TFP Solutions Berhad
(773550-A)

2012
Annual Report 6

Productivity Through Innovation

Our Vision

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

Cover Rationale

"PEOPLE PRODUCTIVITY IS KEY TO OUR SUCCESS"

In Business, Human Capital is often viewed as a resource and an expense factor.

Within TFP, our employees are our most important asset. We believe that our success is built on the collective performance of individuals. Hence it is our priority to support our employees in their daily task, and help them in realising both their professional and personal goals.

In TFP, it is our culture for the team to complement each other's strengths and overcome weaknesses and barriers through our support system. Together we reap the rewards of the success.

Content

Corporate Information

BOARD OF DIRECTORS

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

Quah Teik Jin
Group Managing Director, Non-Independent

Lim Lung Wen
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

Dato' Hussian @ Rizal Bin A. Rahman
Non-Independent Non-Executive Director
(Appointed on 15 February 2013)

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
+603 2095 0292

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 2788 9999
Fax no. : +603 2788 9998

SHARE REGISTRAR

Securities Services
(Holdings) Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.
Tel no. : +603 2084 9000
Fax no. : +603 2094 9940
+603 2095 0292

PRINCIPAL BANKER

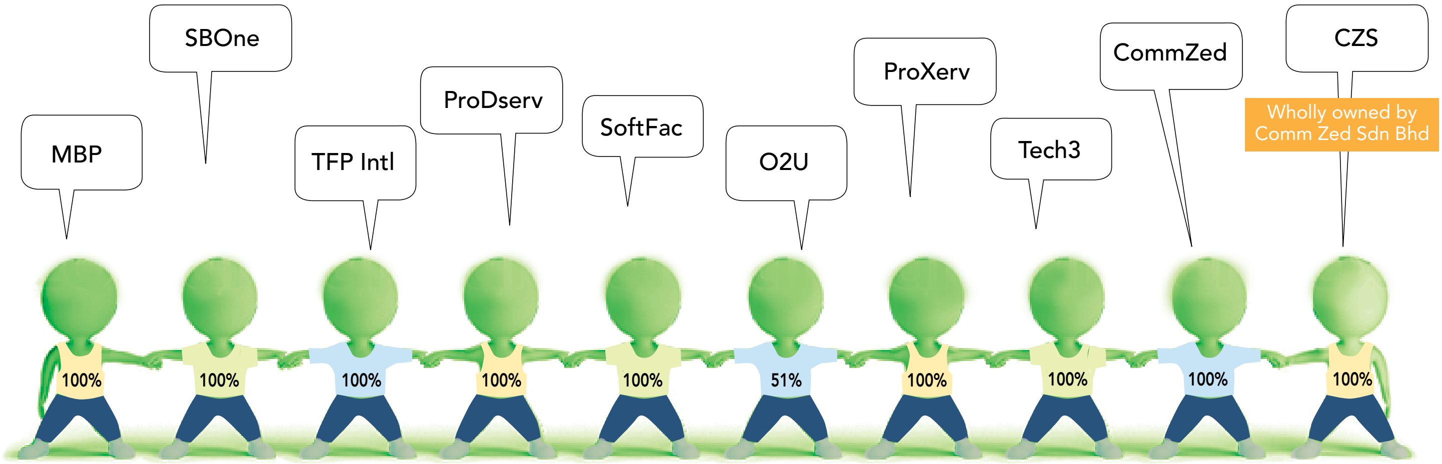
Malayan Banking Berhad
Puchong Jaya SSC,
No. 7, Jalan Kenari 1,
Bandar Puchong Jaya,
Jalan Puchong,
47100 Puchong,
Selangor Darul Ehsan.
Tel no. : +603 5882 0179/ 197/ 270
Fax no. : +603 5882 0276

STOCK EXCHANGE LISTING

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

Corporate Structure

TFP Solutions Berhad
(773550-A)



Name of Subsidiary Companies	Date and place of incorporation	Equity interest %	Issued and paid-up share capital	Principal activity
MBP Solutions Sdn Bhd (MBP)	13 March 2004 Malaysia	100	RM 1,000,000	Providing Enterprise Resource Planning (ERP) consulting and implementation of Microsoft Dynamics products
ProDserv Sdn Bhd (ProDserv)	3 August 2006 Malaysia	100	RM100,000	Developing and providing Enterprise Business Solutions (EBS) value added solutions
ProXerv Sdn Bhd (ProXerv)	20 September 2005 Malaysia	100	RM100,000	Providing shared services Information Technology (IT) outsourcing
SBOne Solutions Sdn Bhd (SBOne)	15 April 2005 Malaysia	100	RM500,000	Providing ERP consulting and implementation of SAP products
SoftFac Technology Sdn Bhd (SoftFac)	28 June 2005 Malaysia	100	RM500,000	Providing Human Capital Resource Management (HCRM) solutions
Tech3 Solutions Sdn Bhd (Tech3)	22 July 2002 Malaysia	100	RM5,000,000	Providing enterprise systems solutions
TFP International Pte Ltd (TFP Intl)	20 June 2008 Malaysia	100	SGD2	Dormant
O2U Solutions Sdn Bhd (O2U)	18 December 2008 Malaysia	51	RM500,000	Providing ERP consulting and implementation of Oracle products
Comm Zed Sdn Bhd (CommZed)	16 August 2001 Malaysia	100	RM326,002	Providing network security, IT Solution, hardware and software maintenance
Comm Zed Solution Sdn Bhd (CZS)	19 March 2013 Malaysia	100	RM100,000	Dormant

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 2012 ("FYE 2012").

2013 Economic Outlook

The world economy which had been experiencing a two-speed recovery, strong in emerging market and developing economies but weaker in advanced economies, is now becoming a three-speed recovery. Emerging market and developing economies are still going strong, but in advanced economies, there appears to be a growing bifurcation between the United States on one hand and the Euro area on the other. World output growth is forecast to reach 3.25% in 2013 and 4% in 2014 (IMF).

IMF has reported that growth in emerging market and developing economies is forecast to reach 5.3% in 2013 and 5.7% in 2014. With respect to Malaysia's major trading partners, United States' growth is forecast to be 1.9% in 2013 and 3.0% in 2014. Growth in the Euro area is forecast to be negative 0.3% in 2013 and 1.1% in 2014. Japan forecast growth is 1.6% in 2013 and 1.4% in 2014 while its neighbour China growth forecast is 8.0% in 2013 and 8.2% in 2014. The ASEAN-5 economy is forecasted to grow at 5.9% in 2013 and 5.5% in 2014.

The Malaysian economy continued to expand in 2012 with a real GDP growth of 5.6% compared to 5.1% growth in 2011. The 2012 growth was driven by continuing strong domestic demand, with impressive annual growth in both private consumption and private and public investment outlays. The Malaysian GDP growth forecast is expected to be 5.6% for the year 2013 and 5.5% - 6.2% in 2014.

Financial Performance

We, in TFP Group managed to close the 2012 financial year with revenue totaling RM62.4 million compared with RM33.9 million in the previous year. This amount to a 84% increase in revenue as compared to the year 2011. Our profit before tax had improved from RM0.164 million in 2011 to RM2.698 million in 2012. The improvement achieved in our sales revenue and a resilient business cost structure has resulted in Group profit after taxation of RM1.875 million for the financial year ended 31 December 2012. The Group's better financial performance was the result of deploying right business strategies and enhancing the business model adopted by the Group in 2011.

Business Growth Potential

Gartner predicted that worldwide IT spending will surpass USD$3.7 trillion in 2013, which is a 3.8% increase from 2012. Major growth drivers include big data projects, cloud computing, and mobile. Worldwide IT spending will surpass $4 trillion by 2015. Malaysia will spend US$10.4 billion in 2013, representing a 7.7% increase from the year 2012 (IDC). This growth will be driven by growth in the sectors of cloud services, big data analytics, social business and mobile broadband.

TFP Group shall develop the appropriate strategies to seek these growth opportunities and enhance our successful business model in 2012 to meet such challenges. The acquisition of Comm Zed Sdn. Bhd. in 2012 will further enhance our Group’s core competency and provide more business opportunities for the Group. We are confident that TFP Group will rise to meet the challenges posed by the ICT business landscape in Malaysia and ASEAN. The economic uncertainties in Europe and United States will certainly affect certain business sectors in Malaysia and ASEAN. However, TFP Group is confident to meet the challenges put ahead of us in 2013. The journey of 2013 will continue to be challenging and with strong perseverance and commitment by TFP staff, we envisage that 2013 shall be a more successful year than 2012.

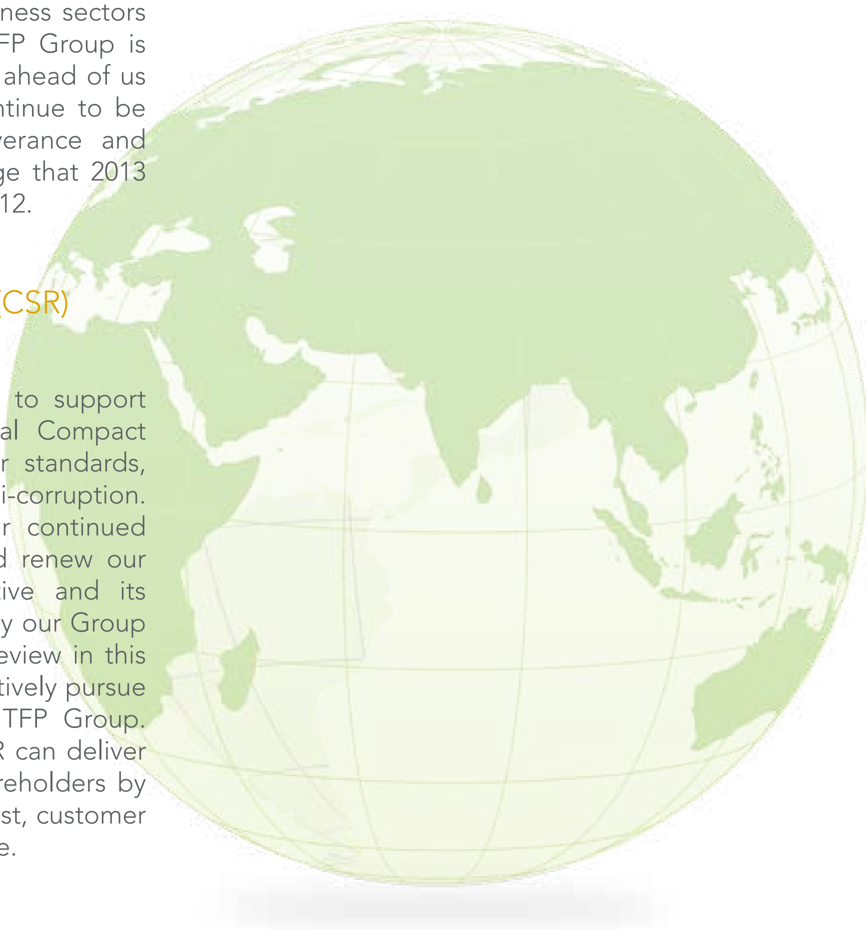
Corporate Social Responsibility (CSR)

Since 2009, TFP Group has decided to support the ten principles of the UN Global Compact with respect to human rights, labour standards, protection of environment and anti-corruption. Today, we are happy to confirm our continued support for the Global Compact and renew our ongoing commitment to the initiative and its principles. CSR activities undertaken by our Group in 2012 are summarised in our CSR review in this annual report. We shall continue to actively pursue a CSR conscious culture within our TFP Group. The Group believes that effective CSR can deliver benefits to its businesses and its shareholders by enhancing our reputation, business trust, customer loyalty and long-term shareholder value.

