Directors' Report

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

PRINCIPAL ACTIVITIES

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

RESULTS

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

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

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

[#] - Deemed interest by virtue of their direct substantial shareholdings in Milan Premier Sdn. Bhd.

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

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

AUDITORS

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

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

LIM LUNG WEN

QUAH TEIK JIN

Statement by Directors

We, Lim Lung Wen and Quah Teik Jin, being two of the directors of TFP Solutions Berhad, state that, in the opinion of the directors, the financial statements set out on pages 35 to 71 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2010 and of their results and cash flows for the financial year ended on that date.

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

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

LIM LUNG WEN **QUAH TEIK JIN**

Statutory Declaration

I, Choo Chuin Hui, being the officer primarily responsible for the financial management of TFP Solutions Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 71 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by Choo Chuin Hui at Kuala Lumpur in the Federal Territory on this 26 April 2011

CHOO CHUIN HUI

Before me

Commissioner of Oaths
RAMALINGAM S.PILLAY
No: W432

Kuala Lumpur

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

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

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Other Matters

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

Emphasis of Matter

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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

OTHER MATTERS

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

CROWE HORWATH
Firm No: AF 1018
Chartered Accountants

OOI SONG WAN
Approval No: 2901/10/12 (J)
Chartered Accountant

Kuala Lumpur
Date: 26 April 2011

Statements of Financial Position

at 31 December 2010

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

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

Statements of Comprehensive Income

for the financial year ended 31 December 2010

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

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

Statements of Changes in Equity

for the financial year ended 31 December 2010

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

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

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

Statements of Cash Flows

for the financial year ended 31 December 2010

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

Statements of Cash Flows (cont'd)

for the financial year ended 31 December 2010

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

1. GENERAL INFORMATION

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

Registered office	:	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.
Principal place of business	:	No 8-3, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.

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

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

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

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

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

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

3. BASIS OF PREPARATION (CONT'D)

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

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

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

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

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION (CONT'D)

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

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

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

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

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

(i) Depreciation of Plant and Equipment

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

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

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

(ii) Income Taxes

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

(iii) Impairment of Non-financial Assets

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

(iv) Amortisation of Intellectual Property Rights and Development Costs

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

(v) Allowance for Inventories

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

(vi) Impairment of Trade and Other Receivables

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(vii) Impairment of Goodwill

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

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

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

(b) Basis of Consolidation

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

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

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

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

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

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

(c) Goodwill

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

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

(ii) Transactions and Balances

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

(iii) Foreign Operations

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

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

(e) Financial Instruments

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

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

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

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

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

(i) Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Financial Liabilities

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(iii) Equity Instruments

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

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

(f) Investments in Subsidiaries

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

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

(g) Plant and Equipment

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

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

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

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

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

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

(h) Research and Development Expenditure

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

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

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

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

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

(i) Intangible Assets

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 income statements on a straight-line basis over the estimated useful lives of intangible assets.

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

(j) Impairment

(i) Impairment of Financial Assets

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

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

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

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

(ii) Impairment of Non-Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

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

An impairment loss is recognised in profit or loss immediately.

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

(k) Inventories

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

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

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

(l) Income Taxes

Income tax for the year comprises current and deferred tax.

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Cash and Cash Equivalents

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

(n) Provisions

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

(o) Employee Benefits

(i) Short-Term Benefits

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

(ii) Defined Contribution Plans

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

(p) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(iii) the party is an associate of the entity;
(iv) the party is a joint venture in which the entity is a venturer;
(v) the party is a member of the key management personnel of the entity or its parent;
(vi) the party is a close member of the family of any individual referred to in (i) or (iv);
(vii) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(viii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue Recognition

(i) Sale of Goods

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

(ii) System Implementation Services

Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

(iii) Other Services

Revenue from other services rendered is recognised in the profit or loss as and when the services are rendered.

(iv) Interest Income

Interest income is recognised on an accrual basis.

(v) Dividend Income

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

(vi) Rental Income

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

(r) Contingent Liabilities

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

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

(s) Assets Held For Sale

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

(t) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenuers 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	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost		
At 1 January	6,726	3,572
Acquisition of a subsidiary (previously an associate)	-	1,266
Increase in investment in subsidiaries	-	1,888
	6,726	6,726
Allowance for impairment losses:-		
At 1 January	(791)	-
Addition during the financial year	-	(791)
At 31 December	(791)	(791)
	5,935	5,935

The details of the subsidiaries are as follows:-

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

^ - Audited by other firm of chartered accountants.

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

6. PLANT AND EQUIPMENT

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

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

The Group	At cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
At 31.12.2010			
Office equipment	251	(180)	71
Computer equipment	737	(556)	181
Furniture and fittings	346	(251)	95
Renovation	152	(95)	57
	1,486	(1,082)	404
At 31.12.2009			
Office equipment	248	(139)	109
Computer equipment	724	(454)	270
Furniture and fittings	353	(201)	152
Renovation	137	(68)	69
	1,462	(862)	600

6. PLANT AND EQUIPMENT (CONT'D)

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

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

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

7. INTANGIBLE ASSETS

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

(i) Development Costs

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

(ii) Amortisation

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

(iii) Impairment Testing for Cash-Generating Units Containing Goodwill

The goodwill of RM255,000 arose from the acquisition of the remaining 60% of the issued and paid up capital of Tech3 Solutions Sdn. Bhd. (formerly known as TenInfo Technology Sdn. Bhd.) ("Tech3"). As such, for the purpose of impairment testing, Tech3 is deemed the cash-generating unit.

