Statement of Financial Position
at 31 December 2011

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
ASSETS					
Non-Current Assets					
Investments in subsidiaries	5	-	-	5,935	5,935
Plant and equipment	6	224	404	57	98
Intangible assets	7	2,241	2,054	-	-
		2,465	2,458	5,992	6,033
Current Assets					
Inventories	8	-	2,382	-	-
Receivables, deposits and prepayments	9	13,581	15,315	6,611	9,266
Tax refundable		529	411	98	108
Deposits with licensed banks	10	5,836	4,928	3,676	1,130
Cash and bank balances		1,583	602	55	64
		21,529	23,638	10,440	10,568
Total Assets		23,994	26,096	16,432	16,601
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		(2,234)	(2,347)	(802)	(606)
Total Equity Attributable to Owners of the Company		14,719	14,606	16,151	16,347
Non-Controlling Interests		(270)	(92)	-	-
Total Equity		14,449	14,514	16,151	16,347
Non-Current Liability					
Deferred taxation	14	37	37	14	14
Current Liabilities					
Bills payable	15	-	1,848	-	-
Deferred income	16	84	94	-	-
Payables and accruals	17	9,424	9,603	267	240
		9,508	11,545	267	240
Total Liabilities		9,545	11,582	281	254
Total Equity And Liabilities		23,994	26,096	16,432	16,601
Net assets per share (RM)	18	0.10	0.10		

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

Statement of Comprehensive Income
for the financial year ended 31 December 2011

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
REVENUE	19	33,967	38,408	1,011	930
COST OF SALES		(29,295)	(34,932)	-	-
GROSS PROFIT		4,672	3,476	1,011	930
OTHER INCOME		396	1,709	332	769
		5,068	5,185	1,343	1,699
ADMINISTRATIVE EXPENSES		(4,699)	(4,555)	(1,482)	(1,421)
OTHER EXPENSES		(383)	(2,871)	(41)	(33)
FINANCE COSTS		-	(41)	-	-
(LOSS)/PROFIT BEFORE TAXATION	20	(14)	(2,282)	(180)	245
INCOME TAX EXPENSE	21	(51)	(152)	(16)	-
(LOSS)/PROFIT AFTER TAXATION		(65)	(2,434)	(196)	245
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(65)	(2,434)	(196)	245
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		113	(2,300)	(196)	245
Non-controlling interests		(178)	(134)	-	-
		(65)	(2,434)	(196)	245
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME ATTRIBUTABLE TO:-					
Owners of the Company		113	(2,300)	(196)	245
Non-controlling interests		(178)	(134)	-	-
		(65)	(2,434)	(196)	245
LOSS PER SHARE (SEN)					
- Basic	22	0.08	(1.64)		
- Diluted	22	Not applicable	Not applicable		

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

Statement of Changes in Equity
for the financial year ended 31 December 2011

The Group	Non-distributable Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Attributable to owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2010	14,007	2,946	(47)	16,906	42	16,948
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(2,300)	(2,300)	(134)	(2,434)
Balance at 31.12.2010/1.1.2011	14,007	2,946	(2,347)	14,606	(92)	14,514
Loss after taxation/Total comprehensive expenses for the financial year	-	-	113	113	(178)	(65)
Balance at 31.12.2011	14,007	2,946	(2,234)	14,719	(270)	14,449

The Company	Non-distributable Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total Equity RM'000
Balance at 1.1.2010	14,007	2,946	(851)	16,102
Profit after taxation/Total comprehensive income for the financial year	-	-	245	245
Balance at 31.12.2010/1.1.2011	14,007	2,946	(606)	16,347
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(196)	(196)
Balance at 31.12.2011	14,007	2,946	(802)	16,151

