	-	-
Payables and accruals	17	9,603	5,759	240	464
		11,545	6,642	240	464
Total Liabilities		11,582	6,679	254	478
Total Equity and Liabilities		26,096	23,627	16,601	16,580
Net Assets Per Share (RM)	18	0.10	0.12		

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



# Statements of Comprehensive Income

for the financial year ended 31 December 2010

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	19	38,408	61,414	930	1,084
Cost of sales		(34,932)	(59,705)	-	-
<b>Gross Profit</b>		3,476	1,709	930	1,084
Other income		1,709	455	769	357
		5,185	2,164	1,699	1,441
Administrative expenses		(4,555)	(4,203)	(1,421)	(1,470)
Other expenses		(2,871)	(266)	(33)	(792)
Share of results in a former associate		-	(137)	-	-
Finance costs		(41)	(15)	-	-
<b>(Loss)/Profit Before Taxation</b>	20	(2,282)	(2,457)	245	(821)
Income tax expense	21	(152)	(113)	-	(79)
<b>(Loss)/Profit After Taxation/Total Comprehensive (Expenses)/Income</b>		(2,434)	(2,570)	245	(900)
<b>Total Comprehensive (Expenses)/ Income Attributable to:-</b>					
Owners of the company		(2,300)	(2,366)	245	(900)
Minority interests		(134)	(204)	-	-
		(2,434)	(2,570)	245	(900)
<b>Loss Per Share (Sen)</b>					
- Basic	22	(1.64)	(1.69)		
- Diluted	22	Not applicable	Not applicable		

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



# Statements of Changes in Equity

for the financial year ended 31 December 2010

The Group	Non-distributable		Distributable		Minority interests	Total equity
	Share capital	Share premium	Retained profits/ (accumulated losses)	Attributable to owners of the company		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1.1.2009</b>	14,007	2,946	2,319	19,272	-	19,272
Total comprehensive expenses for the financial year	-	-	(2,366)	(2,366)	(204)	(2,570)
Minority interest in subsidiary	-	-	-	-	246	246
<b>Balance at 31.12.2009/1.1.2010</b>	14,007	2,946	(47)	16,906	42	16,948
Total comprehensive expenses for the financial year	-	-	(2,300)	(2,300)	(134)	(2,434)
<b>Balance at 31.12.2010</b>	14,007	2,946	(2,347)	14,606	(92)	14,514

The Company	Non-distributable		Distributable		Total equity
	Share capital	Share premium	Accumulated losses		
	RM'000	RM'000	RM'000		RM'000
<b>Balance at 1.1.2009</b>	14,007	2,946	49		17,002
Total comprehensive expenses for the financial year	-	-	(900)		(900)
<b>Balance at 31.12.2009/1.1.2010</b>	14,007	2,946	(851)		16,102
Total comprehensive income for the financial year	-	-	245		245
<b>Balance at 31.12.2010</b>	14,007	2,946	(606)		16,347

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

# Statements of Cash Flows

for the financial year ended 31 December 2010

	Note	The Group		The Company	
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>					
(Loss)/Profit before taxation		(2,282)	(2,457)	245	(821)
Adjustments for:-					
Impairment loss on trade receivables		119	96	-	-
Allowance for impairment loss on investment in subsidiaries		-	-	-	791
Amortisation of intangible assets		498	396	-	-
Depreciation of investment properties		-	54	-	43
Depreciation of plant and equipment		247	200	33	32
Finance costs		41	15	-	-
Interest income		(62)	(67)	(320)	(246)
Allowance for slow-moving inventories		2,366	-	-	-
Loss on disposal of plant and equipment		6	-	-	-
Plant and equipment written off		2	25	-	-
Gain on disposal of assets held for sale		(900)	-	(438)	-
Reversal of impairment loss on trade receivables		(240)	(70)	-	-
Share of results in a former associate		-	137	-	-
Net unrealised foreign exchange loss		103	164	-	-
Operating loss before working capital changes		(102)	(1,507)	(480)	(201)
Increase in inventories		(8)	(4,740)	-	-
Deferred income		(421)	359	-	-
(Increase)/Decrease in receivables		(9,693)	1,494	(1,129)	(4,321)
Increase/(Decrease) in payables		3,844	891	(224)	188
<b>CASH FOR OPERATIONS</b>		(6,380)	(3,503)	(1,833)	(4,334)
Interest received		62	67	320	246
Finance costs		(41)	(15)	-	-
Income tax refund		-	27	-	-
Income tax paid		(46)	(300)	(23)	(45)
<b>NET CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD</b>		(6,405)	(3,724)	(1,536)	(4,133)

