TFP SOLUTIONS BERHAD (‘‘TFP” OR THE ‘‘COMPANY”)

PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN COMM ZED SDN. BHD. (“COMM ZED”) AT A PURCHASE CONSIDERATION OF RM14.0 MILLION TO BE SATISFIED VIA CASH AND NEW ORDINARY SHARES OF RM0.10 EACH IN TFP (“TFP SHARES” OR “SHARES”) (“PROPOSED ACQUISITION”)

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1. INTRODUCTION

On behalf of the Board of Directors of TFP (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that the Company had on 12 July 2012 entered into the following agreements pursuant to the Proposed Acquisition:

(i) share sale agreement with Rapportrans Sdn. Bhd. (“**RTSB**” or the “**Vendor**”) for the acquisition of the entire equity interest in Comm Zed; and

(ii) profit guarantee and stakeholder’s agreement with RTSB and Dato’ Hussian @ Rizal Bin A. Rahman (“**Dato’ Hussian**”) (collectively referred to as the “**Guarantors**”) and Mah-Kamariyah and Philip Koh (“**Stakeholder**”).

Upon completion of the Proposed Acquisition, Comm Zed will be a wholly-owned subsidiary company of TFP.

Details of the Proposed Acquisition are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED ACQUISITION

On 12 July 2012, TFP entered into the following agreements:

(i) share sale agreement with RTSB for the acquisition of 326,002 ordinary shares of RM1.00 each in Comm Zed, representing the entire equity interest in Comm Zed (“**Sale Shares**”) for a purchase consideration of RM14.0 million (“**Purchase Consideration**”) to be satisfied via cash payment of RM4.0 million and the issuance of 61,728,395 new TFP Shares at an issue price of RM0.162 per TFP Share (“**Consideration Shares**”) (“**SSA**”); and

(ii) profit guarantee and stakeholder’s agreement with the Guarantors and Stakeholder in relation to the profit guarantee to TFP that Comm Zed shall achieve at least audited profit after tax (“**PAT**”) of RM2.0 million for the financial year ending (“**FYE**”) 31 December 2012 and RM3.0 million for the FYE 31 December 2013.

2.1 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration of the following:

(i) the audited PAT of Comm Zed for the FYE 31 December 2011 of RM542,014 and audited PAT of Comm Zed for the four (4)-month period ended (“**FPE**”) 30 April 2012 of RM717,931;

(ii) the Guarantors’ profit guarantee that Comm Zed shall achieve at least PAT of RM2.0 million and RM3.0 million for the FYE 31 December 2012 and FYE 31 December 2013, respectively (“**Profit Guarantee**”);

(iii) the price-to-earnings ratio ("**PER**") of 5.60 times based on the Purchase Consideration and average Profit Guarantee of RM2.5 million;

(iv) the future earnings potential and prospects of Comm Zed; and

(v) the potential synergistic benefits to TFP and its subsidiary companies ("**TFP Group**") arising from the Proposed Acquisition as disclosed in Section 7 of this announcement.

For information purpose, the table below sets out the PER of companies listed on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") that are broadly comparable to the business of Comm Zed. Nevertheless, none of the companies set out below is identical to Comm Zed in terms of composition, products and services offering, business activity, scale of operation, track record and future prospects.

Comparable companies	**Principal activities**	**PER^ (times)**
YGL Convergence Berhad	The company, through its subsidiaries, provides consulting services for enterprise resources planning solutions and develops and sells software systems	12.77
TechnoDex Berhad	The company, through its subsidiaries, develops and provides open source based business software and provides human resource management solutions	14.38
	Average	**13.58**

(Source: Bloomberg and the latest audited financial statements of the respective company)

Note:

^ *Based on the closing price as at 11 July 2012, being the latest practicable date prior to this announcement.*

Based on the above, the PER of Comm Zed of 5.60 times is lower than the average PER of the comparable companies of 13.58 times.