Acknowledgement

The Board of Directors of TFP Solutions Berhad wishes to take this opportunity to thank our shareholders, investors, customers, business associates, suppliers and financiers for their ongoing support and confidence in our Group. I trust this good relationship will continue to flourish well in 2013. I would like also to extend our gratitude and appreciation to the management and staff of TFP for their dedication and commitment to the Group. Your industrious efforts and dedication in delivering excellent service has helped the Group to achieve their desired goals in 2012. I would also like to take this opportunity to welcome YBhg. Dato’ Hussian @ Rizal Bin A. Rahman as a Non-Independent Non-Executive Director of TFP Board. Last, but not least, my thanks goes to my fellow Board members for their invaluable contributions, advice and guidance. We look forward with confidence for a more successful year in 2013.

Dato’ Jamaludin Bin Hassan,
Chairman



Board of Directors

FROM LEFT TO RIGHT (Back Row)

Quah Teik Jin
Group *Managing Director, Non-Independent*

Edward Khor Yew Heng
Independent Non-Executive Director

Dr. Chew Seng Poh
Executive Director, Non-Independent

Lim Lung Wen
Executive Director, Non-Independent

Joseph Ting
Independent Non-Executive Director

FROM LEFT TO RIGHT (Front Row)

Dato' Jamaludin Bin Hassan
Chairman, Independent Non-Executive

Dato' Hussian @ Rizal Bin A. Rahman
Non-Independent Non-Executive Director

Dato' Jamaludin Bin Hassan
DSPN, JSM, AMN, AMK
63 years old, Malaysian.
Chairman, Independent Non-Executive Director

Dato' Jamaludin was appointed to the Board of the Company on 28 December 2007. He graduated from the University of Malaya with a Bachelor of Economics (Honours) degree and Post-graduate Diploma in Business Analysis, University of Lancaster, United Kingdom and attended a course on Policy for Public Enterprises in Developing Countries, Harvard Institute for International Development, Harvard University Boston, USA.

He started his career in the Administrative and Diplomatic Service in 1974 and had served in various capacities in the public service including positions as Assistant Director, International Trade Division, Ministry of Trade and Industry, Assistant Trade Commissioner, Malaysian Trade Mission in Sydney Australia, Secretary Road Transport Licensing Board, Ministry of Public Enterprises, Principal Assistant Secretary, International Economic Section, The Treasury, Special Officer to Secretary General, Ministry of Finance and Special Assistant to the Chairman, Malaysian Airline System Bhd (MAS). Subsequently, he opted out to retire early from the Government Service and joined Malaysian Industrial Development Finance Berhad (MIDF) as General Manager, Corporate Affairs in 1994 and moving up to become the Chief Operating Officer of the Development Finance Division before retiring in 2007 and thereafter appointed as Advisor at the Group Managing Director's Office.

During his tenure with the Government of Malaysia and MIDF, Dato' Jamaludin had served on the Boards of Pahang State Economic Development Corporation, Kedah State Development Corporation, Amanah International Finance Sdn. Bhd., Amanah Factors Sdn. Bhd. and Malaysian Technology Development Corporation (MTDC). Whilst serving with the Treasury, he was also made Corporate Advisor of Sabah Gas Industry and Sabah Energy Corporation. He is the Chairman of the Audit Committee and member of the Nomination Committee of the Company and he does not hold any directorships in other public companies.

Quah Teik Jin
41 years old, Malaysian.
Group Managing Director

Quah Teik Jin is currently our Group Managing Director and he 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.

In 2012, he assumed the position of Group Managing Director of TFP Group. In his current role as Group Managing Director, he oversees responsibility for all aspects of the operations comprising sales, marketing, consulting, support, education, R&D and customer care.

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

Lim Lung Wen
53 years old, Malaysian.
Executive Director

Lim Lung Wen was appointed to the Board of the Company on 28 December 2007 and is currently our Executive Director. 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 28 years of experience in the ICT industry, mainly engaging with the manufacturing and services industry.

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

His years of ICT business experience and deep understanding of ICT provided him with a wide repertoire of skills to engage in the ICT industry.

In 2012, he relinquished his position of Group Managing Director of TFP Group in favour of Quah Teik Jin. He is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.

Dr. Chew Seng Poh
51 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 27 years of management and technical ICT experience. His previous work engagement involve consulting IT companies in their strategic business direction, building technology synergy, business development as well as creating high level strategic alliances, partnerships and technology transfer. He also plays an active role in ensuring the adoption of technology within the local IT organisations in Malaysia.

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

Edward Khor Yew Heng

42 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 18 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 the Chairman of the Remuneration Committee and member of the Nomination and Audit Committees of the Company, and he does not hold any directorship in other public companies.

Joseph Ting

48 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.

Dato' Hussian @ Rizal Bin A. Rahman

(D.S.A.P)
51 years old, Malaysian.
Non-Independent Non-Executive Director

Dato' Hussian was appointed to the Board of the Company on 15 February 2013. He obtained the Postgraduate Diploma in Business Management from The Oxford Association of Management, Oxford, England ("OXIM") and was also admitted to the membership of Certified Master of Business Administration from the OXIM, a membership that recognises management competency and professional development.

Dato' Hussian has been an entrepreneur since in his mid-20s. He was involved in the businesses of trading and shipping and subsequently ventured into the ICT industry. He has extensive experience in the ICT industry and currently is the Executive Director and major shareholder of MobilityOne Limited ("MobilityOne"), which is listed on AIM of the London Stock Exchange. MobilityOne is an e-commerce infrastructure payment solutions and platform provider that works closely with most of the telecommunication companies and financial institutions in Malaysia. Dato' Hussian is also an Independent Director of Asia Media Group Berhad, a digital out-of-home transit media company which is listed on the ACE Market of Bursa Malaysia Securities Berhad.

Dato' Hussian is not a member of any Board Committee of the Company and he does not hold any other directorship in other public companies, save as disclosed above.

Note :
- All Directors have no conflict of interest with the Company and have no family relationships with any other Director/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 (Back Row)

Andrew Xavier A/L Xavier George
Vice President, Technical Services

Ooi Chee Hong
Vice President, Research and Development

Cheah Ui Huat
Vice President, Converged Infrastructure Solutions

Tan Man Siang
Senior Vice President, Sales and Marketing

Foong Siang Ming
Vice President, Enterprise Business Solutions

Choo Chuin Hui
Financial Controller

FROM RIGHT TO LEFT (Front Row)

Quah Teik Jin
Group Managing Director, Non-Independent

Lim Lung Wen
Executive Director, Non-Independent

Dr. Chew Seng Poh
Executive Director, Non-Independent

Financial Performance

For the year under review, our consolidated revenue for the financial year ended 31 December 2012 was RM 62.4 million as compared to RM 33.9 million in 2011. As the result of that, we have successfully recorded 84% higher revenue in 2012 as compared to 2011. With that, TFP managed to report a profit after taxation of RM 1.875 mil as compared to a profit after taxation of RM 0.113 million in 2011. Subsequently, TFP have also managed to increase our gross operating margin to RM 9.26 million in 2012 as compared to RM 6.49 million in 2011. TFP's acquisition of Comm Zed Sdn. Bhd. in 2012 has also positively contributed to the overall results of the Group. Our corporate strategy in 2012 to focus on sales products and services within our core competencies has resulted in our increased revenue and thus, achieving a sustainable growth and profitability for the Group. Our positive earnings before interest, taxation, depreciation and amortisation (EBITDA) results in 2012 of RM 3.27 million as compared to our EBITDA of RM 1.49 million in 2011 indicate a healthier and manageable operational expenditure for the Group. Our Group asset position has grown to RM40.75 million in 2012 as compared to RM 23.99 million in 2011. The strategy adopted by TFP to enhance our business model adopted within the Group in 2011 has resulted in a much better overall financial performance for TFP Group.

Thriving on our success in 2012, our strategy in 2013 shall focus on achieving sustainable growth through strengthening areas of core competencies which will result in higher profit margins for TFP Group. The acquisition of Comm Zed Sdn. Bhd. will further strengthen our product offering and our core competencies in the infrastructure management solutions. As such, the management team of TFP shall remain focused on growing our successful core businesses in 2013 whilst embarking on the journey to enhance and strengthen our successful business model in 2012. At the same time, the management team shall continuously seek to improve our productivity and strengthen our operational efficiency within the Group.

Industry Prospects

Global economic prospects have improved again in 2013 but the road to recovery in the advanced economies will remain bumpy. World output growth is forecast to reach 3.25% in 2013 and 4.0% in 2014. In advanced economies, activity is expected to gradually accelerate, starting in the second half of 2013. Private demand appears increasingly robust in the United States but still very sluggish in the Euro area. In emerging market and developing economies, activity has already picked up steam (IMF, 2013).

However, IMF has forecasted an increase in ASEAN-5 countries GDP growth to 5.9% in 2013 against a 5.5% growth in 2014. Growth on major developing countries such as China and India will be experiencing economic growth at 8.0% and 5.5% respectively. In Malaysia, Malaysian Institute of Economic Research (MIER) has reported that the Malaysian economy grew in the pace of 5.6% in the year 2012 and forecasted the same growth in 2013. The performance of Malaysia's key macroeconomic indicators, continued implementation of ETP and 10MP projects and strong private investment, domestic demand is expected to continue driving growth of the Malaysian economy in 2013.