# Statements of Cash Flows (cont'd)

for the financial year ended 31 December 2010

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>BALANCE BROUGHT FORWARD</b>		(6,405)	(3,724)	(1,536)	(4,133)
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>					
Net of cash outflow on acquisition of a subsidiary	23	-	(833)	-	-
Increase in investment in a subsidiary		-	-	-	(1,888)
Purchase of plant and equipment		(60)	(74)	(2)	(18)
Proceeds from disposal of plant and equipment		1	4	-	-
Net proceeds from disposal of assets held for sale		4,916	-	2,450	-
Capital contribution from minority shareholders		-	246	-	-
Development costs		(547)	(614)	-	-
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>		4,310	(1,271)	2,448	(1,906)
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Drawdown of bills payable		1,848	-	-	-
Repayment of term loans		(368)	(12)	-	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		1,480	(12)	-	-
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(615)	(5,007)	912	(6,039)
<b>FOREIGN EXCHANGE TRANSACTION DIFFERENCES</b>		(103)	(164)	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		6,248	11,419	282	6,321
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	24	5,530	6,248	1,194	282

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



# Notes to the Financial Statements

for the financial year ended 31 December 2010

## 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur.

Principal place of business : No 8-3, Jalan Puteri 4/2,  
Bandar Puteri,  
47100 Puchong,  
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 April 2011.

## 2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and engaged in the business of the providing shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

- (a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 3. BASIS OF PREPARATION (CONT'D)

### (a) FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)

IC Interpretation 9 Reassessment of Embedded Derivatives

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

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

- (i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 – Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

- (ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 29(b) to the financial statements.

- (iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The adoption does not have any material financial impact to the financial statements for the current financial year.

- (iv) The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 28 to the financial statements.



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 3. BASIS OF PREPARATION (CONT'D)

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interprétation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES

### (a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

#### (i) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

#### (iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (iv) Amortisation of Intellectual Property Rights and Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

#### (v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### (vi) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Critical Accounting Estimates And Judgements (Cont'd)

#### (vii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

#### (viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with minority interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

### (c) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Functional and Foreign Currencies

#### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

#### (ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### (iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

### (e) Financial Instruments

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

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

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (i) Financial Assets

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



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Financial Instruments (Cont'd)

#### (i) Financial Assets (Cont'd)

- ***Financial Assets at Fair Value Through Profit or Loss***

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- ***Held-to-maturity Investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- ***Loans and Receivables Financial Assets***

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

- ***Available-for-sale Financial Assets***

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

#### (ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Financial Instruments (Cont'd)

#### (iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

### (f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### (g) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Office equipment	20%
Computer equipment	20%
Furniture and fittings	20%
Renovation	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

### (h) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Research and Development Expenditure (Cont'd)

- (iv) its ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

### (i) Intangible Assets

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

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.

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 annual amortisation in respect of the intangible assets is computed on a straight-line basis over 5 years period.

### (j) Impairment

#### (i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

#### (ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Impairment (Cont'd)

#### (ii) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

### (l) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (n) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

### (o) Employee Benefits

#### (i) Short-Term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

#### (ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

### (p) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (ii) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (iii) the party is an associate of the entity;
- (iv) the party is a joint venture in which the entity is a venturer;
- (v) the party is a member of the key management personnel of the entity or its parent;
- (vi) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vii) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (viii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Revenue Recognition

#### (i) Sale of Goods

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 an 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 profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to 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 profit or loss as and when the services are rendered.

#### (iv) Interest Income

Interest income is recognised on an accrual basis.

#### (v) Dividend Income

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

#### (vi) Rental Income

Rental income from investment properties are recognised in the profit or loss 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.

### (r) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### (s) 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.

### (t) Operating Segments

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



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 5. INVESTMENTS IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost		
At 1 January	6,726	3,572
Acquisition of a subsidiary (previously an associate)	-	1,266
Increase in investment in subsidiaries	-	1,888
	<hr/> 6,726	<hr/> 6,726
Allowance for impairment losses:-		
At 1 January	(791)	-
Addition during the financial year	-	(791)
	<hr/> (791)	<hr/> (791)
At 31 December	<hr/> 5,935	<hr/> 5,935

The details of the subsidiaries are as follows:-

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2010	2009	
		%	%	
MBP Solutions Sdn. Bhd. #	Malaysia	100	100	Providing Enterprise Resource Planning (ERP) consulting and implementation of Microsoft Dynamics products.
ProDserv Sdn. Bhd.	Malaysia	100	100	Developing and providing Enterprise Business Solutions (EBS) value added solutions.
ProXerv Sdn. Bhd.	Malaysia	100	100	Providing shared services Information Technology (IT) outsourcing.
SBOne Solutions Sdn. Bhd.	Malaysia	100	100	Providing Enterprise Resource Planning (ERP) consulting and implementation of SAP products.
SoftFac Technology Sdn. Bhd.	Malaysia	100	100	Providing Human Capital Resource Management (HCRM) solutions.
Tech3 Solutions Sdn. Bhd. (formerly known as TenInfo Technology Sdn. Bhd.)	Malaysia	100	100	Providing Enterprise Systems Solutions.
O2U Solutions Sdn. Bhd.	Malaysia	51	51	Providing Enterprise Resource Planning (ERP) consulting and implementation of the Oracle products.
TFP International Pte. Ltd. ^	Singapore	100	100	Dormant

^ - Audited by other firm of chartered accountants.