The PER of Comm Zed of 5.60 times is also lower than the average PER of the completed/approved comparable acquisition transactions that were undertaken by the companies listed on the ACE Market of Bursa Securities in the past one (1) year of 6.72 times as set out below:

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Date announced	Date completed	Acquirer	Target	PER (times)
20 October 2011	21 February 2012	Ingenuity Solutions Berhad	Vistavision Resources Sdn. Bhd.	6.00
11 August 2011	-(1)	I-Power Berhad	Instacom Engineering Sdn. Bhd.	6.80
2 June 2011	23 September 2011	Eduspec Holdings Berhad	Eduspec Sdn. Bhd.	9.00
26 April 2011	25 August 2011	EA Holdings Berhad	DDSB (M) Sdn. Bhd.	5.63
18 April 2011	17 October 2011	1 Utopia Berhad(2)	PDA Expert Mobility Sdn. Bhd.	5.00
5 August 2010	27 June 2011	R&A Telecommunication Group Berhad(3)	R&A Telecommunication Sdn. Bhd.	7.93
			Average	**6.72**

Notes:

(1) Pending completion as at the date of this announcement.

(2) Formerly known as Tejari Technologies Berhad.

(3) Formerly known as KZen Solutions Berhad.

(Source: The circulars of the respective acquirers pursuant to the comparable acquisition transactions)

2.2 Basis and justification for the issue price of the Consideration Shares

The issue price of RM0.162 per Consideration Share is based on the five (5)-day volume weighted average market price of TFP Shares up to and including 11 July 2012, being the last market day prior to the date of the SSA.

2.3 Ranking of the Consideration Shares

The Consideration Shares shall upon allotment and issue, rank *pari passu* in all respects with the existing TFP Shares, save and except that the Consideration Shares shall not be entitled to any dividend, right, allotment and/or other distribution which are declared, made or paid prior to the date of the allotment of the Consideration Shares.

2.4 Listing of and quotation for the Consideration Shares

An application will be made to Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities.

2.5 Mode of settlement and source of funding

The Purchase Consideration will be satisfied via the following:

(i) cash payment of RM4.0 million to the Vendor; and

(ii) the balance of RM10.0 million by allotment and issuance of the Consideration Shares to the Vendor.

The cash payment of RM4.0 million will be funded via internal generated funds.

Based on the latest unaudited consolidated statement of financial position of TFP as at 31 March 2012, the TFP Group has approximately RM6.0 million cash and cash equivalent. As such, it does not have sufficient cash to settle the Purchase Consideration entirely by cash. The issuance of the Consideration Shares would reduce the strain on the cash flow of the TFP Group should the Purchase Consideration to be settled entirely by cash. The cash settlement of the Purchase Consideration would not involve any bank borrowing. In view of the above, the Board is of the view that the combination of cash and the Consideration Shares is the most appropriate avenue for the Proposed Acquisition.

There shall be no settlement on a deferred basis in relation to the Proposed Acquisition.

2.6 Liabilities to be assumed by TFP

Save for the liabilities stated in the statements of financial position of Comm Zed, TFP will not assume any liability including contingent liabilities and guarantees in and arising from the Proposed Acquisition.

2.7 Additional financial commitment required

Save for the Purchase Consideration, there is no additional financial commitment required by TFP to put the business of Comm Zed on-stream.

2.8 Percentage ratio

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Securities is above 100.0% based on the audited PAT of Comm Zed for the FYE 31 December 2011 of RM542,014 and the audited consolidated PAT attributable to the shareholders of TFP for the FYE 31 December 2011 of RM113,000.

As such, the Proposed Acquisition is deemed as a very substantial transaction. However, the Proposed Acquisition will not result in a significant change of business direction or policy of TFP as Comm Zed is in the same industry and provides complementary services to the TFP Group's business direction. Please refer to Sections 5 and 7 of this announcement for further details of Comm Zed's business.

3 SALIENT TERMS OF THE SSA

3.1 Basis of sale and purchase

The Vendor agrees to sell and TFP agrees to purchase the Sale Shares on the terms and subject to the conditions set out in the SSA on the basis that the Sale Shares:

(i) free from all liens, charges and encumbrances and with full legal and beneficial title;

(ii) with all rights attaching thereto (including all dividends and distributions (if any) declared in respect thereof) with effect from the date of the SSA; and

(iii) on the basis of the warranties as set out in the SSA.