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

Statement of Cash Flows
for the financial year ended 31 December 2011

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(14)	(2,282)	(180)	245
Adjustments for:-					
Amortisation of intangible assets		478	498	-	-
Bad debts written off		6	19	-	-
Depreciation of plant and equipment		164	247	31	33
Finance costs		-	41	-	-
Gain on disposal of assets held for sale		-	(900)	-	(438)
Inventories written down		-	2,366	-	-
Interest income		(120)	(62)	(332)	(320)
Impairment loss on trade receivables		154	119	-	-
Loss on disposal of plant and equipment		-	6	-	-
Net unrealised foreign exchange loss		7	103	-	-
Plant and equipment written off		47	2	10	-
Write-back of impairment loss on trade receivables		(85)	(240)	-	-
Operating profit/(loss) before working capital changes		637	(83)	(471)	(480)
Decrease/(Increase) in inventories		2,382	(8)	-	-
Decrease in deferred income		(10)	(421)	-	-
Decrease/(Increase) in receivables		1,659	(9,712)	2,655	(1,129)
(Decrease)/Increase in payables		(186)	3,844	27	(224)
CASH FROM/(FOR) OPERATIONS		4,482	(6,380)	2,211	(1,833)
Interest received		120	62	332	320
Finance costs		-	(41)	-	-
Income tax paid		(169)	(46)	(6)	(23)
NET CASH FROM/(FOR) OPERATING ACTIVITIES/BALANCE CARRIED FORWARD		4,433	(6,405)	2,537	(1,536)

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
BALANCE BROUGHT FORWARD		4,433	(6,405)	2,537	(1,536)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		(34)	(60)	-	(2)
Proceeds from disposal of plant and equipment		3	1	-	-
Net proceeds from disposal of assets held for sale		-	4,916	-	2,450
Development costs		(665)	(547)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(696)	4,310	-	2,448
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
(Repayment)/Drawdown of bills payable		(1,848)	1,848	-	-
Repayment of term loans		-	(368)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,848)	1,480	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,889	(615)	2,537	912
FOREIGN EXCHANGE TRANSACTION DIFFERENCES		-	(103)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		5,530	6,248	1,194	282
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23	7,419	5,530	3,731	1,194

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

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 April 2012.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with 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 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

3. BASIS OF PREPARATION (CONT'D)

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

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

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 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 has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst 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 non-controlling interests to be absorbed by the non-controlling interests instead of by the parent.

The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 28(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

(iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

Furthermore, the amendments to FRS 101 (Revised) also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

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 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The Group's next set of financial statements for the annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 January 2012.

(c) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting these new accounting standards in the next financial year. The possible change of the accounting policies is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

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

(i) Depreciation of Plant and Equipment

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

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

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

(ii) Income Taxes

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

(iii) Impairment of Non-financial Assets

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

(iv) Amortisation of Intellectual Property Rights and Development Costs

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

(v) Writedown of Inventories

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

(vi) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a 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 2011.

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

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

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

Non-controlling 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 non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

<u>Business combinations from 1 January 2011 onwards</u>

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

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

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

The Group has applied the FRS 3 (Revised) in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

<u>Business combinations before 1 January 2011</u>

All subsidiaries are consolidated using the purchase method. 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.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) Goodwill

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(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.

- *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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(ii) Financial Liabilities

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

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

(iii) Equity Instruments

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.

(iv) Financial Guarantee Contracts

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

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

(f) Investments in Subsidiaries

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

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

(g) Plant and Equipment

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Plant and Equipment (Cont'd)

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

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

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

(h) Research and Development Expenditure

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

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

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

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

(iii) its future economic benefits are probable;

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

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

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

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

(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 a 5 year period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

An impairment loss is recognised in profit or loss immediately.

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee Benefits (Cont'd)

(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) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) 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
(vii) 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.

(q) Deferred Income

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

(r) Revenue and Other Income

(i) Sale of Goods

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

(ii) System Implementation Services

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

(iii) Other Services

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee Benefits (Cont'd)

(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.

(s) 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 recognized 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 recognized 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 recognized as a provision.

(t) Operating Segments

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost		
At 1 January	6,726	6,726
Allowance for impairment losses	(791)	(791)
	5,935	5,935

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
MBP Solutions Sdn. Bhd.	Malaysia	100	100	Providing Enterprise Resource Planning (ERP) consulting and implementation of Microsoft Dynamics products.
O2U Solutions Sdn. Bhd.	Malaysia	51	51	Providing Enterprise Resource Planning (ERP) consulting and implementation of Oracle products.
ProDserv Sdn. Bhd.	Malaysia	100	100	Developing and providing Enterprise Business Solutions (EBS) value added solutions.
ProXerv Sdn. Bhd.	Malaysia	100	100	Providing outsourcing services relating to Information Technology.
SBOne Solutions Sdn. Bhd.	Malaysia	100	100	Providing Enterprise Resource Planning (ERP) consulting and implementation of SAP products.
SoftFac Technology Sdn. Bhd.	Malaysia	100	100	Providing Human Capital Resource Management (HCRM) solutions.
Tech3 Solutions Sdn. Bhd.	Malaysia	100	100	Providing Enterprise Systems Solutions.
TFP International Pte. Ltd. ^	Singapore	100	100	Dormant

^ - Audited by other firm of chartered accountants.

