



Directors' Report

for the year ended 31 December 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

Principal activities

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to: Shareholders of the Company	222	1,128

Reserves and provisions

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

Dividends

Since the end of the previous financial period, the Company paid an interim tax exempt dividend of 0.75 sen per ordinary share amounting to RM1,050,579 in respect of the financial year ended 31 December 2008 on 29 July 2008.

The Directors do not recommend the payment of a final dividend for the year under review.

Directors of the Company

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

Lim Lung Wen
Quah Teik Jin
Dr. Chew Seng Poh
Dato' Jamaludin Bin Hassan
Joseph Ting
Edward Khor Yew Heng
Ow Poh Kwang (*resigned on 31.3.09*)



Directors' Report (cont'd)

for the year ended 31 December 2008

Directors' interests

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

	Number of ordinary shares of RM0.10 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
<i>Shareholdings in which Directors have direct interests</i>				
The Company				
Lim Lung Wen	28,451,252	16,369,628	37,820,854	7,000,026
Quah Teik Jin	16,276,541	10,894,671	20,171,123	7,000,089
Ow Poh Kwang	3,367,648	1,683,824	5,042,781	8,691
Dr Chew Seng Poh	-	300,000	-	300,000
Dato` Jamaluddin Bin Hassan	-	112,500	-	112,500
Joseph Ting	-	150,000	-	150,000
Edward Khor Yew Heng	-	112,500	-	112,500

	Number of ordinary shares of RM0.10 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
<i>Shareholdings in which Directors have indirect interests</i>				
The Company through Milan Premier Sdn. Bhd.				
Lim Lung Wen	-	63,034,758	-	63,034,758
Quah Teik Jin	-	63,034,758	-	63,034,758
Ow Poh Kwang	-	63,034,758	-	63,034,758

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

Directors' benefits

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 22 to the financial statements.

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



Directors' Report (cont'd)

for the year ended 31 December 2008

Issue of shares and debentures

On 14 January 2008, the shareholders of the Company approved the issuance of 24,000,000 new ordinary shares of RM0.10 each through public issue at an issue price of RM0.48 per ordinary share for the purposes as stated in the prospectus dated 5 February 2008.

Upon the Public Issue, the Company issued bonus shares of 46,692,400 new ordinary shares of RM0.10 each on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held via capitalisation of the share premium.

Subsequently, the entire issued and paid-up capital of the Company comprising 140,077,200 ordinary shares of RM0.10 each was listed and quoted on the MESDAQ Market of Bursa Malaysia on 22 February 2008.

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

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

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

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



Directors' Report (cont'd)

for the year ended 31 December 2008

Other statutory information (continued)

In the opinion of the Directors, except for the allowance for doubtful debts as disclosed in Note 14 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

On 22 February 2008, the Company was officially listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lim Lung Wen
Managing Director

Dr. Chew Seng Poh
Executive Director

Kuala Lumpur,

Date: 16 April 2009

Balance Sheets

at 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Assets					
Plant and equipment	3	485	321	143	-
Intangible assets	4	1,532	819	-	-
Investment property	5	2,055	2,097	2,055	2,097
Investment in subsidiaries	6	-	-	3,572	3,572
Investment in associate	7	1,071	1,435	1,266	1,266
Deferred tax asset	11	84	-	10	-
Total non-current assets		5,227	4,672	7,046	6,935
Receivables, deposits and prepayments	8	6,220	5,972	3,816	-
Current tax asset		177	-	95	-
Cash and cash equivalents	9	11,419	2,949	6,321	*
Total current assets		17,816	8,921	10,232	*
Total assets		23,043	13,593	17,278	6,935
Equity					
Share capital		14,007	6,938	14,007	6,938
Share premium		2,946	-	2,946	-
Retained profits/ (Accumulated losses)		2,319	3,148	49	(28)
Total equity	10	19,272	10,086	17,002	6,910
Liabilities					
Deferred tax liabilities	11	13	5	-	-
Total non-current liabilities		13	5	-	-
Deferred income	12	156	205	-	-
Payables and accruals	13	3,452	3,218	276	25
Taxation		150	79	-	-
Total current liabilities		3,758	3,502	276	25
Total liabilities		3,771	3,507	276	25
Total equity and liabilities		23,043	13,593	17,278	6,935

* Denotes RM0.20

The notes on pages 33 to 57 are an integral part of these financial statements.