3.2 Amount and payment

The sale and purchase consideration for the Sale Shares is RM14.0 million. Payment of the Purchase Consideration will be as follows:

(i) Upon the execution of the SSA, a sum of RM0.4 million will be paid by TFP to the Vendor as part payment of the Purchase Consideration;

(ii) At the completion of the sale and purchase of the Sale Shares by the performance of the parties to the SSA of their respective obligations set out in the SSA ("**Completion of Sale and Purchase**"), the balance Purchase Consideration shall be settled by TFP in the following manner:

(a) by paying the sum of RM3.6 million of the Purchase Consideration in cash to the Vendor; and

(b) the balance Purchase Consideration, being RM10.0 million shall be paid to the Vendor by allotment and issuance of the Consideration Shares to the Vendor.

3.3 Conditions precedent

(i) The sale and purchase of the Sale Shares shall be conditional upon the following conditions being fulfilled on or before the date falling three (3) months from the date of the SSA or such date as the parties may agree ("**Cut-Off Date**"):

(a) the approval of the Board and shareholders of TFP in a general meeting for the purchase of the Sale Shares and the issuance of the Consideration Shares;

(b) where required, the approvals of the relevant authorities to the transaction described in the SSA having been obtained, including but not limited to the approval from Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities;

(c) TFP being satisfied with the results of its due diligence investigation into the Vendor's title to the Sale Shares, the financial, legal, contractual and prospects of Comm Zed, and Comm Zed's title to its respective assets and liabilities;

(d) TFP being satisfied with the contents of the disclosure letter of the same date as the SSA, from the Vendor to TFP or the solicitors for the SSA, disclosing matters that are exceptions to the SSA the warranties and representations set out in the SSA, if any, by counter-signing the same; and

(e) such other consents or approvals as may be required of a relevant third party of the Vendor for any of the following upon the Completion of Sale and Purchase taking effect:

(1) any change in the existing shareholding or partnership structure of the Vendor including without limitation, the sale, transfer or assignment of beneficial interests;

(2) any change of shareholders or partners of the Vendor; or

(3) any change in the control of the Vendor, whereby control includes power to appoint or cause to be appointed a majority of directors of the Vendor or the power to make or cause to be made decision in respect of the administration of the Vendor and to give effect to such decisions.

(ii) If any of the conditions precedent is not satisfied by the Cut-Off Date (not due to a default of any party) or if any of the approval as part of the conditions precedent set out in the SSA ("**SSA Approval**") is rejected or the party to the SSA who is materially and adversely affected by any condition imposed on any of the SSA Approval rejects any condition or in any case after all appeals are exhausted, then any party to the SSA will be entitled to issue a notice given by one party to the other party, stating that the first party wishes to terminate the SSA and specifying the clause under which, and the facts which, entitle the first party to issue the notice to the other party of the SSA.

3.4 Completion

Completion of the sale and purchase of the Sale Shares will take place on a business date falling thirty (30) days from the day the SSA become unconditional upon which the conditions precedent in Section 3.3 of this announcement have been fulfilled.

3.5 Profit guarantee

The Guarantors agree to enter into the PGSA upon execution of the SSA to provide guarantee to TFP that Comm Zed shall achieve an aggregate audited PAT of not less than RM5.0 million for the FYE 31 December 2012 and FYE 31 December 2013 (collectively referred to as the "**Guaranteed Financial Years**"). For the avoidance of doubt, the guaranteed profits for the FYE 31 December 2012 and FYE 31 December 2013 are RM2.0 million and RM3.0 million, respectively (collectively referred to as the "**Guaranteed Profits**").