6. PLANT AND EQUIPMENT

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

6. PLANT AND EQUIPMENT (CONT'D)

	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						
Computer equipment	270	34	-	(2)	(121)	181
Furniture and fittings	147	6	(6)	-	(57)	90
Office equipment	109	5	(1)	-	(42)	71
Renovation	74	15	-	-	(27)	62
	600	60	(7)	(2)	(247)	404

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 31.12.2011			
Computer equipment	758	(637)	121
Furniture and fittings	180	(141)	39
Office equipment	179	(143)	36
Renovation	61	(33)	28
	1,178	(954)	224
At 31.12.2010			
Computer equipment	737	(556)	181
Furniture and fittings	346	(256)	90
Office equipment	251	(180)	71
Renovation	152	(90)	62
	1,486	(1,082)	404

The Company	At 1.1.2011 RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.12.2011 RM'000
Net Book Value				
Computer equipment	11	-	(4)	8
Furniture and fittings	52	(10)	(14)	26
Office equipment	25	-	(9)	17
Renovation	10	-	(4)	6
	98	(10)	(31)	57

6. PLANT AND EQUIPMENT (CONT'D)

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

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 31.12.2011			
Computer equipment	19	(11)	8
Furniture and fittings	67	(41)	26
Office equipment	44	(27)	17
Renovation	17	(11)	6
	147	(90)	57
At 31.12.2010			
Computer equipment	19	(8)	11
Furniture and fittings	87	(35)	52
Office equipment	44	(19)	25
Renovation	17	(7)	10
	167	(69)	98

7. INTANGIBLE ASSETS

Group	Goodwill RM'000	Intellectual Property Rights RM'000	Development Costs RM'000	Total RM'000
At Cost:-				
At 1 January 2010	255	312	2,290	2,857
Addition	-	-	547	547
At 31 December 2010 /1 January 2011	255	312	2,837	3,404
Addition	-	-	665	665
At 31 December 2011	255	312	3,502	4,069

7. INTANGIBLE ASSETS (CONT'D)

Group	Goodwill RM'000	Intellectual Property Rights RM'000	Development Costs RM'000	Total RM'000
Amortisation:-				
At 1 January 2010	-	249	603	852
Amortisation for the year	-	63	435	498
At 31 December 2010/1 January 2011	-	312	1,038	1,350
Amortisation for the year	-	-	478	478
At 31 December 2011	-	312	1,516	1,828
Carrying amounts:-				
At 1 January 2010	255	63	1,687	2,005
At 31 December 2010/1 January 2011	255	-	1,799	2,054
At 31 December 2011	255	-	1,986	2,241

(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. ("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 2012 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:

- Tech3 will continue in operations over the next 5 years.
- Sales are expected to grow at 12% 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).

7. INTANGIBLE ASSETS (CONT'D)

(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 2012 are extrapolated using the estimated growth rates stated below.

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

- Sales are expected to achieve approximately RM1,682,000 in 2012 and consistently grow at 12% per annum for subsequent years of the projections. The higher growth projected for 2012 is due to the recovery of demand for software expected in 2012.
- 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	
	2011 RM'000	2010 RM'000
At Net Realisable Value:-		
Computer hardware	-	2,382

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	The Group		The Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade					
Trade receivables	9.1	13,029	15,088	-	-
Less: Impairment loss on trade receivables		(356)	(287)	-	-
		12,673	14,801	-	-
Subsidiaries	9.2	-	-	70	90
		12,673	14,801	70	90

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

		The Group		The Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Non-Trade					
Other receivables		869	9	10	-
Deposits		17	33	-	-
Prepayments	9.3	22	472	-	-
Subsidiaries	9.2	-	-	6,531	9,176
		908	514	6,541	9,176
At 31 December		13,581	15,315	6,611	9,266
Allowance For Impairment Loss					
At 1 January		(287)	(510)	-	-
Written off		-	102	-	-
Write-back		85	240	-	-
Addition for the financial year		(154)	(119)	-	-
At 31 December		(356)	(287)	-	-

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 the Group at the end of the previous reporting period was an amount of RM3 million which had been outstanding for more than one year. The outstanding amount has been fully settled subsequent to the end of the reporting period.

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

The non-trade amount owing by subsidiaries is unsecured, bore an interest of 3.5% (2010 - 3.5%) per annum and is repayable on demand. The amount is to be settled in cash.