Income Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	16.5.2007 to 31.12.2007 RM'000	2008 RM'000	16.5.2007 to 31.12.2007 RM'000
Revenue		13,554	941	2,710	-
Cost of sales		(9,146)	(491)	-	-
Gross profit		4,408	450	2,710	-
Other income		193	3	188	-
Negative goodwill on acquisition of subsidiaries		-	2,757	-	-
Negative goodwill on investment in an associate		-	155	-	-
Distribution expenses		(389)	(19)	(37)	-
Administrative expenses		(3,553)	(180)	(1,641)	(28)
Other expenses		(537)	(8)	(2)	-
Results from operating activities		122	3,158	1,218	(28)
Interest income		278	2	168	-
Operating profit/(loss)	14	400	3,160	1,386	(28)
Share of (loss)/profit after tax of associate		(33)	14	-	-
Profit/(Loss) before tax		367	3,174	1,386	(28)
Tax expense	16	(145)	(26)	(258)	-
Profit/(Loss) for the year/period		222	3,148	1,128	(28)
Attributable to:					
Shareholders of the Company		222	3,148	1,128	(28)
Profit/(Loss) for the year/period		222	3,148	1,128	(28)
Basic earnings per ordinary share (sen):	17	0.17	39		

The notes on pages 33 to 57 are an integral part of these financial statements.

Statements of Changes In Equity

for the year ended 31 December 2008

Group	Note	Share capital RM'000	Non distributable Share premium RM'000	Distributable Retained profits RM'000	Total equity RM'000
At date of incorporation		*	-	-	*
Shares issued		6,938	-	-	6,938
Profit for the period		-	-	3,148	3,148
At 31 December 2007/1 January 2008		6,938	-	3,148	10,086
Shares issued		2,400	9,120	-	11,520
Bonus issue		4,669	(4,669)	-	-
Listing expenses		-	(1,505)	-	(1,505)
Profit for the year		-	-	222	222
Dividends to shareholders	18	-	-	(1,051)	(1,051)
At 31 December 2008		14,007	2,946	2,319	19,272

Company		Share capital RM'000	Non distributable Share premium RM'000	Distributable (Accumulated losses)/ Retained profits RM'000	Total equity RM'000
At date of incorporation		*	-	-	*
Shares issued		6,938	-	-	6,938
Loss for the period		-	-	(28)	(28)
At 31 December 2007/1 January 2008		6,938	-	(28)	6,910
Shares issued		2,400	9,120	-	11,520
Bonus issue		4,669	(4,669)	-	-
Listing expenses		-	(1,505)	-	(1,505)
Profit for the year		-	-	1,128	1,128
Dividends to shareholders	18	-	-	(1,051)	(1,051)
At 31 December 2008		14,007	2,946	49	17,002

* Denotes RM0.20



Cash Flow Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	16.5.2007 to 31.12.2007 RM'000	2008 RM'000	16.5.2007 to 31.12.2007 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		367	3,174	1,386	(28)
Adjustments for:					
Amortisation of intangible assets		196	11	-	-
Depreciation of investment property		42	3	42	3
Depreciation of plant and equipment	3	116	7	4	-
Dividend income		-	-	(1,649)	-
Interest income		(278)	(2)	(168)	-
Loss on disposal of plant and equipment		7	-	-	-
Negative goodwill on investment in an associate		-	(155)	-	-
Negative goodwill on acquisition of subsidiaries	23	-	(2,757)	-	-
Share of loss/(profit) after tax of associate		33	(14)	-	-
Operating profit/(loss) before changes in working capital		483	267	(385)	(25)
Changes in working capital:					
Deferred income		(49)	(79)	-	-
Payables and accruals		234	1,764	251	25
Receivables, deposits and prepayments		(248)	(1,445)	(3,816)	-
Cash generated from/(used in) operations		420	507	(3,950)	-
Interest received		278	2	168	-
Taxes paid		(327)	-	(363)	-
Net cash from/(used in) operating activities		371	509	(4,145)	-
Cash flows from investing activities					
Acquisition of plant and equipment	3	(291)	(4)	(147)	-
Cash acquired arising from acquisition of subsidiaries	23	-	2,535	-	-
Proceeds from disposal of plant and equipment		4	-	-	-
Internally developed intangible assets		(909)	(91)	-	-
Net cash (used in)/from investing activities		(1,196)	2,440	(147)	-

The notes on pages 33 to 57 are an integral part of these financial statements.