Digital Planet forecast ICT spending in Malaysia for the year 2013 amounting to US$28.84 billion. However, IDC forecast IT spending in Malaysia will be US$10.4 billion in 2013, representing a 7.7% increase from the year before (2012). The predicted growth percentage of 7.7% is lower than what Malaysia has been used to achieving in the past two years, a figure that has been closer to 11% on average. Consequently, International Data Corporation (IDC) also predicted IT growth sectors of cloud services, big data analytics, social business and mobile broadband in the Year 2013. This will represent ample growth opportunities for TFP Group in 2013 as we are well positioned to harness these opportunities.

Economic fundamentals in Malaysia are encouraging and TFP business pillars are well aligned to address these opportunities presented upon us. As such, the management team of TFP is confident in improving our group performance in 2013. Moving forward, TFP Group will continue to address these business opportunities through the introduction of new products and services that reflect on the needs of Malaysian IT industry. 2013 will be an exciting year ahead and we look forward to the challenges ahead of us.

Research & Development

("R&D")

In 2012, the Group has invested approximately RM 0.33 million in R&D activities for innovating and producing new products and services. We are expecting to roll out these new products in 2013. These new products will further enhance our competitive advantage in delivering business management solution (BMS) in our market space. It will further strengthen TFP Group as a key player in delivering cloud based business management solutions. We in TFP consider R&D as a key factor in ensuring sustainable growth and increase our value proposition for TFP Group. In essence, TFP will continue innovating new products and services that will embrace world class IT technologies.

Appreciation

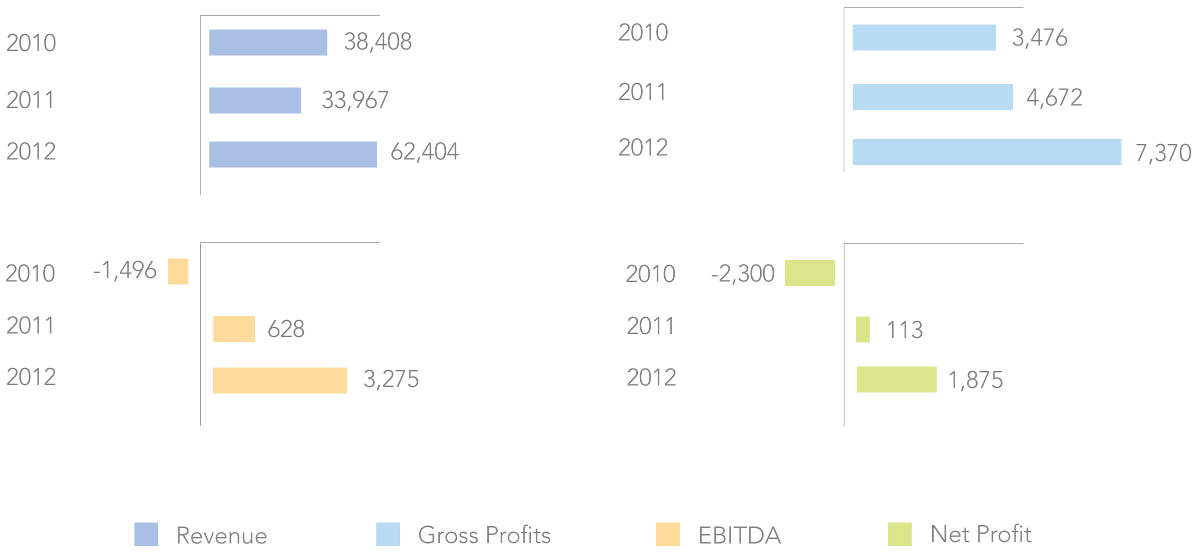
Our journey in 2012 was exciting and full of challenges. The success and the performance for TFP in 2012 were built upon strong commitment and industrious efforts from all employees and the management team of TFP. In view of that, TFP shall continue to build upon our success in 2012 and move forward with much confidence. The achievement is a testimony of determination and dedication that our people having relentlessly pursued our group mission throughout the years.

Moving forward, we are confident and upbeat in recording a better performance in the year 2013. TFP management team would like to take this opportunity to convey our sincere thanks to all the employees of TFP Group for their relentless efforts to get us to what we are today. Subsequently, we would like to thank TFP Board for their continued guidance, support and confidence on the management team of TFP. Our sincere gratitude also goes to our valued customers, business partners, shareholders for their support and confidence they have on us throughout the year 2012. 2013 will be another exciting journey and we look forward for more success ahead of us.

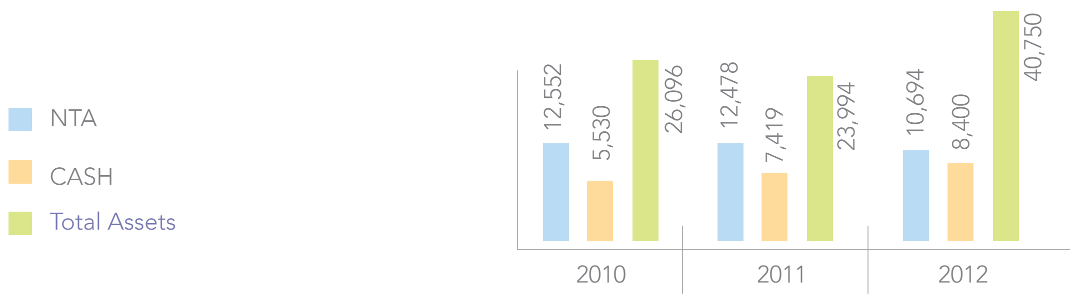
Financial Highlights

(RM'000)	Audited 2010	Audited 2011	Audited 2012
Revenue	38,408	33,967	62,404
Gross Profits	3,476	4,672	7,370
EBITDA #	(1,496)	628	3,275
Net Profit/(Loss)	(2,300)	113	1,875

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 2010	Audited 2011	Audited 2012
NTA	12,552	12,478	10,694
Cash	5,530	7,419	8,400
Total Assets	26,096	23,994	40,750



TFP Solutions Berhad
Business Pillar

Business Management Solutions

ERP
- Oracle e-Business Suite
- Microsoft Dynamics AX
- SAP Business One

CRM
- Oracle CRMOn-Demand
-Microsoft Dynamics CRM

HCM
- SoftFac HCRM
- SoftFac JinJi

Data Capture Solution
- RapidQuill

Services
- Business Consulting Services
- Implementation Services
- Development Services
- Helpdesk Support

Converged Infrastructure Solutions

System Virtualization
- Desktop Virtualization
- Servers Virtualization
- Storage Virtualization

Microsoft Infrastructure
- AD & Exchange
- Sharepoint
- SQL Server

Data Management
- Archival
- Back-up / Restore
- Replicationl

Service Management
- Operations & Performance
- Helpdesk Systems
- Data Centre Infrastructure
- IT Outsourcing

Management Solutions
- Network Management Solution
- Network Security
- Performance Management

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.

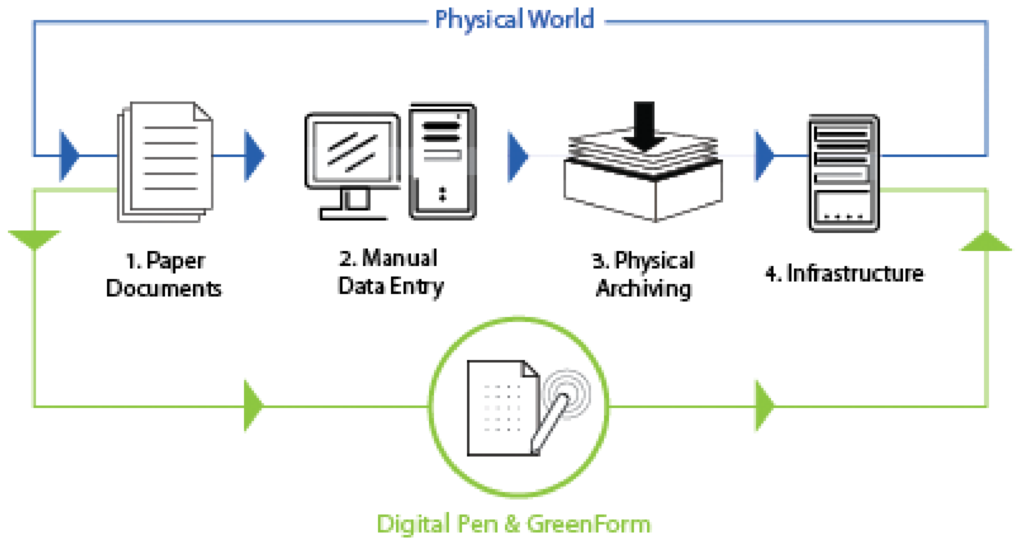
For SMEs to be competitive in the globalization market, adopting the latest technology in this information age is inevitable. Challenges to the SMEs then are lack of know-how, affordability and having the right knowledge workers to run and optimize the many IT applications such as ERP, CRM, BI, SCM to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

Data capture workflow

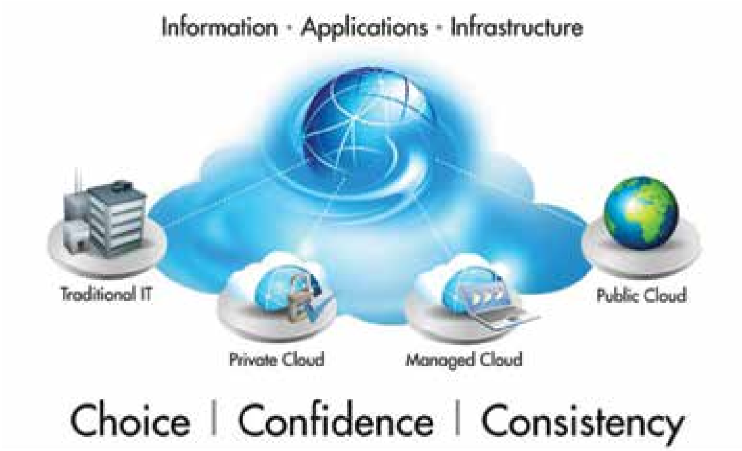


Converged Infrastructure Solutions

Technology today is moving towards being mobile, connected, interactive, immediate and fluid. The end objective is to build a Cloud Computing on an integrated open platform that enables enterprises and service providers to build and manage services across private, public and hybrid cloud environments. The integrated infrastructure comprises of servers, storage, networking, security and management to automate the application to infrastructure lifecycle for hybrid service d elivery management. The result is a complete converged cloud solution that lets you gain agility and speed, and allows service providers to drive top-line growth.

TFP is offering consultancy on Cloud computing as a model to drive our client's business innovation and accelerate above their competitors. Progressively with cloud computing solutions, it enables their business to provide new services, explore into new market opportunities, get closer to customers, and make increasingly mobile and demanding employees more productive. Cloud computing solutions redefine the way IT produces and delivers services for your business.