# - The audit report of this subsidiary contained an emphasis of matter which has been highlighted in the audit report of the Group and the Company.



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 6. PLANT AND EQUIPMENT

The Group	At 1.1.2010 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge RM'000	At 31.12.2010 RM'000
<b>Net Book Value</b>						
Office equipment	109	5	(1)	-	(42)	71
Computer equipment	270	34	-	(2)	(121)	181
Furniture and fittings	152	6	(6)	-	(57)	95
Renovation	69	15	-	-	(27)	57
	600	60	(7)	(2)	(247)	404

	At 1.1.2009 RM'000	Additions RM'000	Acquisition through business combination RM'000	Disposal RM'000	Written off RM'000	Depreciation charge RM'000	At 31.12.2009 RM'000
<b>Net Book Value</b>							
Office equipment	92	3	47	-	-	(33)	109
Computer equipment	208	50	117	(4)	(4)	(97)	270
Furniture and fittings	126	18	57	-	-	(49)	152
Renovation	59	3	49	-	(21)	(21)	69
	485	74	270	(4)	(25)	(200)	600

The Group	At cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>At 31.12.2010</b>			
Office equipment	251	(180)	71
Computer equipment	737	(556)	181
Furniture and fittings	346	(251)	95
Renovation	152	(95)	57
	1,486	(1,082)	404

### At 31.12.2009

Office equipment	248	(139)	109
Computer equipment	724	(454)	270
Furniture and fittings	353	(201)	152
Renovation	137	(68)	69
	1,462	(862)	600



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 6. PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2010 RM'000	Addition RM000	Depreciation charge RM'000	At 31.12.2010 RM'000
<b>The Company</b>				
<b>Net Book Value</b>				
Office equipment	34	-	(9)	25
Computer equipment	13	2	(4)	11
Furniture and fittings	69	-	(17)	52
Renovation	13	-	(3)	10
	129	2	(33)	98

	At 1.1.2009 RM'000	Addition RM000	Depreciation charge RM'000	At 31.12.2009 RM'000
<b>The Company</b>				
<b>Net Book Value</b>				
Office equipment	43	-	(9)	34
Computer equipment	16	-	(3)	13
Furniture and fittings	67	18	(16)	69
Renovation	17	-	(4)	13
	143	18	(32)	129

	At cost RM'000	Accumulated depreciation RM000	Net book value RM'000
<b>The Company</b>			
<b>At 31.12.2010</b>			
Office equipment	44	(19)	25
Computer equipment	19	(8)	11
Furniture and fittings	87	(35)	52
Renovation	17	(7)	10
	167	(69)	98
<b>At 31.12.2009</b>			
Office equipment	44	(10)	34
Computer equipment	17	(4)	13
Furniture and fittings	87	(18)	69
Renovation	17	(4)	13
	165	(36)	129

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 7. INTANGIBLE ASSETS

The Group	Goodwill RM'000	Intellectual property rights RM'000	Development costs RM'000	Total RM'000
<b>At Cost:-</b>				
At 1 January 2009	-	192	1,547	1,739
Acquisition through business combinations	255	-	-	255
Addition	-	-	614	614
At 31 December 2009/1 January 2010	255	192	2,161	2,608
Addition	-	-	547	547
<b>At 31 December 2010</b>	<b>255</b>	<b>192</b>	<b>2,708</b>	<b>3,155</b>
<b>Amortisation:-</b>				
At 1 January 2009	-	67	140	207
Amortisation for the year	-	62	334	396
At 31 December 2009/1 January 2010	-	129	474	603
Amortisation for the year	-	63	435	498
<b>At 31 December 2010</b>	<b>-</b>	<b>192</b>	<b>909</b>	<b>1,101</b>
<b>Carrying Amounts:-</b>				
At 1 January 2009	-	125	1,407	1,532
<b>At 31 December 2009/1 January 2010</b>	<b>255</b>	<b>63</b>	<b>1,687</b>	<b>2,005</b>
<b>At 31 December 2010</b>	<b>255</b>	<b>-</b>	<b>1,799</b>	<b>2,054</b>

### (i) 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.

### (ii) 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.

### (iii) 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 Tech3 Solutions Sdn. Bhd. (formerly known as TenInfo Technology Sdn. Bhd.) ("Tech3"). As such, for the purpose of impairment testing, Tech3 is deemed the cash-generating unit.