4 SALIENT TERMS OF THE PGSA

4.1 Basis of the Profit Guarantee

The Guarantors represent, warrant and guarantee that:

(i) the audited PAT of Comm Zed for the Guaranteed Financial Years shall not be less than its respective Guaranteed Profits;

(ii) that in the event that the audited PAT of Comm Zed for each of the Guaranteed Financial Years is less than the Guaranteed Profit for the said Guaranteed Financial Year, the Guarantors irrevocably and unconditionally undertake that they shall compensate TFP for the amount by which the audited PAT of Comm Zed is less than the Guaranteed Profit for each of the Guaranteed Financial Year ("**Profit Shortfall**") by way of cash payment within twenty (20) days from the date of receipt of the auditor's certificate issued by the external auditors of Comm Zed; and

(iii) in the event that the audited PAT for the FYE 31 December 2012 shall exceed the Guaranteed Profit for the financial year, the Guarantors and TFP agree that the surplus of audited PAT after deduction of the Guaranteed Profit shall be carried forward to the FYE 31 December 2013.

4.2 Placement shares for the Profit Guarantee

(i) For the purposes of the PGSA, the Guarantors agree that at least RM7.5 million worth of the Consideration Shares entitled to the Vendor shall be placed with the Stakeholder upon the issuance of the Consideration Shares by TFP ("**Placement Shares**");

(ii) In the event that, the Guaranteed Profit for the FYE 31 December 2012 has been achieved or the Profit Shortfall for the FYE 31 December 2012 has been compensated by the Guarantors to TFP, as the case may be, the Stakeholder shall retain RM4,500,000 worth of Placement Shares and forthwith release any unutilised Placement Share to the Guarantors;

(iii) The Placement Shares shall be registered into the Central Depository System account of the Stakeholder or its nominee company held with the Bursa Malaysia Depository Sdn. Bhd. and the Stakeholder agrees to accept and hold the Placement Shares for the purposes thereof and subject to the terms of the stakeholding therein. The Guarantors agree to do all necessary acts (including without limitation, executing the requisite share transfer forms) to procure that the Placement Shares are transferred to and registered in the name of the Stakeholder or its nominee company;

(iv) In the event the Guarantors fail to pay the Profit Shortfall in the manner and in the time provided in the SSA, upon receipt of a written notice from TFP of the foregoing default, the Stakeholder is expressly, irrevocably and unconditionally authorised and empowered to deal with the Placement Shares of the Guarantors in the following manner without further reference or notice to the Guarantors:

(a) to sell the Placement Shares or such part thereof in any manner and on any terms the Stakeholder in its sole and absolute discretion deems appropriate and apply the proceeds of the sale as follows:

(1) firstly, payment of all cost, expenses and fees arising from the sale or disposal of the Placement Shares;

(2) secondly, payment of all monies due from the Guarantors to the Stakeholder under the PGSA;

(3) thirdly, payment to make up the Profit Shortfall due in respect of the Guaranteed Profits, as remain unpaid by the Guarantors for the relevant Guaranteed Financial Year; and

(4) fourthly, the balance remaining thereafter (if any) shall be paid to the Guarantors;

(b) to request in writing from the Guarantors such additional Placement Shares or such other shares listed on Bursa Securities which may be acceptable to both TFP and the Stakeholder (at their absolute discretion) as may be necessary ("**Additional Placement Shares**"), of which the market value of the Additional Placement Shares on the last trading day of Bursa Securities for each Guaranteed Financial Year ("**Placement Value**"), together with the Placement Value of the Placement Shares already held by the Stakeholder, shall not be less than the Permitted Margin (as defined in Section 4.2 (vi) of this announcement) for each Guaranteed Financial Year or the deposit with the Stakeholder such sum in cash equivalent to the difference between the Permitted Margin and the inferior Placement Value of the Placement Shares for each Guaranteed Financial Year;

(v) Any surplus of the Placement Shares not utilised to compensate for the Profit Shortfall in the FYE 31 December 2012 shall be carried forward to the FYE 31 December 2013;

(vi) The Guarantors agree and covenant to maintain that the Placement Value of the Placement Shares shall not be less than RM5.0 million for the FYE 31 December 2012 and RM3.0 million for the FYE 31 December 2013 (collectively referred to as the "**Permitted Margins**");