9.3 Included in prepayments at the end of the previous reporting period is an amount of RM458,000 due from contract customers for ongoing projects at the end of the previous reporting period.

10. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks of the Group and the Company at the end of the reporting period bore an effective interest rate of 3.00% (2010 – 2.39%) per annum. The deposits have maturity periods ranging from 1 to 365 days (2010 - 365 days).

11. ASSETS HELD FOR SALE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Carrying amount of investment properties:				
At 1 January	-	4,016	-	2,012
Disposal during the year	-	(4,016)	-	(2,012)
At 31 December	-	-	-	-

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 disposal was completed in February 2010.

12. SHARE CAPITAL

	The Company			
	2011	2010	2011	2010
	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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At January/31 December	37	37	14	14

14. DEFERRED TAXATION (CONT'D)

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accelerated capital allowances over depreciation	40	40	14	14
Unabsorbed capital allowances	(3)	(3)	-	-
At 31 December	37	37	14	14

15. BILLS PAYABLE

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

16. DEFERRED INCOME

	The Group	
	2011 RM'000	2010 RM'000
Maintenance and system support	84	94

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

17. PAYABLES AND ACCRUALS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade				
Trade payables	4,568	6,779	-	-
Accrued project costs	4,273	1,081	-	-
	8,841	7,860	-	-
Non-Trade				
Other payables	227	531	33	26
Accrued expenses	356	1,212	234	214
	583	1,743	267	240
At 31 December	9,424	9,603	267	240

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

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 RM14,449,000 (2010 - RM14,514,000) divided by the number of ordinary shares in issue at the end of the reporting period of 140,077,200 (2010 - 140,077,200).

19. REVENUE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	25,621	31,199	-	-
Services	8,346	7,209	-	-
Management fees	-	-	1,011	930
	33,967	38,408	1,011	930

20. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of intangible assets	478	498	-	-
Audit fee:				
- current financial year	106	60	33	20
- other services	7	4	7	4
Bad debts written off	6	19	-	-
Impairment loss on trade receivables	154	119	-	-
Inventories written down	-	2,366	-	-
Depreciation of plant and equipment	164	247	31	33
Directors' fees	160	160	160	160
Directors' non-fee emoluments	994	963	994	963
Finance costs on bills payable	-	41	-	-
Loss on disposal of plant and equipment	-	6	-	-
Plant and equipment written off	47	2	10	-
Rental of office	106	133	22	21
Rental of office equipment	10	-	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	2,841	2,730	-	-
- defined contribution plans	348	310	-	-
- other benefits	533	388	-	-
Net (gain)/loss on foreign exchange				
- realised	(17)	(24)	-	-
- unrealised	7	103	-	-
Gain on disposal of assets held for sale	-	(900)	-	(438)
Interest income	(120)	(62)	(332)	(320)
Rental income	-	(34)	-	(11)
Writeback of impairment loss on trade receivables	(85)	(240)	-	-
Writeback of inventories written down	(2,366)	-	-	-

21. INCOME TAX EXPENSE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax:				
- current year	15	152	15	-
- underprovision in the previous financial year	36	-	1	-
Total tax expense	51	152	16	-

Certain subsidiaries were granted MSC Malaysia status, and were accorded the Pioneer Status under Section 4A of the Promotion of Investments Act 1986, which provides for a 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 which expired in the previous 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(Loss)/Profit before taxation	(14)	(2,282)	(180)	245
Tax at the statutory tax rate of 25%	(4)	(570)	(45)	61
Tax effects of:-				
Non-taxable gain	(3)	(228)	-	(110)
Non-deductible expenses	128	176	60	49
Deferred tax assets not recognised during the financial year	150	894	-	-
Utilisation of deferred tax assets previously not recognised	(256)	(120)	-	-
Underprovision of income tax in the previous financial year	36	-	1	-
Income tax expense for the financial year	51	152	16	-

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

Deferred Tax Liabilities:				
- Accelerated capital allowances	(452)	(705)	-	-
Deferred Tax Assets:				
- Unutilised tax losses	4,511	2,672	-	-
- Unabsorbed capital allowances	442	410	-	-
- Deductible temporary differences on:				
- impairment loss on trade receivables	853	1,031	-	-
- inventories written off	-	2,366	-	-
	5,354	5,774	-	-

22. LOSS PER SHARE

	The Group	
	2011	2010
Loss after taxation (RM'000)	(65)	(2,434)
Profit/(Loss) attributable to owners of the Company (RM'000)	113	(2,300)
Weighted average number of ordinary shares at 31 December ('000)	140,077	140,077
Basic earnings/(loss) per share (Sen)	0.08	(1.64)