Cash Flow Statements (cont'd)

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	16.5.2007 to 31.12.2007 RM'000	2008 RM'000	16.5.2007 to 31.12.2007 RM'000
Cash flows from financing activities					
Dividends paid to shareholders of the Company	18	(1,051)	-	(1,051)	-
Proceeds from issuance of shares		11,520	-	11,520	-
Listing expenses		(1,505)	-	(1,505)	-
Dividend received		331	-	1,649	-
Net cash from financing activities		9,295	-	10,613	-
Net increase in cash and cash equivalents		8,470	2,949	6,321	-
Cash and cash equivalents at beginning of year/period	(i)	2,949	*	*	*
Cash and cash equivalents at end of year/period	(i)	11,419	2,949	6,321	*
<i>i) Cash and cash equivalents</i>					

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances (Note 9)	7,738	1,872	6,321	*
Deposits placed with licensed banks (Note 9)	3,681	1,077	-	-
	11,419	2,949	6,321	*

* Denotes RM0.20



Notes to the Financial Statements

TFP Solutions Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

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

Registered office

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2008 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 16 April 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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

FRSs / Interpretations	Effective date
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010

The Group and the Company plan to apply FRS 7, FRS 8, FRS 139 and IC Interpretations 9 and 10 from the annual period beginning 1 January 2010.

FRS 4 is not applicable to the Group and to the Company. Hence, no further disclosure is warranted.



Notes to the Financial Statements (cont'd)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and of the Company.

FRS 8, Operating Segments

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group does not present segment information in respect of its business and geographical segments (see Note 19) as the Group is predominantly engaged in one business segment and mainly operates in Malaysia. Under FRS 8, the Group will present segment information in respect of its operating segments.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - valuation of intangible assets
- Note 11 - recognition of unabsorbed capital allowances and deductible temporary differences
- Note 21 – contingent liabilities
- Note 23 - business combinations



Notes to the Financial Statements (cont'd)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(ii) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investment in associates is stated in the Company's balance sheet at cost less any impairment losses.

(iii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



Notes to the Financial Statements (cont'd)

2. Significant accounting policies (continued)

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

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

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

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

(c) Plant and equipment

(i) *Recognition and measurement*

Items of plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of plant and equipment recognised as a result of a business combination is based on fair value at acquisition date.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

(ii) *Subsequent costs*

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the income statements as incurred.



Notes to the Financial Statements (cont'd)

2. Significant accounting policies (continued)

(c) Plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- Office equipment 5 years
- Computer equipment 5 years
- Furniture and fittings 5 years
- Renovations 5 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statements as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

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



Notes to the Financial Statements (cont'd)

2. Significant accounting policies (continued)

(d) Intangible assets (continued)

(iv) *Subsequent expenditure*

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

(v) *Amortisation*

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

The estimated useful lives are as follows:

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

(e) Investment property

(i) *Investment property carried at cost*

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for plant and equipment as stated in accounting policy note 2(c).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

(ii) *Determination of fair value*

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.



Notes to the Financial Statements (cont'd)

2. Significant accounting policies (continued)

(f) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(g) Cash and cash equivalents

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

(h) Impairment of assets

The carrying amounts of assets except for deferred tax assets and financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(i) Equity instruments

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

Issue expenses

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

(j) Deferred income

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



Notes to the Financial Statements (cont'd)

2. Significant accounting policies (continued)

(k) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(l) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

(m) Contingent liabilities

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

(n) Revenue recognition

(i) *Goods sold*

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

(ii) *System implementation services*

Revenue from services rendered is recognised in the income statements in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

(iii) *Other services*

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



Notes to the Financial Statements (cont'd)

2. Significant accounting policies (continued)

(n) Revenue recognition (continued)

(iv) *Rental income*

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

(v) *Dividend income*

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

(o) Leased assets

The leased assets under operating leases are not recognised on the Group's and the Company's balance sheets.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(p) Interest income