Organizations should embrace cloud computing solutions as a model for achieving innovation through increased efficiency, reliability and agility. With this, an organization can leverage on a fully implemented cloud computing as a model for producing and consuming computing, shifting legacy systems to a more flexible infrastructure, investing in automation and policy based management for greater efficiency and reliability and enabling a broad range of stakeholders to consume IT services via self-service.



Source of diagram: © 2013 Hewlett-Packard Development Company, L.P.

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

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

- System Virtualization for Desktops, Servers, and Storage Systems
- Microsoft Infrastructure Solutions
- Linux Infrastructure Solutions
- Data Management Solutions
- Service Management & Performance Monitoring Solutions

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

We provide consultancy, design, provisioning and integration services for ICT infrastructure management solutions which enable customers to:

a. consolidates complex IT and network operation management tasks to improve availability and resiliency of network system with real time service management for data centers, network operation centers and IT domains;

b. streamline event and alert management, business service management and incident and problem management processes by improving efficiency through automation;

c. manage complex networks by identifying the source of network faults and speed problem resolution with real time root-cause analysis and network diagnostics;

d. provide integration portal that allows a common administration console for multiple products; and

e. provide integration services between the ICT Infrastructure management solutions to customer existing systems. These integrations services will enable customer to retain their existing investment and provide a more comprehensive ICT infrastructure management system

Corporate Social Responsibility 2012

TFP Solutions Berhad's (TFP) Corporate Social Responsibility (CSR) core philosophy is based on United Nations Global Compact principles. In 2012, TFP contributed to a few CSR projects in Malaysia. TFP is committed to contribute to our society as we believe that it could bring positive benefits to our business. 2012 has been a busy year for TFP Group. However, we have not lost focus on the need of our contribution to the society.

Since 2009, TFP has "adopted" an underprivileged home, "House of Joy" (HOJ), 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. In 2012, TFP staff has contributed and provided both in terms of monetary and time efforts to continue supporting the underprivileged home. In 2012, apart from the above efforts, TFP Group has also made monetary contribution to the following organisations:

- Chempaka Physiotherapy Center
- Taiwan Buddhist Tzu Chi Foundation

The total monetary contribution by TFP amounted to RM 10,000 in 2012. The staff of TFP also contributed efforts to assist these underprivileged organisations in the celebration of festival activities, for example, Chinese New Year, Christmas and Hari Raya.

To continue with our "Green" culture in TFP, we continue to strive on our efforts to protect our environment through energy conservation and recycling campaign to reduce our carbon emission within our organisation. The "Green" campaign involves the following activities:

- Reusing of printed papers
- Installation of recycle bins within the organisation
- Disposal of recycle waste and e-waste to recycling
- Efforts to measure and reduce our electrical power usage in the organisation

TFP Solutions Berhad
(773550-A)

THE GLOBAL COMPACT
WE SUPPORT

The Board of Directors of TFP Solutions Berhad ("the Company") is committed in 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 recommendations in corporate governance as promulgated by the Malaysian Code on Corporate Governance 2012 ("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 recommendations 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) Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee have been formed to assist the Board in the deliberation of issues within their respective functions and terms of reference. These Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board's ultimate responsibility of decision making.

2. Composition and Board Balance

The Board currently has seven (7) members; of whom three (3) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The Non-Independent Non-Executive Director was newly appointed to the Board in February 2013. 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 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, seven (7) Board meetings were held and the attendance of the Directors are as follows:

	Directors	Total meeting attended
1.	Dato' Jamaludin Bin Hassan	7/7
2.	Lim Lung Wen	7/7
3.	Quah Teik Jin	7/7
4.	Dr. Chew Seng Poh	7/7
5.	Edward Khor Yew Heng	7/7
6.	Joseph Ting	7/7

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. All the Directors have fulfilled the time commitment expected by the Board in view of the full attendance of the Directors at the Board meetings. The attendance of all the Directors at the Board meetings showed that the Board is committed to the Company towards fulfilling their roles and responsibilities as Directors of the Company.

BOARD OF DIRECTORS (CONT'D)

4. Supply of Information

The agenda for each Board meeting and its relevant papers relating to the agenda items are forwarded to all Directors for their perusal prior to the Board meeting. Adequate notice is provided to allow the Directors to review the board papers so that matters arising could be properly deliberated at the Board meetings and appropriate decisions could be made by the Board. Senior Management and appointed advisers of the Company may be required to attend the Board meetings when necessary. The Board has 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.

The Board is supported by the Company Secretary in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, code or guidance and legislations. The Company Secretary also ensure that deliberations at the Board and Board Committees meetings are well captured and minuted. The Board is updated by the Company Secretary on the follow-up or implementation of its decisions or recommendations by Management until their closure. All Directors have access to the advice and services of the Company Secretary.

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 2012, TFP Directors have attended the courses on:-

	Course	Directors
1.	Managing Difficult Customers and Effective Negotiations	Lim Lung Wen, Quah Teik Jin, Dr. Chew Seng Poh
2.	Corporate Disclosure Guide 2011	Dr. Chew Seng Poh
3.	Malaysian Code on Corporate Governance 2012	Dato' Jamaludin Bin Hassan, Joseph Ting, Edward Khor Yew Heng

BOARD OF DIRECTORS (CONT'D)

8. Board Effectiveness Assessment

An assessment of the effectiveness of the Directors, the Board as a whole and the Board Committees is carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximise strengths and address weaknesses. The Chairman of the Board oversees the overall evaluation process and responses are analysed by the Nomination Committee, before being tabled and discussed at the Board.

9. Board Charter

The Board Charter is currently being drafted and will be posted on the Company's website upon the Board's approval. In the course of establishing a Board Charter, the Board recognises the importance to set out the key values and principles of the Company, as policies and strategy development are based on these considerations. The Board Charter is expected to include the division of responsibilities and powers between the Board and Management as well as the different Committees established by the Board.

10. Code of Conduct

The Code of Conduct ("COC") is currently being drafted and will be posted on the Company's website upon the Board's approval. In the course of establishing the COC, the Board recognises the importance to promote and reinforce ethical standards throughout the Group. Moving forward, the Company will continuously support, promote and ensure compliance to the COC. The COC will not only apply to every employee of the Group, but also to every Director (executive and non-executive). Furthermore, the Company will strive to ensure that our consultants, agents, partners, representatives and others performing works or services for or on behalf of the Company comply with the COC.

11. Gender Diversity

The Board does not have any gender diversity policy. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any racial or gender bias.

DIRECTORS' REMUNERATION

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 2012 are as follows:

Directors' fees and remuneration (RM'000)	Fees	Salaries	Other benefits
Executive Directors	80	783	300
Non-Executive Directors	80	-	-
Total	160	783	300

DIRECTORS' REMUNERATION (CONT'D)

The Level and Make-Up of Remuneration (cont'd)

Bandwidth of Remuneration (RM)	No. of Executive Directors	No. of Non-Executive Directors
250,001 - 300,000	2	-
350,001 - 400,000	1	-

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

The Non-Executive Directors did not receive any remuneration for the financial year ended 31 December 2012.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND 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 (www.tfp.com.my).

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.

The Board noted the Code encourages poll voting. In line with the recommendation, the Chairman will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

(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. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness.

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) 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 external 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 twice during the year regarding relevant audit and accounting issues.

UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

(iii) Assessment of Suitability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and 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 Risk Management and Internal Control is set out on page 22 of the Annual Report providing an overview of the state of the risk management and internal controls within the Group.

COMPLIANCE STATEMENT

The Board has taken steps to ensure that the Group has implemented as far as possible the Principles and Recommendations as set out in the Code and the Board considers that all Principles and Recommendations have been substantially implemented in accordance with the Code. The area of non-compliance with the Code is as follows:

- 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 17 May 2013.

Pursuant to Rule 15.26 of Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("Listing Requirement"), the Board of Directors is required to make a statement in the annual report on the state of the risk management and internal controls of the Group for the financial year ended 31 December 2012. In this respect, the Board of TFP Solutions Berhad is pleased to present the following Statement on Risk Management and Internal Control which was prepared pursuant to the Listing Requirements and after taking into consideration of the guidelines as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

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 and risk management 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 could only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control and risk management covers, inter alia, financial, organisational, operational and compliance controls.

The Board is of the view that the system of internal controls and risk management 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. 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.

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 2012 was RM32,234.

RISK MANAGEMENT

The Group has a structured risk management approach, which includes a risk management assessment process to identify significant risks and the mitigating measures thereof. The risk management of the Group is undertaken by Management of the Group. The process of risk assessment is also addressed by the compilation of risk profiles of each company in the Group. The risk action plans and internal controls that Management has taken and/ or is taking are documented in the minutes of Management meetings. However, the Group is currently in the process of setting up a dedicated Risk Management Unit (RMU). The RMU is led by the Group Managing Director, and is represented by heads of subsidiaries, significant associates and joint ventures the Group has undertaken.

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 and risk management 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 and risk management.

The Board has received assurance from the Group Managing Director and Group Financial Controller that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group.

CONCLUSION

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

This statement was approved by the Board of Directors on 17 May 2013.

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. SUMMARY OF KEY 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.

2. SUMMARY OF KEY TERMS OF REFERENCE (CONT'D)

(c) 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 auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believe 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.

(d) 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.

(e) 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.

2. SUMMARY OF KEY TERMS OF REFERENCE (CONT'D)

(f) Duties and Responsibilities

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

(i) To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
(ii) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
(iii) To review with the external auditors 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 auditors' 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 employee share issuance scheme ("ESIS") in compliance with the criteria as stipulated in the by-laws of ESIS 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.

3. THE AUDIT COMMITTEE WAS FORMED ON 28 DECEMBER 2007 AND DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2012, THE AUDIT COMMITTEE HELD A TOTAL OF FIVE (5) MEETINGS. THE ATTENDANCE OF THE MEMBERS OF THE AUDIT COMMITTEE ARE SET OUT AS BELOW :

	Members	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 2012:

(a) reviewed the unaudited quarterly financial results of the Company and its Group prior to the submission to the Board for approval;
(b) discussed with the external auditors in relation to audit issues, audit reports, assistance provided by management, management letter (if any) and audit plan;
(c) reviewed the draft audited financial statements prior to the submission to the Board for approval;
(d) reviewed the Statement of Internal Control and Audit Committee Report for inclusion in the Annual Report 2011 prior to the submission to the Board for approval;
(e) 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;
(f) reviewed and recommended to the Board the re-appointment of the external auditors and their audit fees;
(g) reviewed the annual internal audit plan for the Group to ensure the principal risk areas were adequately covered in the audit plan;
(h) reviewed the internal audit reports of the Group prepared by the internal auditors and ensure that appropriate corrective actions are taken by management; and
(i) reported to the Board on any significant issues and concerns.

5. INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an independent and adequately resourced internal audit function which has been outsourced to a professional services firm, Messrs. Omar Arif & Co.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care. During the financial year, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee.

1. Utilisation of Proceeds from Public Issue

TFP Solutions Berhad (TFP) was listed on 22 February 2008 on the ACE Market of Bursa Malaysia Securities Berhad. The utilisation of gross proceeds of RM11,520,000 from the public issue by the Company as at 31 December 2012 were as follows:

	Revised Proposed Amount RM'000	Timeframe for Utilisation	Utilised as at 31 December 2012 RM'000	Balance as at 31 December 2012 RM'000
(i) Research & Development expenditure	3,300	Within three (3) years from the date of receipt, extended to August 2012	3,300	-
(ii) Business expansion and capital expenditure #	319	Within three (3) years from the date of receipt, extended to February 2012	319	-
(iii) Working capital #	6,401	Within three (3) years from the date of receipt	6,396	5
(iv) Estimated Listing Expenses *	1,500	Within six (6) months from the date of receipt	1505	(5)
	11,520		**11,520**	-

* 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 scheme during the financial year ended 31 December 2012.

3. Options or Convertible Securities

The Company did not issue any options or convertible securities during the financial year ended 31 December 2012.

4. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2012.

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 2012.

6. Variation of Results / Profit Estimate / Forecast Projection

The Company did not issue any profit estimate, forecast or projection during the financial year ended 31 December 2012. 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 2012.

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 2012.

9. Non-Audit Fees

The payments of non-audit fees to the external auditors by the Group during the financial year ended 31 December 2012 was RM6,000.

10. 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 were set out below:

Transacting parties	Nature of transactions	Relationship of Related Party	Aggregate value made during the financial year ended 31 December 2012 (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 2012 to 31 December 2012	Lim Lung Wen, Director and major shareholder 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 2012 to 31 December 2012	Lim Lung Wen, Director and major shareholder of TFP is the owner of the shophouse	12,000
TFP and Lim Lung Wen	Monthly rental of office space at No. 6-3, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan with an approximate area of 174.19 square meter for a period of one (1) year from 1 January 2012 to 31 December 2012	Lim Lung Wen, Director and major shareholder of TFP is the owner of the shophouse	9,600
TFP 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 2012 to 31 December 2012	Lim Lung Wen and Quah Teik Jin, Directors and major shareholders of TFP are the owners of the shophouse	9,600
O2U Solutions Sdn Bhd and Lim Lung Wen and Quah Teik Jin	Monthly rental of office space at No. 8-2, 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 2012 to 31 December 2012	Lim Lung Wen and Quah Teik Jin, Directors and major shareholders of TFP are the owners of the shophouse	12,000

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 2012.

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
Profit/(Loss) after taxation for the financial year	1,866	(604)
Attributable to:-		
Owners of the Company	1,875	(604)
Non-controlling interests	(9)	-
	1,866	(604)

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 share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM14,007,720 to RM20,180,560 by the allotment of 61,728,395 new ordinary shares of RM0.10 each, at an issue price of RM0.162 per share as partial payment for the acquisition of 100% of the total ordinary share capital of Comm Zed Sdn. Bhd.. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(c) 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.

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 26 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
DATO' HUSSIAN @ RIZAL BIN A. RAHMAN (APPOINTED ON 15.2.2013)

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:-

	Number Of Ordinary Shares Of RM0.10 Each			
The Company	**At 1.1.2012**	**Bought**	**Sold**	**At 31.12.2012**
Direct Interests				
Lim Lung Wen	9,850,000	2,000,000	-	11,850,000
Quah Teik Jin	9,850,000	2,000,000	-	11,850,000
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
Indirect Interests				
Lim Lung Wen #	39,000,000	-	-	39,000,000
Quah Teik Jin #	39,000,000	-	-	39,000,000

- Deemed interests 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 24 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 EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 27 to the financial statements.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 18 APRIL 2013

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 37 to 76 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 29 on page 77, 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 18 APRIL 2013

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 37 to 76 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 18 April 2013

Choo Chuin Hui

Before me

Commissioner of Oaths
Leong Chiew Keong
No: W409

Kuala Lumpur

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TFP Solutions Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 76.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We 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 subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 29 on page 77 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

1. As stated in Note 3.1 to the financial statements, TFP Solutions Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chua Wai Hong
Approval No: 2974/09/13 (J)
Chartered Accountant

18 April 2013
Kuala Lumpur

	Note	THE GROUP 31.12.2012 RM'000	THE GROUP 31.12.2011 RM'000	THE GROUP 1.1.2011 RM'000	THE COMPANY 31.12.2012 RM'000	THE COMPANY 31.12.2011 RM'000	THE COMPANY 1.1.2011 RM'000
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries	5	-	-	-	23,977	5,935	5,935
Plant and equipment	6	175	224	404	29	57	98
Intangible assets	7	15,882	2,241	2,054	-	-	-
		16,057	2,465	2,458	24,006	5,992	6,033
CURRENT ASSETS							
Inventories		-	-	2,382	-	-	-
Receivables, deposits and prepayments	8	16,293	13,581	15,315	1,419	6,611	9,266
Tax refundable		-	529	411	4	98	108
Deposits with licensed banks	9	3,503	5,836	4,928	500	3,676	1,130
Cash and bank balances		4,897	1,583	602	25	55	64
		24,693	21,529	23,638	1,948	10,440	10,568
TOTAL ASSETS		40,750	23,994	26,096	25,954	16,432	16,601
EQUITY AND LIABILITIES							
EQUITY							
Share capital	10	20,180	14,007	14,007	20,180	14,007	14,007
Share premium	11	6,758	2,946	2,946	6,758	2,946	2,946
Foreign exchange translation reserve	12	(3)	-	-	-	-	-
Accumulated losses		(359)	(2,234)	(2,347)	(1,406)	(802)	(606)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		26,576	14,719	14,606	25,532	16,151	16,347
NON-CONTROLLING INTERESTS		(279)	(270)	(92)	-	-	-
TOTAL EQUITY		26,297	14,449	14,514	25,532	16,151	16,347
NON-CURRENT LIABILITY							
Hire purchase payable	13	6	-	-	-	-	-
Deferred taxation	14	37	37	37	14	14	14
		43	37	37	14	14	14
CURRENT LIABILITIES							
Bills payable		-	-	1,848	-	-	-
Deferred income	15	34	84	94	-	-	-
Payables and accruals	16	13,495	9,424	9,603	408	267	240
Hire purchase payable	13	8	-	-	-	-	-
Provision for taxation		873	-	-	-	-	-
		14,410	9,508	11,545	408	267	240
TOTAL LIABILITIES		14,453	9,545	11,582	422	281	254
TOTAL EQUITY AND LIABILITIES		40,750	23,994	26,096	25,954	16,432	16,601
Net assets per share (RM)	17	0.13	0.10	0.10			

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

	Note	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
REVENUE	18	62,404	33,967	1,115	1,011
COST OF SALES		(55,034)	(29,295)	-	-
GROSS PROFIT		7,370	4,672	1,115	1,011
OTHER INCOME		1,551	396	167	332
		8,921	5,068	1,282	1,343
ADMINISTRATIVE EXPENSES		(6,040)	(4,699)	(1,863)	(1,482)
OTHER EXPENSES		(183)	(383)	(30)	(41)
FINANCE COSTS		*	-	(2)	-
PROFIT/(LOSS) BEFORE TAXATION	19	2,698	(14)	(613)	(180)
INCOME TAX EXPENSE	20	(832)	(51)	9	(16)
PROFIT/(LOSS) AFTER TAXATION		1,866	(65)	(604)	(196)
OTHER COMPREHENSIVE EXPENSE, NET OF TAX					
- Foreign currency translation		(3)	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		1,863	(65)	(604)	(196)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		1,875	113	(604)	(196)
Non-controlling interests		(9)	(178)	-	-
		1,866	(65)	(604)	(196)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		1,872	113	(604)	(196)
Non-controlling interests		(9)	(178)	-	-
		1,863	(65)	(604)	(196)
EARNINGS/(LOSS) PER SHARE (SEN)					
- Basic	21	1.20	(0.08)		
- Diluted	21	Not applicable	Not applicable		

* - Less than RM1,000.

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

The Group	< -------- Non-Distributable -------- > Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Distributable Accumulated Losses RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2011	14,007	2,946	-	(2,347)	14,606	(92)	14,514
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	113	113	(178)	(65)
Balance at 31.12.2011/1.1.2012	14,007	2,946	-	(2,234)	14,719	(270)	14,449
Profit after taxation for the financial year	-	-	-	1,875	1,875	(9)	1,866
Other comprehensive expenses for the financial year, net of tax							
- Foreign currency translation	-	-	(3)	-	(3)	-	(3)
Total comprehensive income for the financial year	-	-	(3)	1,875	1,872	(9)	1,863
Transactions with owners:							
Issuance of shares pursuant to acquisition of a subsidiary	6,173	3,827	-	-	10,000	-	10,000
Share issuance expenses	-	(15)	-	-	(15)	-	(15)
	6,173	3,812	-	-	9,985	-	9,985
Balance at 31.12.2012	20,180	6,758	(3)	(359)	26,576	(279)	26,297

The Company	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Accumulated Losses RM'000	Total Equity RM'000
Balance at 1.1.2011	14,007	2,946	(606)	16,347
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(196)	(196)
Balance at 31.12.2011/1.1.2012	14,007	2,946	(802)	16,151
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(604)	(604)
Transactions with owners:				
Issuance of shares pursuant to acquisition of a subsidiary	6,173	3,827	-	10,000
Share issuance expenses	-	(15)	-	(15)
	6,173	3,812	-	9,985
Balance at 31.12.2012	20,180	6,758	(1,406)	25,532

	Note	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		2,698	(14)	(613)	(180)
Adjustments for:-					
Amortisation of intangible assets		457	478	-	-
Bad debts written off		-	6	-	-
Depreciation of plant and equipment		121	164	30	31
Interest income		(130)	(120)	(164)	(332)
Impairment loss on trade receivables		48	154	-	-
Net unrealised foreign exchange loss		-	7	-	-
Plant and equipment written off		2	47	-	10
Write-back of impairment loss on trade receivables		(158)	(85)	-	-
Operating profit/(loss) before working capital changes		3,038	637	(747)	(471)
Decrease in inventories		-	2,382	-	-
Decrease in deferred income		(50)	(10)	-	-
(Increase)/Decrease in receivables		(1,759)	1,659	5,192	2,655
Increase/(Decrease) in payables		3,613	(186)	141	27
CASH FROM OPERATIONS		4,842	4,482	4,586	2,211
Interest received		130	120	164	332
Income tax refunded/(paid)		340	(169)	103	(6)
NET CASH FROM OPERATING ACTIVITIES/BALANCE CARRIED FORWARD		5,312	4,433	4,853	2,537

	Note	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
BALANCE BROUGHT FORWARD		5,312	4,433	4,853	2,537
CASH FLOWS FOR INVESTING ACTIVITIES					
Purchase of plant and equipment		(53)	(34)	(2)	-
Proceeds from disposal of plant and equipment		-	3	-	-
Net cash outflow on acquisition of a subsidiary	5	(3,929)	-	-	-
Additional investment in subsidiaries		-	-	(8,042)	-
Development costs paid		(329)	(665)	-	-
NET CASH FOR INVESTING ACTIVITIES		(4,311)	(696)	(8,044)	-
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of hire purchase payable		(2)	-	-	-
Repayment of bills payable		-	(1,848)	-	-
Share issuance expenses		(15)	-	(15)	-
NET CASH FOR FINANCING ACTIVITIES		(17)	(1,848)	(15)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		984	1,889	(3,206)	2,537
FOREIGN EXCHANGE TRANSACTION DIFFERENCES		(3)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		7,419	5,530	3,731	1,194
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	22	8,400	7,419	525	3,731

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

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 18 April 2013.