The recoverable amount of Tech3 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 2011 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 Tech3 over the next 5 years based on the following key assumptions:



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 7. INTANGIBLE ASSETS (CONT'D)

### (iii) Impairment Testing for Cash-Generating Units Containing Goodwill (Cont'd)

- Tech3 will continue in operations over the next 5 years.
- Sales are expected to grow at 5% per annum constantly for next 5 years.
- Gross profit margin is expected to remain constant.
- Discount rate is based on the weighted average cost of capital at 12%.

The values assigned to the key assumptions represent management's assessment of future trends in the industry in which Tech3 operates and is based on both external sources and internal sources (historical data).

### (iv) Impairment Testing for Software Development Costs Capitalised

Software development costs capitalised are 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 Board of Directors. Cash flows beyond financial year 2011 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 RM6,983,000 in 2011 and consistently grow at 5% per annum for subsequent years of the projections. The higher growth projected for 2011 is due to the recovery of demand for software expected in 2011.
- Gross profit margin is expected to remain constant.
- Discount rate is based on the weighted average cost of capital at 12%.

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).

## 8. INVENTORIES

	The Group	
	2010 RM'000	2009 RM'000
<b>At Cost:-</b>		
Computer hardware	4,748	4,740
Less: Allowance for slow-moving inventories	(2,366)	-
	<u>2,382</u>	<u>4,740</u>

## 9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Trade</b>					
Trade receivables	9.1	15,088	5,637	-	-
Less: Impairment loss on trade receivables		(287)	(510)	-	-
		<u>14,801</u>	<u>5,127</u>	<u>-</u>	<u>-</u>
Subsidiaries	9.2	-	-	90	7,824
		<u>14,801</u>	<u>5,127</u>	<u>90</u>	<u>7,824</u>



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Non-Trade</b>					
Other receivables		9	7	-	-
Deposits		33	56	-	-
Prepayments	9.3	472	311	-	-
Subsidiaries	9.2	-	-	9,176	313
<hr/>					
Subsidiaries	9.2	514	374	9,176	313
<hr/>					
<b>At 31 December</b>		15,315	5,501	9,266	8,137
<hr/>					
<b>Allowance For Impairment Loss</b>					
At 1 January		(510)	(529)	-	-
Written off		102	45	-	-
Writeback		240	70	-	-
Addition for the financial year		(119)	(96)	-	-
<hr/>					
<b>At 31 December</b>		(287)	(510)	-	-

- 9.1 The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of a subsidiary is an amount of RM3 million which has been outstanding for more than one year. 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 20 November 2011. 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 substantially delivered within the stipulated timeline of 20 November 2011. Thereafter, the substantial portion of the project work completed is contractually payable by the end user.

The directors are of the opinion that the debt will be recoverable as evidenced by partial settlement subsequent to the end of reporting period. In addition, as the project is still on-going and the end user has made substantial payments to the customer during the financial year which indicates the customer's ability to repay the outstanding amount. Management is closely monitoring the outstanding amount and the Directors are confident of securing the payments.

- 9.2 The trade amount owing by subsidiaries is subject to normal trade terms.

The non-trade amount owing by subsidiaries is unsecured, bore interest of 3.5% (2009 - 3.5%) per annum and is repayable on demand. The amount is to be settled in cash.

- 9.3 Included in prepayments is an amount of RM458,000 (2009 - RM280,000) due from contract customers for ongoing projects at year end.



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 10. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks of the Group and the Company at the end of the reporting period bore effective interest rates of 2.39% (2009 - 4.5%) per annum. The deposits have maturity periods ranging from 1 to 365 days (2009 - 365 days).

Included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM2,515,895 (2009 - NIL) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

## 11. ASSETS HELD FOR SALE

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Carrying amount of investment properties:				
At 1 January	4,016	-	2,012	-
Reclassified from investment properties	-	4,016	-	2,012
Disposal during the year	(4,016)	-	(2,012)	-
<b>At 31 December</b>	<b>-</b>	<b>4,016</b>	<b>-</b>	<b>2,012</b>

The investment properties held by the Group and the Company were 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 for the disposal of the investment properties. The disposal was completed in February 2010.