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

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (continued)

(r) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Segment reporting

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

3. Plant and equipment

Group	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
Cost					
At date of incorporation	-	-	-	-	-
Acquisitions through business combinations	35	196	69	24	324
Additions	-	4	-	-	4
At 31 December 2007/1 January 2008	35	200	69	24	328
Additions	73	88	88	42	291
Disposals	-	(12)	-	-	(12)
At 31 December 2008	108	276	157	66	607
Depreciation					
At date of incorporation	-	-	-	-	-
Depreciation for the period	1	4	2	-	7
At 31 December 2007/1 January 2008	1	4	2	-	7
Depreciation for the year	15	65	29	7	116
Disposals	-	(1)	-	-	(1)
At 31 December 2008	16	68	31	7	122
Carrying amounts					
At date of incorporation	-	-	-	-	-
At 31 December 2007/1 January 2008	34	196	67	24	321
At 31 December 2008	92	208	126	59	485



Notes to the Financial Statements (cont'd)

3. Plant and equipment (continued)

Company	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
Cost					
At date of incorporation	-	-	-	-	-
At 31 December 2007/1 January 2008	-	-	-	-	-
Additions	44	17	69	17	147
At 31 December 2008	44	17	69	17	147
Depreciation					
At date of incorporation	-	-	-	-	-
At 31 December 2007/1 January 2008	-	-	-	-	-
Depreciation for the year	1	1	2	-	4
At 31 December 2008	1	1	2	-	4
Carrying amounts					
At date of incorporation	-	-	-	-	-
At 31 December 2007/1 January 2008	-	-	-	-	-
At 31 December 2008	43	16	67	17	143

4. Intangible assets

Group	Intellectual property rights RM'000	Development costs RM'000	Total RM'000
Cost			
At date of incorporation	-	-	-
Acquisitions through business combinations	192	547	739
Acquisitions - internally developed	-	91	91
At 31 December 2007/1 January 2008	192	638	830
Acquisitions - internally developed	-	909	909
At 31 December 2008	192	1,547	1,739

Notes to the Financial Statements (cont'd)

4. Intangible assets (continued)

Group	Intellectual property rights RM'000	Development costs RM'000	Total RM'000
Amortisation			
At date of incorporation	-	-	-
Amortisation for the period	5	6	11
At 31 December 2007/1 January 2008	5	6	11
Amortisation for the year	62	134	196
At 31 December 2008	67	140	207
Carrying amounts			
At date of incorporation	-	-	-
At 31 December 2007/1 January 2008	187	632	819
31 December 2008	125	1,407	1,532

4.1 Development costs

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

4.2 Amortisation

The intangible assets are amortised over the estimated useful life of 5 years. The amortisation charge is recognised in cost of sales.

4.3 Impairment testing for software under development

For the purpose of impairment testing, the recoverable amount of software under development is based on its value in use calculation. These calculations use pre-tax cash flow projections based on financial budget approved by management. Cash flows beyond financial year 2009 are extrapolated using the estimated growth rates stated below.

Value in use was determined by discounting the future cash flows expected from the software upon its completion and was based on the following key assumptions:

- Future cash flows were projected based on expected operating cash flows for the next 5 years of the software.
- Sales are expected to grow at 100% on the second year of the projection and reduce gradually to 25% in the fifth year of the projection.
- Gross profit margin is expected to be constant.
- Cost of capital is assumed at 8%.

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).



Notes to the Financial Statements (cont'd)

5. Investment property

Group and Company Cost	Freehold land and building RM'000
At date of incorporation	-
Acquisition	<u>2,100</u>
At 31 December 2007/1 January 2008/31 December 2008	----- 2,100
Accumulated depreciation	
At date of incorporation	-
Depreciation for the period	<u>3</u>
At 31 December 2007/1 January 2008	3
Depreciation for the year	<u>42</u>
At 31 December 2008	----- 45
Carrying amounts	
At date of incorporation	----- -
At 31 December 2007/1 January 2008	----- 2,097
At 31 December 2008	<u>2,055</u>
Fair values	
At date of incorporation	----- -
At 31 December 2007/1 January 2008	----- 2,100
At 31 December 2008	----- 2,750

Investment property comprises of a commercial property that is mainly leased to third parties. Each of the leases contains an initial non-cancellable period between 1 to 2 years. No contingent rents are charged.