2. 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.

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

3.2 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:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013

3. BASIS OF PREPARATION (CONT'D)

3.2 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 (Cont'd):-

MFRSs and IC Interpretations (Including The Consequential Amendments) (Cont'd)	Effective Date
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 – 2011 Cycle	1 January 2013

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

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. These amendments are expected to have no material impact on the financial statements of the Group.

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. These amendments are expected to have no material impact on the financial statements of the Group.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. These amendments are expected to have no material impact on the financial statements of the Group.

3. BASIS OF PREPARATION (CONT'D)

3.2 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 (Cont'd):-

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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) Writedown of 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 judgement 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.

(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 2012.

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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(iii) Acquisitions of Non-controlling Interests

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iv) Loss of Control

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill

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.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

(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 ("RM"), 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 except for those business combinations that occurred before the date of transition which are treated as assets and liabilities of the Company and are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- 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

(iii) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

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.

(iv) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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:-

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods 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) Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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;

(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.

(j) Intangible Assets

Intangibles 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 statements of profit or loss and other comprehensive income 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 a 5 year period.

(k) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

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 MFRS 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' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

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.

(l) 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.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income Taxes (Cont'd)

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.

(n) 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.

(o) 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.

(p) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(r) Deferred Income

Deferred income represents cash received from customers for services not yet rendered at the end of the financial period.

(s) Revenue and Other Income

(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 and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) System Implementation Services

Revenue from services rendered is recognised in the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue and Other Income (Cont'd)

(iv) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(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.

(t) 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.

(u) 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.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost		
At 1 January	6,726	6,726
Addition during the financial year	18,042	-
	24,768	6,726
Allowance for impairment losses	(791)	(791)
At 31 December	23,977	5,935

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Comm Zed Sdn. Bhd.	Malaysia	100	-	Providing network security, IT solution, hardware and software maintenance.
MBP Solutions Sdn. Bhd.	Malaysia	100	100	Providing Enterprise Resource Planning (ERP) consulting and implementation of Microsoft Dynamics products.
O2U Solutions Sdn. Bhd.	Malaysia	51	51	Providing Enterprise Resource Planning (ERP) consulting and implementation of Oracle products.
ProDserv Sdn. Bhd.	Malaysia	100	100	Developing and providing Enterprise Business Solutions (EBS) value added solutions.
ProXerv Sdn. Bhd.	Malaysia	100	100	Providing outsourcing services relating to Information Technology.
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.	Malaysia	100	100	Providing Enterprise Systems Solutions.
TFP International Pte. Ltd. ^	Singapore	100	100	Dormant

^ - Audited by other firm of chartered accountants.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

During the financial year, the Group acquired a 100% equity interest in Comm Zed Sdn. Bhd.. The fair values of the identifiable assets and liabilities of Comm Zed Sdn. Bhd. at the date of acquisition were as follows:

	At date of acquisition	
	Carrying Amount RM'000	Fair Value Recognised RM'000
Plant and equipment	21	21
Trade and other receivables	844	844
Cash and bank balances	113	113
Trade payables and accruals	(458)	(458)
Hire purchase payable	(16)	(16)
Provision for taxation	(231)	(231)
Net identifiable assets and liabilities	273	273
Add: Goodwill on consolidation		13,769
Total purchase consideration (including incidental costs)		14,042
Less: Purchase consideration satisfied by the issuance of ordinary shares		(10,000)
Purchase consideration satisfied by cash		(4,042)
Add: Cash and cash equivalents of subsidiary acquired		113
Net cash outflow on acquisition of a subsidiary		(3,929)

The acquired subsidiary has contributed the following results to the Group:-

	2012 RM'000
Revenue	2,052
Profit after taxation	1,405

If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit after taxation would have been RM64,655,046 and RM2,527,429 respectively.

6. PLANT AND EQUIPMENT

The Group	At 1.1.2012 RM'000	Acquisition of A Subsidiary RM'000	Addition RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.12.2012 RM'000
Net Book Value						
Computer equipment	121	12	35	(1)	(68)	99
Furniture and fittings	39	-	7	-	(20)	26
Office equipment	36	9	11	(1)	(21)	34
Renovation	28	-	-	-	(12)	16
	224	21	53	(2)	(121)	175

	At 1.1.2011 RM'000	Additions RM'000	Disposals RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.12.2011 RM'000
Net Book Value						
Computer equipment	181	34	(2)	(3)	(89)	121
Furniture and fittings	90	-	(1)	(20)	(30)	39
Office equipment	71	-	-	(7)	(28)	36
Renovation	62	-	-	(17)	(17)	28
	404	34	(3)	(47)	(164)	224

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 31.12.2012			
Computer equipment	833	(734)	99
Furniture and fittings	188	(162)	26
Office equipment	207	(173)	34
Renovation	61	(45)	16
	1,289	(1,114)	175
At 31.12.2011			
Computer equipment	758	(637)	121
Furniture and fittings	180	(141)	39
Office equipment	179	(143)	36
Renovation	61	(33)	28
	1,178	(954)	224

6. PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2012 RM'000	Addition RM'000	Depreciation Charge RM'000	At 31.12.2012 RM'000
Net Book Value				
Computer equipment	8	-	(4)	4
Furniture and fittings	28	2	(14)	16
Office equipment	15	-	(9)	6
Renovation	6	-	(3)	3
	57	2	(30)	29

	At 1.1.2011 RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.12.2011 RM'000
Net Book Value				
Computer equipment	12	-	(4)	8
Furniture and fittings	52	(10)	(14)	28
Office equipment	24	-	(9)	15
Renovation	10	-	(4)	6
	98	(10)	(31)	57

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 31.12.2012			
Computer equipment	19	(15)	4
Furniture and fittings	71	(55)	16
Office equipment	42	(36)	6
Renovation	17	(14)	3
	149	(120)	29
At 31.12.2011			
Computer equipment	19	(11)	8
Furniture and fittings	69	(41)	28
Office equipment	42	(27)	15
Renovation	17	(11)	6
	147	(90)	57

7. INTANGIBLE ASSETS

Group	Goodwill RM'000	Intellectual property rights RM'000	Development costs RM'000	Total RM'000
At Cost:-				
At 1 January 2011	255	312	2,837	3,404
Addition	-	-	665	665
At 31 December 2011/				
1 January 2012	255	312	3,502	4,069
Addition	13,769	-	329	14,098
At 31 December 2012	14,024	312	3,831	18,167
Amortisation:-				
At 1 January 2011	-	312	1,038	1,350
Amortisation for the year	-	-	478	478
At 31 December 2011/				
1 January 2012	-	312	1,516	1,828
Amortisation for the year	-	-	457	457
At 31 December 2012	-	312	1,973	2,285
Carrying amounts:-				
At 1 January 2011	255	-	1,799	2,054
At 31 December 2011/				
1 January 2012	255	-	1,986	2,241
At 31 December 2012	14,024	-	1,858	15,882

(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.

7. INTANGIBLE ASSETS (CONT'D)

(iii) Impairment testing for cash-generating units containing goodwill

The goodwill of RM14,024,000 arose from the acquisition of the remaining 60% of the issued and paid up capital of Tech3 Solutions Sdn. Bhd. ("Tech3") and 100% of the issued and paid up capital of Comm Zed Sdn. Bhd. ("Comm Zed"). As such, for the purpose of impairment testing, Tech3 and Comm Zed are deemed the cash-generating units.

The recoverable amounts of Tech3 and Comm Zed were 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 2013 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 and Comm Zed over the next 5 years based on the following key assumptions:

- Tech3 and Comm Zed will continue in operations over the next 5 years.
- Sales are expected to grow at 12% per annum constantly for the 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 and Comm Zed operate and are 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 2013 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 RM1,888,234 in 2013 and consistently grow at 12% per annum for subsequent years of the projections. The higher growth projected for 2013 is due to the recovery of demand for software expected in 2013.
- 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. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	The Group 2012 RM'000	The Group 2011 RM'000	The Company 2012 RM'000	The Company 2011 RM'000
Trade					
Trade receivables	8.1	15,953	13,029	-	-
Less: Impairment loss on trade receivables		(78)	(356)	-	-
		15,875	12,673	-	-
Subsidiaries	8.2	-	-	118	70
		15,875	12,673	118	70
Non-trade					
Other receivables		114	869	5	10
Deposits		23	17	1	-
Prepayments		281	22	-	-
Subsidiaries	8.2	-	-	1,295	6,531
		418	908	1,301	6,541
At 31 December		16,293	13,581	1,419	6,611
Allowance For Impairment Loss					
At 1 January		(356)	(287)	-	-
Written off		168	-	-	-
Write-back		158	85	-	-
Addition for the financial year		(48)	(154)	-	-
At 31 December		(78)	(356)	-	-

8.1 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.

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

The non-trade amount owing by subsidiaries is unsecured, bore an interest of 3.5% (2011 - 3.5%) per annum and is repayable on demand. The amount is to be settled in cash.

9. 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 ranging from 1.6% to 3.10% (2011 - 3.00%) per annum. The deposits have maturity periods ranging from 1 to 365 days (2011 - 1 to 365 days).