## 12. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Company			
	2010	2009	2010	2009
	Number of shares			
	'000	'000	RM'000	RM'000
<b>Ordinary shares of RM0.10 each</b>				
<b>Authorised</b>				
At 1 January/31 December	250,000	250,000	25,000	25,000
<b>Issued and fully paid-up</b>				
At 1 January/31 December	140,077	140,077	14,007	14,007

## 13. SHARE PREMIUM

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



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 14. DEFERRED TAXATION

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At January	37	(71)	14	(10)
Recognised in profit or loss (Note 21)	-	56	-	24
Acquired through business combination	-	52	-	-
<b>At 31 December</b>	<b>37</b>	<b>37</b>	<b>14</b>	<b>14</b>

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Accelerated capital allowances over depreciation	40	96	14	14
Unabsorbed capital allowances	(3)	(15)	-	-
Unutilised losses carried forward	-	(44)	-	-
<b>At 31 December</b>	<b>37</b>	<b>37</b>	<b>14</b>	<b>14</b>

## 15. SHORT-TERM BORROWING

	The Group	
	2010 RM'000	2009 RM'000
Term loan	-	368
Bills payable	1,848	-
<b>At 31 December</b>	<b>1,848</b>	<b>368</b>

The bills payable bore an effective interest rate of 9.25% per annum at the end of the reporting period. The bills payable are secured by a memorandum of deposits and letter of set-off over the deposits of RM2.5 million.

In the previous financial year, the term loan was secured by:

- (i) a piece of freehold land and building in a subsidiary with a carrying amount of RM2,004,000; and
- (ii) a Joint and Several Guarantee of RM1,880,000 of the Directors and several third parties.

The term loan was subject to interest rate ranging from 6.35% to 7.30% per annum in the previous financial year.



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 16. DEFERRED INCOME

	The Group	
	2010 RM'000	2009 RM'000
Maintenance and system support	94	515

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

## 17. PAYABLES AND ACCRUALS

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Trade</b>					
Trade payables	17.1	6,779	3,595	-	-
<b>Non-Trade</b>					
Other payables		531	237	26	59
Accrued expenses		1,212	257	214	197
Deposits received	17.2	-	1,670	-	203
Accrued project costs		1,081	-	-	-
Subsidiaries	17.3	-	-	-	5
		2,824	2,164	240	464
<b>At 31 December</b>		9,603	5,759	240	464

17.1 The normal trade credit term granted to the Group and the Company is 60 days.

17.2 Included in the deposits received in the previous financial year was the downpayment of RM510,000 received from the purchaser of the investment properties.

17.3 The non-trade amount owing to subsidiaries in the previous financial year was unsecured, bore an interest of 3.5% per annum and is repayable on demand.

## 18. NET ASSETS PER SHARE

The net assets per share is calculated based on the assets value at the end of the reporting period of RM14,514,000 (2009 - RM16,948,000) divided by the number of ordinary shares in issue at the end of the reporting period of 140,077,000 (2009 - 140,077,000).



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 19. REVENUE

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods	31,199	58,556	-	-
Services	7,209	2,725	-	-
Management fees	-	133	930	1,084
	38,408	61,414	930	1,084

## 20. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>(Loss)/Profit Before Taxation is Arrived At After Charging/ (Crediting):-</b>				
Allowance for slow-moving inventories	2,366	-	-	-
Audit fee:				
- current financial year	60	70	20	16
- other services	4	11	4	-
Impairment loss on trade receivables	119	96	-	-
Allowance for impairment loss on investment in subsidiaries	-	-	-	791
Amortisation of intangible assets	498	396	-	-
Bad debts written off	19	-	-	-
Depreciation of investment properties	-	54	-	43
Depreciation of plant and equipment	247	200	33	32
Directors' fees	160	160	160	160
Directors' non-fee emoluments	963	915	963	915
Plant and equipment written off	2	25	-	-
Interest expense:				
- bills payable	41	-	-	-
- bank overdrafts	-	3	-	-
- term loan	-	10	-	-
- others	-	2	-	-
Loss on disposal of plant and equipment	6	-	-	-
Rental of office	133	80	21	18
Staff costs:				
- salaries, wages, bonuses and allowances	2,730	2,990	-	-
- defined contribution plans	310	340	-	-
- other benefits	388	437	-	-
Gain on disposal of assets held for sale	(900)	-	(438)	-
Net gain/(loss) on foreign exchange:				
- realised	(24)	(3)	-	-
- unrealised	103	164	-	-
Interest income	(62)	(67)	(320)	(246)
Rental income	(34)	(118)	(11)	(111)
Reversal of impairment loss on trade receivables	(240)	(70)	-	-



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 21. INCOME TAX EXPENSE

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- current year	152	57	-	57
- overprovision in the previous financial year	-	-	-	(2)
	152	57	-	55
Deferred taxation (Note 14):				
- current year	-	11	-	3
- underprovision in the previous financial year	-	45	-	21
	-	56	-	24
<b>Total Tax Expense</b>	<b>152</b>	<b>113</b>	<b>-</b>	<b>79</b>

Certain subsidiaries were granted MSC Malaysia 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 ("MDeC") 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. For the Pioneer Status expired during the financial year, the subsidiary is in the process of applying for the extension of time.