The following are recognised in the income statements in respect of investment property:

	2008 RM'000	2007 RM'000
Rental income	124	-
Direct operating expenses: -income generating investment property	<u>(11)</u>	----- -

Notes to the Financial Statements (cont'd)

6. Investment in subsidiaries

	Company	
	2008	2007
	RM'000	RM'000
Unquoted shares, at cost	3,572	3,572

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2008	2007
			%	%
MBP Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resource Planning (ERP) consulting and implementation of Microsoft Dynamics products	100	100
ProDserv Sdn. Bhd.	Malaysia	Developing and providing Enterprise Business Solutions (EBS) value added solutions	100	100
ProXerv Sdn. Bhd.	Malaysia	Providing shared services Information Technology (IT) outsourcing	100	100
SBOne Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resource Planning (ERP) consulting and implementation of SAP products	100	100
SoftFac Technology Sdn. Bhd.	Malaysia	Providing Human Capital Resource Management (HCRM) solutions	100	100
TFP International Pte. Ltd.*	Singapore	Dormant	100	-
O2U Solutions Sdn. Bhd.**	Malaysia	Dormant	51	-

On 17 July 2008, the Company acquired the entire equity interest in TFP International Pte. Ltd., a company incorporated in Singapore, for a purchase consideration of SGD2.

* Audited by another firm of Public Accountants

** Subsidiary not yet required to be audited and consolidated using management financial statements. The Company was incorporated on 18 December 2008 with an issued and paid-up share capital of RM100 comprising 100 ordinary shares of RM1.00 each.



Notes to the Financial Statements (cont'd)

7. Investment in associate

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares, at cost	1,266	1,266	1,266	1,266
Share of post-acquisition reserves	(195)	169	-	-
	1,071	1,435	1,266	1,266

Summary financial information on associate:

Company	Country of incorporation	Effective ownership interest		Revenues (100%) RM'000	(Losses)/ Profits (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
		2008 %	2007 %				
2008							
TenInfo Technology Sdn. Bhd.	Malaysia	40	40	11,627	(82)	5,284	3,289
2007							
TenInfo Technology Sdn. Bhd.	Malaysia	40	40	13,937	407	7,871	4,965

8. Receivables, deposits and prepayments

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade					
Trade receivables		5,267	4,917	-	-
Less: Allowance for doubtful debts		(529)	(42)	-	-
		4,738	4,875	-	-
Amount due from associate	8.1	460	356	64	-
Amount due from subsidiaries	8.1	-	-	3,752	-
		5,198	5,231	3,816	-
Non-trade					
Other receivables		12	2	-	-
Deposits		20	15	-	-
Prepayments	8.2	990	724	-	-
		1,022	741	-	-
		6,220	5,972	3,816	-

Notes to the Financial Statements (cont'd)

8. Receivables, deposits and prepayments (continued)

8.1 Amounts due from associate and subsidiaries

The amounts due from associate and subsidiaries are subject to the normal trade terms.

8.2 Prepayments

Included in prepayments is RM950,000 (2007 - RM354,000) of work-in-progress for ongoing projects at year end.

9. Cash and cash equivalents

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	7,738	1,872	6,321	*
Deposits placed with licensed banks	3,681	1,077	-	-
	11,419	2,949	6,321	*

* Denotes RM0.20

10. Share capital and reserves

	Group and Company		Number of shares 2007 '000
	Amount 2008 RM'000	Number of shares 2008 '000	
Ordinary shares of RM0.10 each:			
Authorised	25,000	250,000	250,000
Issued and fully paid:			
At 1 January 2008/date of incorporation	6,938	69,384	*
Issued during the year/period	7,069	70,693	69,384
At 31 December 2008	14,007	140,077	69,384

* Denotes 2 shares / RM0.20

During the year, the Company undertook the following:-

On 14 January 2008, the shareholders of the Company approved the Public Issue of 24,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.48 per ordinary share for application by eligible directors, employees and business associates of the Company and its subsidiaries and associate, for placement to selected investors and for application by the public.