10. SHARE CAPITAL

	The Company			
	2012	2011	2012	2011
	Number of shares			
	'000	'000	RM'000	RM'000
Ordinary shares of RM0.10 each				
Authorised				
At 1 January/31 December	250,000	250,000	25,000	25,000
Issued And Fully Paid-up				
At 1 January	140,077	140,077	14,007	14,007
Issuance of shares	61,728	-	6,173	-
At 31 December	201,805	140,077	20,180	14,007

During the financial year, the Company increased its issued and paid-up share capital from RM14,007,720 to RM20,180,560 by the allotment of 61,728,395 new ordinary shares of RM0.10 each, at an issue price of RM0.162 per share as partial payment for the acquisition of 100% of the total ordinary share capital of Comm Zed Sdn. Bhd..

11. 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.

12. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of the foreign subsidiary and is not distributable by way of dividends.

13. HIRE PURCHASE PAYABLE

	The Group	
	2012 RM'000	2011 RM'000
Minimum hire purchase payments:		
- not later than one year	8	-
- later than one year and not later than five years	6	-
	14	-
Less: Future finance charges	*	-
Present value of hire purchase payable	14	-
Current portion:		
- not later than one year	8	-
Non-current portion:		-
- later than one year and not later than five years	6	-
	14	-

* - Less than RM1,000.

The hire purchase payable at the end of the reporting period bore an effective interest rate of 4.72% per annum.

14. DEFERRED TAXATION

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January/31 December	37	37	14	14

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Accelerated capital allowances over depreciation	40	40	14	14
Unabsorbed capital allowances	(3)	(3)	-	-
At 31 December	37	37	14	14

15. DEFERRED INCOME

	The Group	
	2012 RM'000	2011 RM'000
Maintenance and systems support	34	84

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

16. PAYABLES AND ACCRUALS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade				
Trade payables	2,747	4,568	-	-
Accrued project costs	9,889	4,273	-	-
Subsidiaries	-	-	37	-
	12,636	8,841	37	-
Non-trade				
Other payables	253	227	36	33
Accrued expenses	598	356	335	234
Deposit received	8	-	-	-
	859	583	371	267
At 31 December	13,495	9,424	408	267

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

The trade amount owing to subsidiaries is subject to normal trade terms.

17. NET ASSETS PER SHARE

The net assets per share is calculated based on the assets value at the end of the reporting period of RM26,576,000 (2011 - RM14,719,000) divided by the number of ordinary shares in issue at the end of the reporting period of 201,805,600 (2011 - 140,077,200).

18. REVENUE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods	56,128	25,621	-	-
Services	6,276	8,346	-	-
Management fees	-	-	1,115	1,011
	62,404	33,967	1,115	1,011

19. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):-				
Amortisation of intangible assets	457	478	-	-
Audit fee:				
- current financial year	112	106	33	33
- other services	7	7	7	7
Bad debts written off	-	6	-	-
Impairment loss on trade receivables	48	154	-	-
Depreciation of plant and equipment	121	164	30	31
Directors' fees	160	160	160	160
Directors' non-fee emoluments	1,208	994	1,208	994
Finance cost:				
- hire purchase payable	*	-	-	-
- advance from subsidiary	-	-	2	-
Plant and equipment written off	2	47	-	10
Rental of office	103	106	19	22
Rental of office equipment	21	10	2	-
Staff costs:				
- salaries, wages, bonuses and allowances	3,612	2,841	-	-
- defined contribution plans	452	348	-	-
- other benefits	518	533	-	-
Net (gain)/loss on foreign exchange				
- realised	(54)	(17)	-	-
- unrealised	*	7	-	-
Interest income	(130)	(120)	(164)	(332)
Writeback of impairment loss on trade receivables	(158)	(85)	-	-
Writeback of inventories written down	-	(2,366)	-	-

* - Less than RM 1,000

20. INCOME TAX EXPENSE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax:				
- current year	854	15	-	15
- (over)/underprovision in the previous financial year	(22)	36	(9)	1
Total tax expense	832	51	(9)	16

A reconciliation of income tax expense applicable to the profit/(loss) 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit/(Loss) before taxation	2,698	(14)	(613)	(180)
Tax at the statutory tax rate of 25%	675	(4)	(153)	(45)
Tax effects of:-				
Non-taxable gain	-	(3)	-	-
Non-deductible expenses	254	128	153	60
Deferred tax assets not recognised during the financial year	58	150	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(133)	(256)	-	-
(Over)/Underprovision of income tax in the previous financial year	(22)	36	(9)	1
Income tax expense for the financial year	832	51	(9)	16

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred Tax Liabilities:				
- Accelerated capital allowances	(69)	(452)	-	-
Deferred Tax Assets:				
- Unutilised tax losses	3,666	4,511	-	-
- Unabsorbed capital allowances	1,442	442	-	-
- Deductible temporary differences on:				
- impairment loss on trade receivables	14	853	-	-
	5,053	5,354	-	-

21. EARNINGS/(LOSS) PER SHARE

	The Group	
	2012	2011
Profit/(Loss) after taxation (RM'000)	1,866	(65)
Profit/(Loss) attributable to owners of the Company (RM'000)	1,875	113
Weighted average number of ordinary shares at 31 December ('000)	156,313	140,077
Basic earnings/(loss) per share (Sen)	1.20	(0.08)

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

22. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits with licensed banks (Note 9)	3,503	5,836	500	3,676
Cash and bank balances	4,897	1,583	25	55
	8,400	7,419	525	3,731

23. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors' fee	160	160	160	160
Directors' non-fee Emoluments:				
- salaries	1,053	905	1,053	905
- defined contribution plans	144	85	144	85
- others	11	4	11	4
	1,208	994	1,208	994
	1,368	1,154	1,368	1,154

24. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Transactions with subsidiaries				
Management fees received	-	-	(1,115)	(1,011)
Interest income on advances	-	-	(122)	(306)
Interest paid on advances	-	-	2	-
Transactions with certain directors of the Company				
Rental expense	61	49	19	19
Key management personnel compensation				
- short-term employee benefits	1,727	2,084	-	-
- define contribution plans	325	222	-	-

25. OPERATING SEGMENTS

The Group operates predominantly in one business segment within Malaysia. Accordingly information by business and geographical segments are not presented.

Revenue from a major customer, with revenue equal to or more than 10% of the Group's revenue, amounted to RM6,240,375 (2011 - RM4,165,000).

26. CONTINGENT LIABILITY

	The Company	
	2012 RM'000	2011 RM'000
Unsecured corporate guarantee issued in favour of third parties	11,100	7,600

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

1. On 8 March 2012, the issued and paid-up share capital of Tech3 was increased from RM1.0 million to RM5.0 million. The Company subscribed for an additional 4,000,000 ordinary shares of RM1.00 each in Tech3 for a cash consideration of RM4.0 million to retain the Company's 100% equity interest.

2. On 12 July 2012, the Company acquired 326,006 ordinary shares of RM1.00 each in Comm Zed, representing the entire equity interest in Comm Zed from Rapportrans Sdn. Bhd. for a total consideration of RM14.0 million to be satisfied via cash payment of RM4.0 million and the issuance of 61,728,395 new ordinary shares of RM0.10 each, at an issue price of RM0.162 per share.

   The acquisition was completed on 26 September 2012.

28. 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. 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:-

The Group	United States Dollar RM'000
2012	
Financial assets	
Cash and bank balances	14
Receivables	28
	42
Financial liabilities	
Payables	(151)
Currency exposure	(109)

28. 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
2011	
Financial assets	
Cash and bank balances	2
Receivables	5
	7
Financial liabilities	
Payables	(588)
Currency exposure	(581)

Foreign currency risk sensitivity analysis

A 1% strengthening of RM against the United States Dollar as at the end of the reporting period would have immaterial impact on profit after taxation/equity. 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 is not exposed to interest rate risk, as such sensitivity analysis is not disclosed.

(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 cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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.

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 55% 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 2012 is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
2012			
Not past due	14,080	-	14,080
Past due:-			
- less than 2 months	965	-	965
- 2 to 4 months	94	-	94
- over 4 months	814	(78)	736
	15,953	(78)	15,875
2011			
Not past due	7,267	-	7,267
Past due:-			
- less than 2 months	513	-	513
- 2 to 4 months	55	-	55
- over 4 months	5,194	(356)	4,838
	13,029	(356)	12,673

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

The Company	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
2012			
Not past due	118	-	118
2011			
Not past due	70	-	70

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

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.

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

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):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2012					
Payables	-	13,487	13,487	13,487	-
Hire purchase payable	4.72	14	14	8	6
		13,501	13,501	13,495	6
2011					
Payables	-	9,424	9,424	9,424	-
The Company					
2012					
Payables	-	408	408	408	-
2011					
Payables	-	267	267	267	-

(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 shareholders' 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.

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

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

	The Group	
	2012 RM'000	2011 RM'000
Hire purchase payable	14	-
Payables	13,487	9,424
	13,501	9,424
Less: Deposits with licensed banks	(3,503)	(5,836)
Less: Cash and bank balances	(4,897)	(1,583)
Net debt	5,101	2,005
Total equity	26,297	14,449
Debt-to-equity ratio	0.19	0.14

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial assets				
Loans and receivables financial assets				
Receivables	16,012	13,559	6	10
Amount owing by subsidiaries	-	-	1,413	6,601
Deposits with licensed banks	3,503	5,836	25	3,676
Cash and bank balances	4,897	1,583	500	55
	24,412	20,978	1,944	10,342
Financial liabilities				
Other financial liabilities				
Payables	13,495	9,424	408	267
	13,495	9,424	408	267

28. 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 except for the following:-

	2012		2011	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Hire purchase payable	14	15	-	-

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 amount of the hire purchase payable approximated its fair value of the instruments. The fair value of the hire purchase payable is determined by discounting the relevant cash flows using current interest rates for similar instruments at the end of the reporting period.

The average interest rate used to discount estimated cash flows, where applicable, is as follows:-

	2012 %	2011 %
Hire purchase payable	4.7	-

(e) Fair Value Hierarchy

As at 31 December 2012, there were no financial instruments carried at fair values.