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

23. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks (Note 10)	5,836	4,928	3,676	1,130
Cash and bank balances	1,583	602	55	64
	7,419	5,530	3,731	1,194

24. 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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Directors' fee	160	160	160	160
Directors' non-fee Emoluments:				
- salaries	905	864	905	864
- defined contribution plans	85	81	85	81
- others	4	18	4	18
	994	963	994	963
	1,154	1,123	1,154	1,123

25. 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Transactions with subsidiaries				
Management fees received	-	-	(1,011)	(930)
Interest income on advances	-	-	(306)	(307)
Rental income	-	-	-	(11)
Transactions with certain directors of the Company				
Rental expense	49	49	19	19
Key management personnel Compensation				
- short-term employee Benefits	2,255	1,771	-	-
- define contribution plans	219	151	-	-

26. OPERATING SEGMENTS

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

Revenue from a major customer, with revenue equal to or more than 10% of the Group's revenue, amounted to RM4,165,000 (2010 – RM12,899,800).

27. CONTINGENT LIABILITY

	The Company	
	2011 RM'000	2010 RM'000
Unsecured corporate guarantee issued in favour of third parties	7,600	15,000

28. FINANCIAL INSTRUMENTS

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

28. FINANCIAL INSTRUMENTS (CONT'D)

(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
2011			
Financial assets			
Cash and bank balances	2	-	2
Receivables	5	-	5
	7	-	7
Financial liabilities			
Payables	(588)	-	(588)
Currency exposure	(581)	-	(581)
2010			
Financial assets			
Cash and bank balances	178	26	204
Financial liabilities			
Payables	(251)	(19)	(270)
Currency exposure	(73)	7	(66)

Foreign currency risk sensitivity analysis

A 1% strengthening/weakening of RM against the United States Dollar at the end of the reporting period would have increased loss after taxation by approximately RM75,000. 1% weakening would have had an equal but opposite effect on the loss after taxation. This assumes that all other variables remain constant.

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to interest rate risk , as such sensitivity analysis is not disclosed.

(iii) Equity Price Risk

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

(ii) Credit Risk

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

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

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 46% 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 2011 is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
2011			
Not past due	7,267	-	7,267
Past due:-			
- less than 2 months	513	-	513
- 2 to 4 months	55	-	55
- over 4 months	5,194	(356)	4,838
	13,029	(356)	12,673

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
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			
2011			
Not past due	70	-	70
2010			
Not past due	90	-	90

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

Trade receivables that are past due but not impaired

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

Trade receivables that are neither past due nor impaired

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

(iii) Liquidity Risk

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

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2011				
Payables	-	9,424	9,424	9,424
2010				
Bills payable	9.25	1,848	1,848	1,848
Payables	-	9,603	9,603	9,603
Payables	-	11,451	11,451	11,451
The Company				
2011				
Payables	-	267	267	267
2010				
Payables	-	240	240	240

(b) Capital Risk Management

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

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

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

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

	The Group	
	2011 RM'000	2010 RM'000
Bills payable	-	1,848
Payables	9,424	9,603
	9,424	11,451
Less: Deposits with licensed banks	(5,836)	(4,928)
Less: Cash and bank balances	(1,583)	(602)
Net debt	2,005	5,921
Total equity	14,449	14,514
Debt-to-equity ratio	0.14	0.41

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 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Financial assets				
Loans and receivables financial assets				
Receivables	13,559	14,843	10	-
Amount owing by subsidiaries	-	-	6,601	9,266
Deposits with licensed banks	5,836	4,928	3,676	1,130
Cash and bank balances	1,583	602	55	64
	20,978	20,373	10,342	10,460
Financial liabilities				
Other financial liabilities				
Payables	9,424	9,603	267	240
Bills payable	-	1,848	-	-
	9,424	11,451	267	240

(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 due to the relatively short-term maturity of these instruments.

(e) Fair Value Hierarchy

As at 31 December 2011, there were no financial instruments carried at fair values.

29. DISCLOSURE OF REALISED AND UNREALISED LOSSES

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

	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Total accumulated losses:				
- realised	(481)	(320)	(788)	(592)
- unrealised	(44)	(140)	(14)	(14)
	(525)	(460)	(802)	(606)
Less: Consolidation adjustments	(1,709)	(1,887)	-	-
At 31 December	(2,234)	(2,347)	(802)	(606)