(vii) In the event that the Placement Value of the Placement Shares falls below the Permitted Margin on the last trading day of Bursa Securities for each Guaranteed Financial Year, the Guarantors shall within three (3) business days of receiving written notification from TFP place with the Stakeholder such number of the Additional Placement Shares, of which the Placement Value of the Additional Placement Shares, together with the Placement Value of the Placement Shares already held by the Stakeholder, shall not be less than the Permitted Margin for each Guaranteed Financial Year in aggregate; and

(viii) Without limiting the foregoing, any Additional Placement Share to be placed in accordance with Section 4.2 (vii) of this announcement may be satisfied in the form of cash by the Guarantors depositing such sum in cash equivalent to the difference between the Permitted Margin and the inferior Placement Value of the Placement Shares for each Guaranteed Financial Year.

5 BACKGROUND INFORMATION ON COMM ZED

5.1 Background information

Comm Zed was incorporated under its present name on 16 August 2001 as a private limited company in Malaysia under the Companies Act, 1965 ("**Act**"). It does not have any subsidiary or associated company.

As at 9 July 2012, the authorised share capital of Comm Zed is RM500,000 comprising 500,000 ordinary shares of RM1.00 each in Comm Zed ("**Comm Zed Shares**"), of which 326,002 Comm Zed Shares have been fully issued and paid-up. Comm Zed is currently wholly-owned by RTSB.

5.2 Business of Comm Zed

Comm Zed is in the provisioning and consultancy of information and communications technology ("**ICT**") infrastructure management solutions, particularly to the telecommunication and Internet service providers as well as financial institutions in Malaysia. Currently, the principal market for Comm Zed's products and services is in Malaysia.

5.3 Directors of Comm Zed

As at 9 July 2012, the directors of Comm Zed are Dato' Yahaya Bin Mat Ghani and Abdul Latib Bin Tokimin. They do not hold any share in Comm Zed.

5.4 Financial information of Comm Zed

Please refer to **Appendix I** of this announcement for the summary and commentaries of financial information of Comm Zed.

6 BACKGROUND INFORMATION ON RTSB

6.1 Background information

RTSB was incorporated under its present name on 18 January 2010 as a private limited company in Malaysia under the Act. It is an investment holding company.

As at 9 July 2012, the authorised share capital of RTSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each in RTSB ("**RTSB Shares**"), of which 100 RTSB Shares have been fully issued and paid-up.

6.2 Shareholders and directors of RTSB

The shareholders and directors of RTSB and their respective shareholdings in RTSB as at 9 July 2012 are as follows:

	<---------Direct--------->		<--------Indirect-------->	
Name	**No. of RTSB Shares**	**%**	**No. of RTSB Shares**	**%**
Dato' Hussian	99	99	1[(1)]	1
Datin Kasmi Binti Kassim	1	1	99[(2)]	99

Notes:

(1) Deemed interested by virtue of his wife's direct interest in RTSB pursuant to Section 122A of the Act.

(2) Deemed interested by virtue of her husband's direct interest in RTSB pursuant to Section 122A of the Act.

The profile of the shareholders and directors of RTSB is as follow:

Dato' Hussian

Dato' Hussian, aged 50, is the shareholder and director of RTSB. He has extensive experience in the ICT industry. Currently, he is the Executive Director and major shareholder of MobilityOne Limited, a company listed on AIM of the London Stock Exchange and an Independent Director of Asia Media Group Berhad, a company listed on the ACE Market of Bursa Securities. Dato' Hussian obtained the Postgraduate Diploma in Business Management from The Oxford Association of Management, Oxford, England ("**OXIM**") and was also admitted to the membership of Certified Master of Business Administration from the OXIM, a membership that recognises management competency and professional development. In addition, he was awarded the certificate of Master of the Oxford Centre for Leadership from The Oxford Centre for Leadership, United Kingdom.

Datin Kasmi Binti Kassim

Datin Kasmi Binti Kassim, aged 44, is the spouse of Dato' Hussian.