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

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>(Loss)/Profit Before Taxation</b>	<b>(2,282)</b>	<b>(2,457)</b>	<b>245</b>	<b>(821)</b>
Tax at the statutory tax rate of 25%	(570)	(614)	61	(205)
Tax effects of:-				
Non-taxable gain	(228)	-	(110)	-
Non-deductible expenses	176	69	49	67
Deferred tax assets not recognised during the financial year	894	568	-	198
Utilisation of deferred tax assets previously not recognised	(120)	-	-	-
Under/(Over) provision in the previous financial year				
- income tax	-	-	-	(2)
- deferred tax	-	45	-	21
Others	-	45	-	-
<b>Income tax expense for the financial year</b>	<b>152</b>	<b>113</b>	<b>-</b>	<b>79</b>

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 21. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets have been recognised due to temporary differences arising from:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>Deferred Tax Liabilities:</b>				
- Accelerated capital allowances	(916)	(1,259)	-	-
<b>Deferred Tax Assets:</b>				
- Unutilised tax losses	2,557	2,143	-	-
- Unabsorbed capital allowance	1,073	924	-	-
- Deductible temporary differences on:				
- impairment loss on trade receivables	287	1,301	-	791
- allowance for slow moving inventories	2,366	-	-	-
	5,367	3,109	-	791

## 22. LOSS PER SHARE

	The Group	
	2010	2009
	RM'000	RM'000
Loss after taxation (RM'000)	(2,434)	(2,570)
Loss attributable to owners of the Company (RM'000)	(2,300)	(2,366)
Weighted average number of ordinary shares at 31 December ('000)	140,077	140,077
<b>Basic Earnings Per Share (Sen)</b>	<b>(1.64)</b>	<b>(1.69)</b>

The diluted loss per share was not presented as there was no potential dilutive ordinary share outstanding at the end of the reporting period.

## 23. ACQUISITION OF SUBSIDIARY

### 2009

On 29 July 2009, the Company acquired the remaining 60% equity interest in Tech3 Solutions Sdn. Bhd. (formerly known as 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.



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 23. ACQUISITION OF SUBSIDIARY (CONT'D)

### 2009 (Cont'd)

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

	Pre-acquisition carrying amounts RM'000	Fair value adjustment 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)
<b>Net Cash Outflow</b>			<b>833</b>

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

## 24. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed banks	4,928	3,546	1,130	200
Cash and bank balances	602	2,702	64	82
	5,530	6,248	1,194	282

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 25. DIRECTORS' REMUNERATION

- (a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors' fee	160	160	160	160
Directors' non-fee emoluments:				
- salaries	864	830	864	830
- defined contribution plans	81	79	81	79
- others	18	6	18	6
	963	915	963	915
	1,123	1,075	1,123	1,075

## 26. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) Identities of related parties

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

- (b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Transactions With Former Associate:</b>				
Sales of goods and services	-	17	-	-
Purchase of goods and services	-	(44)	-	-
Management fees charged	-	133	-	133
Rental income	-	11	-	11
Rental expense	-	(18)	-	-
<b>Transactions With Subsidiaries</b>				
Management fees received	-	-	930	951
Interest income on advances	-	-	(307)	(227)
Rental income	-	-	(2)	(8)
<b>Transactions With Certain Directors of the Company</b>				
Rental expense	49	40	19	10
Key management personnel compensation				
- short-term employee benefits	1,771	1,540	1,042	996
- define contribution plans	151	157	81	79



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 27. OPERATING SEGMENTS

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.

Revenue from three major customers, with revenue equal to or more than 10% of Group's revenue, amounting to RM12,899,800 (2009 - RM42,075,827) arising from sales.

## 28. CONTINGENT LIABILITY

	The Company	
	2010	2009
	RM'000	RM'000
Unsecured corporate guarantee issued in favour of third parties	15,000	5,400

The Company granted unsecured corporate guarantee to suppliers of the Group for the supply of goods and services to the subsidiaries within the Group.

## 29. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (i) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

The Group's exposure to foreign currency is as follows:-

	United States Dollar	Singapore Dollar	Total
The Group	RM'000	RM'000	RM'000
<b>2010</b>			
<b>Financial Assets</b>			
Cash and bank balances	178	26	204
<b>Financial Liabilities</b>			
Payables	(251)	(19)	(270)
<b>Currency Exposure</b>	<b>(73)</b>	<b>7</b>	<b>(66)</b>



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### (i) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Total RM'000
<b>2009</b>			
<b>Financial Assets</b>			
Cash and bank balances	2,081	27	2,108
<b>Financial Liabilities</b>			
Payables	(368)	(8)	(376)
<b>Currency Exposure</b>	1,713	19	1,732

#### Foreign currency risk sensitivity analysis

A 1% strengthening/weakening of the RM against the United States Dollar at the end of the reporting period would have no material impact on profit after taxation. This assumes that all other variables remain constant.

#### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 29(a)(iii) to the financial statements.

#### Interest rate risk sensitivity analysis

A 100 basis point strengthening/weakening in the interest rate at the end of the reporting period would have no material impact on profit after taxation. This assumes that all other variables remain constant.

#### (iii) Equity Price Risk

The Group does not have any quoted investment hence is not exposed to equity price risk.

#### (ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### (ii) Credit Risk (Cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

#### *Credit risk concentration profile*

The Group's major concentration of credit risk relates to the amounts owing by four (4) customers which constituted approximately 72% of its trade receivables as at the end of the reporting period.

#### *Exposure to credit risk*

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The Company does not have exposure to international credit risk as most of its trade receivables are concentrated in Malaysia.

#### *Ageing analysis*

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

	Gross amount RM'000	Individual impairment RM'000	Carrying value RM'000
<b>The Group</b>			
<b>2010</b>			
Not past due	6,753	-	6,753
Past due:-			
- less than 2 months	4,496	-	4,496
- 2 to 4 months	140	-	140
- over 4 months	3,699	(287)	3,412
	15,088	(287)	14,801
<b>The Company</b>			
<b>2010</b>			
Not past due	90	-	90

At the end of the reporting period, trade receivables that are individually impaired were those have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### (ii) Credit Risk (Cont'd)

##### *Ageing analysis (Cont'd)*

##### Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

##### Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

#### (iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted average effective rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 Year RM'000
<b>The Group</b>				
<b>2010</b>				
Bills payable	9.25	1,848	1,848	1,848
Payables	-	9,603	9,603	9,603
		11,451	11,451	11,451
<b>2009</b>				
Term loan	6.46	368	368	368
Payables	-	5,759	5,759	5,759
		6,127	6,127	6,127
<b>The Company</b>				
<b>2010</b>				
Payables	-	240	240	240
<b>2009</b>				
Payables	-	464	464	464

# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

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

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	The Group	
	2010	2009
	RM'000	RM'000
Bills payable	1,848	-
Term loan	-	368
Payables	9,603	5,759
	11,451	6,127
Less: Deposits with licensed banks	(4,928)	(3,546)
Less: Cash and bank balances	(602)	(2,702)
<b>Net Debt</b>	<b>5,921</b>	<b>(121)</b>
<b>Total Equity</b>	<b>14,514</b>	<b>16,948</b>
<b>Debt-To-Equity Ratio</b>	<b>0.41</b>	<b>Not applicable</b>

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

### (c) Classification of Financial Instruments

	The Group	The Company
	2010	2010
	RM'000	RM'000
<b>Financial Assets</b>		
<i>Loans and Receivables Financial Assets</i>		
Receivables	14,843	-
Amount owing by subsidiaries	-	9,266
Deposits with licensed banks	4,928	1,130
Cash and bank balances	602	64
	20,373	10,460
<b>Financial Liabilities</b>		
<i>Other Financial Liabilities</i>		
Payables	9,603	240
Bills payable	1,848	-
	11,451	240



# Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

## 30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 25 August 2009, the Group entered into a Sale and Purchase Agreement to dispose of two units of investment properties for a total cash consideration of RM5.1 million. The Group, via the Extraordinary General Meeting held on 16 October 2009, obtained shareholders' approval for the disposal of the investment properties. The disposal was completed in February 2010.

# Supplementary Information

for the financial year ended 31 December 2010

## 31. DISCLOSURE OF REALISED AND UNREALISED LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group 2010 RM'000	The Company 2010 RM'000
Total accumulated losses:		
- realised	(320)	(592)
- unrealised	(140)	(14)
	(460)	(606)
Less: Consolidation adjustments	(1,887)	-
<b>At 31 December</b>	<b>(2,347)</b>	<b>(606)</b>



# Statistics of Shareholdings

as at 4 May 2011

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	0.30	200	0.00
100 – 1,000	29	2.14	10,900	0.01
1,001 – 10,000	997	73.74	2,811,800	2.01
10,001 – 100,000	245	18.12	9,867,400	7.04
100,001 – 7,003,859 (*)	74	5.47	60,703,527	43.34
7,003,860 and above (**)	3	0.22	66,683,373	47.60
<b>TOTAL</b>	<b>1,352</b>	<b>100.00</b>	<b>140,077,200</b>	<b>100.00</b>