The recoverable amount of Tech3 was based on value in use calculations. These calculations use 5 years post-tax cash flow projections approved by the Board of Directors. Cash flows beyond financial year 2011 are extrapolated using the estimated growth rates stated below.

Value in use was determined by discounting the future cash flows expected from the operations of Tech3 over the next 5 years based on the following key assumptions:

7. INTANGIBLE ASSETS (CONT'D)

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

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

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

(iv) Impairment Testing for Software Development Costs Capitalised

Software development costs capitalised are tested for impairment. For the purpose of impairment testing, the recoverable amount of software development costs capitalised is based on its value in use calculation. These calculations use 5 years post-tax cash flow projections approved by Board of Directors. Cash flows beyond financial year 2011 are extrapolated using the estimated growth rates stated below.

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

- Sales are expected to achieve approximately RM6,983,000 in 2011 and consistently grow at 5% per annum for subsequent years of the projections. The higher growth projected for 2011 is due to the recovery of demand for software expected in 2011.
- Gross profit margin is expected to remain constant.
- Discount rate is based on the weighted average cost of capital at 12%.

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

8. INVENTORIES

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

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

The project experienced some delays and at the request of the end user, the project timeline has been extended to 20 November 2011. Subsequent to year end, the subsidiary commenced work on the system implementation portion which represents the final phase of the project. Management has expressed confidence that the project will be substantially delivered within the stipulated timeline of 20 November 2011. Thereafter, the substantial portion of the project work completed is contractually payable by the end user.

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

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

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

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

10. DEPOSITS WITH LICENSED BANKS

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

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

11. ASSETS HELD FOR SALE

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

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

12. SHARE CAPITAL

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

	The Company			
	2010	2009	2010	2009
	Number of shares			
	'000	'000	RM'000	RM'000
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/31 December	140,077	140,077	14,007	14,007

13. SHARE PREMIUM

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

14. DEFERRED TAXATION

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

The deferred tax liabilities are attributable to the following:-

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

15. SHORT-TERM BORROWING

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

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

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

(i) a piece of freehold land and building in a subsidiary with a carrying amount of RM2,004,000; and

(ii) a Joint and Several Guarantee of RM1,880,000 of the Directors and several third parties.

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

16. DEFERRED INCOME

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

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

17. PAYABLES AND ACCRUALS

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

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

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

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

18. NET ASSETS PER SHARE

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

19. REVENUE

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

20. (LOSS)/PROFIT BEFORE TAXATION

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

21. INCOME TAX EXPENSE

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

Certain subsidiaries were granted MSC Malaysia status, the subsidiaries were accorded the Pioneer Status under Section 4A of the Promotion of Investments Act, 1986, which provides for tax incentive of 100% tax exemption on the statutory business income earned for a maximum period of ten years. The tax exemption once activated is valid for an initial period of five years and subject to review and assessment by Multimedia Development Corporation ("MDeC") for an extension of another five years. The tax exempt income dates for the subsidiaries were activated on 13 December 2005 and 27 February 2007 respectively. For the Pioneer Status expired during the financial year, the subsidiary is in the process of applying for the extension of time.

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

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

21. INCOME TAX EXPENSE (CONT'D)

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

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

22. LOSS PER SHARE

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

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

23. ACQUISITION OF SUBSIDIARY

2009

On 29 July 2009, the Company acquired the remaining 60% equity interest in Tech3 Solutions Sdn. Bhd. (formerly known as TenInfo Technology Sdn. Bhd.) for RM1,633,000 satisfied in cash.

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

23. ACQUISITION OF SUBSIDIARY (CONT'D)

2009 (Cont'd)

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

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

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

24. CASH AND CASH EQUIVALENTS

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

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

25. DIRECTORS' REMUNERATION

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

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

26. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

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

27. OPERATING SEGMENTS

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

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

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

28. CONTINGENT LIABILITY

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

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

29. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

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

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

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

29. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

Foreign currency risk sensitivity analysis

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

(ii) Interest Rate Risk

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

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

Interest rate risk sensitivity analysis

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

(iii) Equity Price Risk

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

(ii) Credit Risk

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

29. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

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

Credit risk concentration profile

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

Exposure to credit risk

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

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

Ageing analysis

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

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

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

29. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

Trade receivables that are past due but not impaired

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

Trade receivables that are neither past due nor impaired

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

(iii) Liquidity Risk

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

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

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

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

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

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

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

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

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

29. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values of Financial Instruments

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

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

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

Supplementary Information

for the financial year ended 31 December 2010

31. DISCLOSURE OF REALISED AND UNREALISED LOSSES

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

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