Upon the Public Issue, the Company issued bonus shares of 46,692,400 new ordinary shares on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held via capitalisation of the share premium.

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



Notes to the Financial Statements (cont'd)

10. Share capital and reserves (continued)

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax exempt income to frank all of its retained profits at 31 December 2008 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. The introduction of the single tier company income tax system does not have any significant impact as the Company has no Section 108 tax credit as at 31 December 2007.

11. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Plant and equipment	-	-	20	16	20	16
Deductible temporary differences	(79)	(11)	-	-	(79)	(11)
Unabsorbed capital allowances	(12)	-	-	-	(12)	-
Deferred tax (assets)/ liabilities	(91)	(11)	20	16	(71)	5
Set off	7	11	(7)	(11)	-	-
Net deferred tax (assets)/ liabilities	(84)	-	13	5	(71)	5
Company						
Plant and equipment	-	-	2	-	2	-
Deductible temporary differences	(12)	-	-	-	(12)	-
Net deferred tax (assets)/ liabilities	(12)	-	2	-	(10)	-

Unrecognised deferred tax assets

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

	Group	
	2008 RM'000	2007 RM'000
Unutilised tax losses	(455)	-
Deductible temporary differences	(72)	-
Unabsorbed capital allowances	(8)	-
	(535)	-

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

Notes to the Financial Statements (cont'd)

11. Deferred tax liabilities (continued)

Movement in temporary differences during the year/period

Group	At date of incorporation RM'000	Recognised in income statement (Note 16) RM'000	At 31.12.2007 RM'000	Recognised in income statement (Note 16) RM'000	At 31.12.2008 RM'000
Plant and equipment	-	16	16	4	20
Deductible temporary differences	-	(11)	(11)	(68)	(79)
Unabsorbed capital allowances	-	-	-	(12)	(12)
	-	5	5	(76)	(71)
Company					
Plant and equipment	-	-	-	2	2
Deductible temporary differences	-	-	-	(12)	(12)
	-	-	-	(10)	(10)

12. Deferred income

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current				
Maintenance and system support	156	205	-	-

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

13. Payables and accruals

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade					
Trade payables		2,660	2,620	-	-
Amount due to associate	13.1	47	59	-	-
		2,707	2,679	-	-
Non-trade					
Other payables		366	443	66	-
Accrued expenses		182	96	180	25
Deposits received		197	-	30	-
		745	539	276	25
		3,452	3,218	276	25

13.1 Amount due to associate

The trade amount due to associate is subject to the normal trade terms.



Notes to the Financial Statements (cont'd)

14. Operating profit/(loss)

	Group		Company	
	2008	16.5.2007 to 31.12.2007	2008	16.5.2007 to 31.12.2007
	RM'000	RM'000	RM'000	RM'000
Operating profit/ (loss) is arrived at after charging:				
Allowance for doubtful debts	525	42	-	-
Amortisation of intangible assets	196	11	-	-
Auditors' remuneration:				
- Statutory audit	70	69	20	25
Depreciation of investment property	42	3	42	3
Depreciation of plant and equipment	116	7	4	-
Loss on disposal of plant and equipment	7	-	-	-
Net foreign exchange loss	-	1	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	375	22	94	-
- Wages, salaries and others	3,829	197	1,161	-
Rental expenses	77	7	5	-
and after crediting:				
Negative goodwill on investment in associate	-	155	-	-
Negative goodwill on acquisition of subsidiaries	-	2,757	-	-
Net realised foreign exchange gain	10	-	-	-
Management fees	257	-	1,061	-
Dividend income	-	-	1,649	-
Rental income	124	-	124	-
Reversal of allowance for doubtful debts	38	-	-	-

15. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2008	16.5.2007 to 31.12.2007	2008	16.5.2007 to 31.12.2007
	RM'000	RM'000	RM'000	RM'000
Directors				
- Fees	180	-	180	-
- Remuneration	1,433	35	1,047	-
Other key management personnel				
- Short-term employee benefits	653	67	-	-
	2,266	102	1,227	-

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

Notes to the Financial Statements (cont'd)