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

## SUBSTANTIAL SHAREHOLDERS

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

Substantial shareholders	Direct interest		Indirect interest	
	No. of shares held	Percentage (%)	No. of Shares held	Percentage (%)
Quah Teik Jin	13,500,089	9.64	*39,683,258	28.33
Lim Lung Wen	13,500,026	9.64	*39,683,258	28.33
Milan Premier Sdn. Bhd.	39,683,258	28.33	-	-

\* 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	*39,683,258	28.33
Lim Lung Wen	13,500,026	9.64	*39,683,258	28.33
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 2011

## THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of shares held	Percentage (%) of issued capital
1.	Milan Premier Sdn. Bhd.	39,683,258	28.33
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 Tiew Ming	6,001,401	4.28
5.	Lim Yau Tong	5,450,100	3.89
6.	Cheah Sek Lim, Sonny	4,991,400	3.56
7.	Tham Yoke Ling	4,535,000	3.24
8.	Raymond Selvaraj a/l Victor Benjamin	4,505,800	3.22
9.	Lim Chee Siong	3,865,895	2.76
10.	Tan Bee Lean	2,100,000	1.50
11.	Tan Man Siang	2,066,247	1.48
12.	HLG Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Ow Poh Kwang	1,999,791	1.43
13.	Dave Choong Dan Nee	1,701,600	1.21
14.	Chung Lea Chun	1,667,200	1.19
15.	ASQ Technology Sdn. Bhd.	1,426,000	1.02
16.	Lim Tay Hean	1,275,000	0.91
17.	Oey Ai Li	1,000,000	0.71
18.	Ng Chooi Kam	968,000	0.69
19.	San Ah Lan	900,000	0.64
20.	Ching Mee Nguk	889,300	0.63
21.	Wong Ah Chin	830,000	0.59
22.	Ida Lim Sui Lin	738,900	0.53
23.	Cheah Ui Huat	717,577	0.51
24.	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Beng Khoon	700,000	0.50
25.	Lau Sie Hui	658,100	0.47
26.	Sim Teong Heng	600,000	0.43
27.	Askpovern Solutions Sdn. Bhd.	567,000	0.40
28.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Soon Weng	553,000	0.39
29.	Lim Yang Kiow	508,000	0.36
30.	Chew Beng Cheng	430,000	0.31
<b>TOTAL</b>		<b>118,328,684</b>	<b>84.46</b>



# Notice of the Fourth Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Fourth Annual General Meeting of the Company will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 28 June 2011 at 10:00 a.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 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 2010. (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) Mr. Lim Lung Wen (Resolution 2)
  - (ii) Mr. Edward Khor Yew Heng (Resolution 3)
4. To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (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 2011 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;
- (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;



# Notice of the Fourth Annual General Meeting (cont'd)

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. **ORDINARY RESOLUTION NO. 3**

### **- PROPOSED NEW 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 and its subsidiary companies ("TFP Group") to enter into the Recurrent Related Party Transactions as described in Section 2.4 of the Circular to Shareholders dated 1 June 2011 with the related parties mentioned therein **PROVIDED THAT:-**

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and
- (ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

**AND THAT** the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:

- (a) 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;
- (b) 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
- (c) 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 7)

- 8 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 2011



# Notice of the Fourth Annual General Meeting (cont'd)

## EXPLANATORY NOTES TO SPECIAL BUSINESS:

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

The proposed adoption of the Ordinary Resolution No. 1 is 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 Third Annual General Meeting held on 23 June 2010 and which will lapse at the conclusion of the Fourth 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 Third Annual General Meeting held on 23 June 2010. 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.

### 3. Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed adoption of the Ordinary Resolution No. 3 is to obtain the Shareholders' Mandate to enable the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are 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 and Proposed New Shareholders' Mandate for recurrent related party transactions are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2010 Annual Report.

#### 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 20 June 2011. Only a depositor whose name appears on the Record of Depositors as at 20 June 2011 shall be entitled to attend the said Meeting or appoint proxies to attend and/or vote on his/her behalf.
- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149 (a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.



**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 Fourth Annual General Meeting of the Company to be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 28 June 2011 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 2010 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 2010. (Resolution 1)		
3(i).	To re-elect Mr. Lim Lung Wen 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. Edward Khor Yew Heng 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 re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 4)		
	<b>As Special Business :</b>		
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 Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 6)		
7	Ordinary Resolution No. 3 - Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 7)		

\* strike out whichever not applicable

Signed this ..... day of ....., 2011

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 20 June 2011. Only a depositor whose name appears on the Record of Depositors as at 20 June 2011 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149 (a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

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

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# Our Business Value



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

TFP Solutions Berhad  
(773550-A)

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