29. 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		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total accumulated losses:				
- realised	1,325	(481)	(1,392)	(788)
- unrealised	(37)	(44)	(14)	(14)
	1,288	(525)	(1,406)	(802)
Less: Consolidation adjustments	(1,647)	(1,709)	-	-
At 31 December	(359)	(2,234)	(1,406)	(802)

Authorised Share Capital	:	RM25,000,000.00
Issued and Paid-Up Share Capital	:	RM20,180,559.50 comprising 201,805,595 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	5	0.55	263	0.00
100 – 1,000	30	3.29	9,900	0.00
1,001 – 10,000	701	76.86	1,864,700	0.92
10,001 – 100,000	124	13.60	5,073,253	2.51
100,001 – 10,090,278 (*)	47	5.15	66,429,084	32.92
10,090,279 and above (**)	5	0.55	128,428,395	63.64
TOTAL	**912**	**100.00**	**201,805,595**	**100.00**

REMARKS : *Less than 5% of Issued Shares
**5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares Held	Percentage (%)	No. of Shares Held	Percentage (%)
Quah Teik Jin	11,850,000	5.87	*39,000,000	19.33
Lim Lung Wen	11,850,000	5.87	*39,000,000	19.33
Milan Premier Sdn. Bhd.	39,000,000	19.33	-	-
Malaysian Trustees Berhad	@46,296,297	22.94	-	-
Rapportrans Sdn. Bhd.	65,728,395	32.57	-	-
Dato' Hussian @ Rizal Bin A. Rahman	-	-	**65,728,395	32.57

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

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

@ held on behalf of Rapportrans Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS

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

	Direct Interest		Indirect Interest	
Directors	No. of Shares Held	Percentage (%)	No. of Shares Held	Percentage (%)
Quah Teik Jin	11,850,000	5.87	*39,000,000	19.33
Lim Lung Wen	11,850,000	5.87	*39,000,000	19.33
Dr. Chew Seng Poh	300,000	0.15	-	-
Dato' Jamaludin Bin Hassan	112,500	0.06	-	-
Edward Khor Yew Heng	112,500	0.06	-	-
Joseph Ting	150,000	0.07	-	-
Dato' Hussian @ Rizal Bin A. Rahman	-	-	**65,728,395	32.57

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

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

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%) of Issued Capital
1.	Malaysian Trustees Berhad (held on behalf of Rapportrans Sdn. Bhd.)	46,296,297	22.94
2.	Milan Premier Sdn. Bhd.	39,000,000	19.33
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rapportrans Sdn. Bhd.	19,432,098	9.63
4.	Lim Lung Wen	11,850,000	5.87
5.	Quah Teik Jin	11,850,000	5.87
6.	Lim Yau Tong	8,409,191	4.17
7.	Ho Sia Seng	6,933,100	3.44
8.	Vincent Yong Tuck Seng	6,775,000	3.36
9.	Raymond Selvaraj a/l Victor Benjamin	4,505,800	2.23
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Bank of Singapore Ltd for Lim Tiew Ming	4,316,000	2.14
11.	Cheah Ui Huat	3,378,845	1.67
12.	Cheah Sek Lim, Sonny	3,111,400	1.54
13.	Dave Choong Dan Nee	3,000,000	1.49
14.	Tan Bee Lean	2,279,000	1.13
15.	Chung Lea Chun	2,157,100	1.07
16.	Tan Man Siang	2,066,247	1.02
17.	Oey Ai Li	2,000,000	0.99
18.	Wong Wai Choong	1,697,500	0.84
19.	Lim Tiew Ming	1,685,401	0.84
20.	Lai Thiam Poh	1,660,000	0.82
21.	Chiang Siew Eng @ Le Yu Ak Ee	1,600,000	0.79
22.	Lim Tay Hean	1,275,000	0.63
23.	Daniel Boo Hui Siong	1,000,000	0.50
24.	Ling Ah Chai @ Ling Siew Hua	921,400	0.46
25.	Chan Chooi Foon	920,700	0.46
26.	Rowena Stephanie Chin Kian Lee	605,700	0.30
27.	Shoo Kim Looi	569,500	0.28
28.	Lim Yang Kiow	508,000	0.25
29.	Chia Sun Kia	483,000	0.24
30.	Chan Chooi Foon	475,300	0.24
	TOTAL	**190,761,579**	**94.53**

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting ("6th AGM") of the Company will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Thursday, 20 June 2013 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon. *(Please refer to Notes to Notice of 6th AGM No. 7)*

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2012. *(Resolution 1)*

3. To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association, and being eligible, have offered themselves for re-election: -
   (i) Dr. Chew Seng Poh *(Resolution 2)*
   (ii) Mr. Joseph Ting *(Resolution 3)*

4. To re-elect Dato' Hussian @ Rizal Bin A. Rahman, who retires pursuant to Article 108 of the Company's Articles of Association, and being eligible, has offered himself for re-election. *(Resolution 4)*

5. 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 5)*

6. 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 6)*

7. **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 and its 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 29 May 2013 which are necessary for the day-to-day operations of the Company and its 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;

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. **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 subsidiaries ("TFP Group") to enter into additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") as stated in Section 2.4 of the Circular to Shareholders dated 29 May 2013 with the related parties mentioned therein **PROVIDED THAT**:-

(i) the RRPTs 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 8)*

9. 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
29 May 2013

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 AGM 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 Fifth AGM held on 22 June 2012 and which will lapse at the conclusion of the 6th AGM.

2. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

   The proposed adoption of the Ordinary Resolution No. 2 is to renew the Shareholders' Mandate granted by the shareholders of the Company at the Fifth AGM held on 22 June 2012. The Proposed Renewal of the Shareholders' Mandate will enable the Company and its subsidiaries to enter into RRPTs to facilitate transactions in the normal course of business of the Company and its 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 RRPTs

   The proposed adoption of the Ordinary Resolution No. 3 is to obtain the Shareholders' Mandate to enable the Company and its subsidiaries ("the Group") to enter into RRPTs 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 RRPTs are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2012 Annual Report.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote in his stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its attorney duly authorised.

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

6. The instrument appointing a proxy must be deposited at the Company's Registered Office 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 any adjournment thereof.

7. The Agenda item No.1 is meant for discussion only, as the provisions of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

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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 letter) .... 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 Sixth 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 Thursday, 20 June 2013 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 2012 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 31December 2012. (Resolution 1)		
3(i).	To re-elect Dr. Chew Seng Poh who retires pursuant to Article 105 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 2)		
3(ii).	To re-elect Mr. Joseph Ting who retires pursuant to Article 105 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 3)		
4.	To re-elect Dato' Hussian @ Rizal Bin A. Rahman, who retires pursuant to Article 108 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 4)		
5.	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 5)		
	As Special Business :		
6.	Ordinary Resolution No. 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 6)		
7.	Ordinary Resolution No. 2 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 7)		
8.	Ordinary Resolution No. 3 - Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 8)		

* strike out whichever not applicable

Signed this .... day of 2013

....
Signature of Member/Common Seal

Notes:

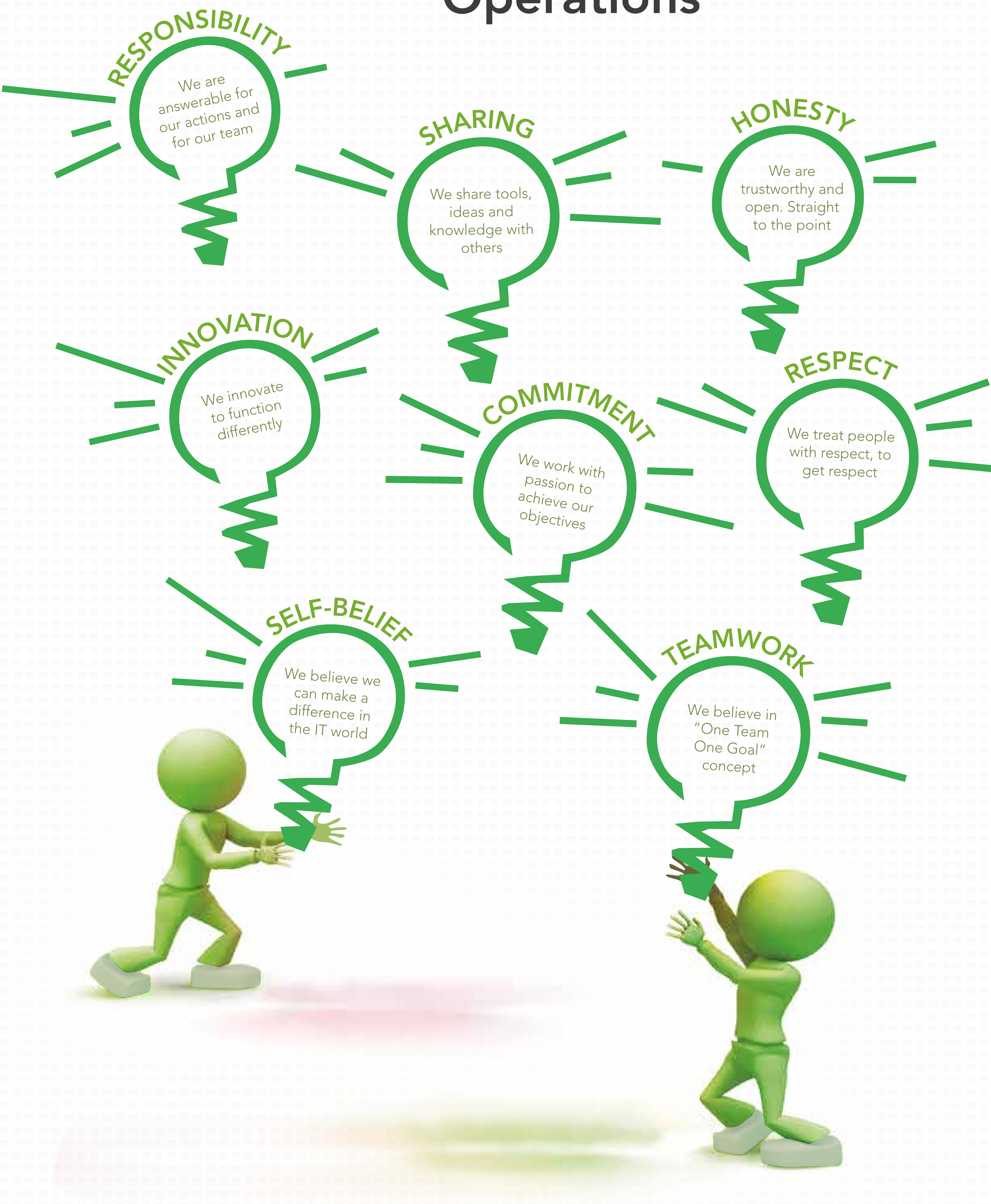
1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote in his stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office 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 any adjournment thereof.
7. The Agenda item No.1 is meant for discussion only, as the provisions of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

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,
Wilayah Persekutuan

The 8 Fundamental Values That Guide Our Business Operations



TFP Solutions Berhad
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