16. Tax expense

Recognised in the income statements

	Group		Company	
	2008 RM'000	16.5.2007 to 31.12.2007 RM'000	2008 RM'000	16.5.2007 to 31.12.2007 RM'000
Current tax expense				
- current year	255	30	268	-
- overprovision in prior period	(34)	-	-	-
	221	30	268	-
Deferred tax expense				
- Origination and reversal of temporary differences	(89)	(4)	(10)	-
- Under provision in prior year	13	-	-	-
	(76)	(4)	(10)	-
Total tax expense	145	26	258	-
Reconciliation of tax expense				
Profit/(Loss) before tax	367	3,174	1,386	(28)
Tax at Malaysian tax rates *	95	857	360	(8)
Non-deductible expenses	15	9	-	8
Tax exempt income	(157)	(43)	(102)	-
Tax effect on non-taxable income	-	(786)	-	-
Effect of deferred tax benefit not recognised	134	-	-	-
Effect of deferred tax liabilities not recognised during the tax exempt period	36	-	-	-
Others	43	(11)	-	-
(Over)/ Under provision in prior year				
- current tax expense	(34)	-	-	-
- deferred tax expense	13	-	-	-
Tax expense	145	26	258	-

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis year for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

** The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

*** Certain subsidiaries were granted Multimedia Super Corridor ("MSC") status. Under the MSC status, the subsidiaries were accorded the Pioneer Status under Section 4A of the Promotion of Investments Act, 1986, which provides for tax incentive of 100% tax exemption on the statutory business income earned for a maximum year of ten years. The tax exemption once activated is valid for an initial year of five years and subject to review and assessment by MDC for an extension for another five years. The tax exempt income dates for the subsidiaries were activated on 13 December 2005 and 27 February 2007 respectively.



Notes to the Financial Statements (cont'd)

17. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the year ended 31 December 2008 was based on the profit attributable to ordinary shareholders of RM222,000 and a weighted average number of ordinary shares outstanding calculated as follows:

Weighted average number of ordinary shares

	Group 2008	2007
Issued ordinary shares at 1 January/date of incorporation	69,384,800	2
Effect of ordinary shares issued on 28 November 2007	-	6,972,482
Effect of ordinary shares issued on 19 December 2007	-	1,100,436
Effect of ordinary shares issued on 22 February 2008	60,621,154	-
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	130,005,954	8,072,920

Basic earnings per ordinary share

	Group 2008 Sen	2007 Sen
Basic earnings per ordinary share	0.17	39.00*

* The profit attributable to ordinary shareholders used in the calculation of basic earnings per ordinary share included a non recurring income (negative goodwill) of RM2,912,000 arising from the acquisition of subsidiaries and associate on 28 November 2007. The effect of the negative goodwill to the calculation of basic earnings per ordinary share is 36 sen.

Diluted earnings per share

The Group does not have dilutive potential ordinary shares as at 31 December 2008 and 31 December 2007.

18. Dividends

Dividends recognised in the current year by the Company are:

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

Notes to the Financial Statements (cont'd)

19. Segmental reporting

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

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

20. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates. The Board reviews and agrees policies for managing each of these risks and they summarised below.

Credit risk

Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the balance sheet date, there were no significant concentrations of credit risk other than a trade receivable owing from one (2007 - Nil) major customer of RM2,500,000 (2007 - Nil).

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

Interest rates risk

The Group and the Company have no borrowings that attract interest during the financial year. Therefore, interest rate risk is not significant.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group	Average effective interest rate	Total	Within 1 year
2008	%	RM'000	RM'000
Financial assets			
Deposits placed with licensed banks	3.0	3,681	3,681
2007			
Financial assets			
Deposits placed with licensed banks	3.1	1,077	1,077



Notes to the Financial Statements (cont'd)

20. Financial instruments (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the functional currency of Group. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Thai Baht (BAHT).

The Group's exposure to foreign currency risk is minimal. As such, the Group did not enter into any forward foreign currency exchange contracts to limit its exposure on foreign currency payables and on cash flows generated from anticipated transactions denominated in foreign currency. However, the management keeps this policy under review.

Fair values

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

21. Contingent liabilities

	Group	
	2008 RM'000	2007 RM'000
i) Unsecured corporate guarantee issued in favour of third parties	1,000	-
<p>The Company granted an unsecured corporate guarantee amounting to RM1,000,000 to a supplier of the Group for the supply of goods and services to the subsidiaries within the Group.</p>		
ii) On 6 September 2007, a subsidiary received a letter of demand from a customer for the refund of the contract sum for the implementation of an ERP system. At present, no legal proceedings have been initiated by either party. The Directors are of the opinion that the likelihood of a potential liability arising from the demand is remote.		

22. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.



Notes to the Financial Statements (cont'd)

22. Related parties (continued)

Related party transactions

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

	2008 RM'000	2007 RM'000
Group		
<i>Transactions with an associate:</i>		
Sales of goods and services	882	58
Purchase of goods and services	(430)	(161)
Acquisition of plant and equipment	(12)	-
Management fees charged	257	-
Rental income	18	-
Rental expense	(30)	-
Gross dividend receivable	448	-
	-----	-----
<i>Transactions with certain Directors of the Company:</i>		
Rental expense	(35)	-
	-----	-----
	2008 RM'000	2007 RM'000
Company		
<i>Transactions with subsidiaries:</i>		
Management fees charged	1,061	-
Gross dividend receivable	1,201	-
Interest on advances	64	-
	-----	-----
<i>Transactions with an associate:</i>		
Acquisition of plant and equipment	(12)	-
Management fees charged	257	-
Gross dividend receivable	448	-
	-----	-----
<i>Transactions with certain Directors of the Company:</i>		
Rental expense	(5)	-
	-----	-----

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

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

The outstanding net amounts due from/(to) subsidiaries and associate are disclosed in Note 8 and 13 respectively.



Notes to the Financial Statements (cont'd)

23. Acquisitions of subsidiaries

Business combinations

2007

On 28 November 2007, the Company acquired the entire equity interests in SBOne Solutions Sdn. Bhd., ProXerv Sdn. Bhd., ProDserv Sdn. Bhd., MBP Solutions Sdn. Bhd. and SoftFac Technology Sdn. Bhd. for a total purchase consideration of RM3,571,612 satisfied by the issuance of 35,716,160 new ordinary shares of RM0.10 each at an issue price of RM0.10 per share in the Company.

From 29 November 2007 to 31 December 2007, the subsidiaries contributed a profit of RM250,000 to the Group. If the acquisition had occurred on 1 January 2007, management estimates that consolidated revenue would have been RM11,851,000 and contributed profit for the year would have been RM3,007,000.

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

	Note	Recognised fair values on acquisition RM'000
Plant and equipment	3	324
Intangible assets	4	739
Receivables, deposits and prepayments		4,527
Cash and cash equivalents		2,535
Deferred tax liabilities		(9)
Deferred income		(284)
Payable and accruals		(1,454)
Taxation		(49)
		<hr/>
Net identifiable assets and liabilities		6,329
Negative goodwill on acquisition of subsidiaries/Excess of fair value of net assets over acquisition costs		(2,757)
		<hr/>
Consideration paid satisfied in shares		3,572
Cash and cash equivalents acquired		(2,535)
		<hr/>
		1,037

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.



Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 28 to 57 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lim Lung Wen
Managing Director

Dr. Chew Seng Poh
Executive Director

Kuala Lumpur,

Date: 16 April 2009

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Choo Chuin Hui**, the officer primarily responsible for the financial management of TFP Solutions Berhad, do solemnly and sincerely declare that the financial statements set out on pages 28 to 57 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 16 April 2009.

Choo Chuin Hui
Financial Controller

Before me:

Commissioner of Oaths
Ramalingam S. Pillay
(NO: W432)

Kuala Lumpur



Independent Auditors' Report

to the members of TFP Solutions Berhad

(Company No. 773550-A)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of TFP Solutions Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 57.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries (of which we have acted as auditors) have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements. We have also considered the unaudited financial statements of O2U Solutions Sdn. Bhd.
- 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.



Independent Auditors' Report

to the members of TFP Solutions Berhad

(Company No. 773550-A)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements (continued)

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

Other Matters

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

KPMG

Firm Number: AF 0758
Chartered Accountants

Petaling Jaya,

Date: 16 April 2009

Foong Mun Kong

Approval Number: 2613/12/10(J)
Chartered Accountant