6.3 Original cost of investment

The date and original cost of investment of RTSB in Comm Zed are as follows:

Date of investment	No. of Comm Zed Shares	Amount (RM)
30 July 2011	326,002	326,002

7 RATIONALE FOR THE PROPOSED ACQUISITION

TFP Group is principally engaged in two (2) major core businesses as follows:

(i) provisioning and consultancy of business management applications to business enterprises. These business applications include human capital management solutions, enterprise resource planning solutions and customer relationship management solutions; and

(ii) provisioning and consultancy of converged information technology ("**IT**") infrastructure solutions. The solutions comprise the integration and virtualisations of servers, data storage devices, networking equipment and software for IT infrastructure management, automation and orchestration. Converged IT infrastructure solutions are used to centralise the management of IT resources, consolidate systems and increase the rate of resources utilisation at lower costs.

The above two (2) core businesses are complementary to each other and enable the TFP Group to offer comprehensive IT business solutions to its customers.

In view of the recent emergence of cloud-based computing as the preferred computing platform for businesses, the Directors of TFP are of the view that the TFP Group needs to realign its business value proposition to its customers. Cloud computing is a general term for delivering hosted services over the Internet. These services are broadly divided into three (3) categories: Infrastructure-as-a-Service ("**IaaS**"), Platform-as-a-Service ("**PaaS**") and Software-as-a-Service ("**SaaS**"). The TFP Group is well position to offer cloud-based solutions to its customers based on its existing products and services. However, the TFP Group is required to enhance its management of IT services (i.e, network and infrastructure management, data management, network and application security) over the cloud or Internet.

Comm Zed is an ICT company that has the experience in the provisioning and consultancy of ICT infrastructure management solutions, particularly to the telecommunication and Internet service providers as well as financial institutions in Malaysia.

As Comm Zed is complementary in nature with the TFP Group's business, the Proposed Acquisition is expected to provide the following synergistic benefits to the TFP Group:

(i) TFP Group will be able to leverage on Comm Zed's core competencies in ICT infrastructure management (which include, amongst others, network and infrastructure management, data management and network security) to facilitate the creation of new TFP's cloud-based solutions with the capability to measure and record the performance of the system's service level as well as to enhance the security of the cloud-based solutions. As such, the integration of the existing products and services of the TFP Group with the core competency and services of Comm Zed is envisaged to enable the TFP Group to innovate and offer a more comprehensive and resilient cloud-based solutions to its customers. With the capability of offering better services and better security on the cloud-based in its product offering, the TFP Group will be able to differentiate itself from its competitors and its business partners. This will in turn enable the TFP Group to compete effectively and gain a better position in the cloud computing market place.

(ii) The Proposed Acquisition will provide the TFP Group with an opportunity to leverage on Comm Zed's existing experience in providing ICT infrastructure management solutions to enable the TFP Group to provide more comprehensive solutions offering to its existing core businesses of the provision of business management applications and converged IT infrastructure solutions and to enhance its products and services based on the concept of IaaS, PaaS and SaaS. Hence, the integration of the business of Comm Zed with the business of the TFP Group will enable the TFP Group to immediately enhance its product and service offering to its existing customers.

(iii) Currently, the customer base of Comm Zed is mainly in the telecommunication and financial industries while the majority of the TFP Group's customers are in the manufacturing industry. Upon the completion of the Proposed Acquisition, Comm Zed will be able to assist the TFP Group to offer the products and services of TFP Group to Comm Zed's customers and vice versa. With the integration of the customer base of the TFP Group and Comm Zed, the TFP Group will be able to expand into the telecommunication and financial industries more effectively. The cross selling of products and services across the combined customer base is envisaged to widen the customer base of the TFP Group in different industries. Hence, this will eventually increase the revenue and profitability of the TFP Group.

(iv) The Proposed Acquisition is expected to enhance the earnings of the TFP Group and is expected to contribute positively to the future development and growth of the TFP Group. Upon completion of the Proposed Acquisition, Comm Zed will become a wholly-owned subsidiary of TFP within the Group. Thus, the TFP Group is able to consolidate the financial results of Comm Zed.

    Assuming that the Proposed Acquisition had been effected at the beginning of the FYE 31 December 2011 and the audited PAT of Comm Zed of RM542,014 which would form part of the profit attributable to equity holders of TFP for the FYE 31 December 2011 as well as the issuance of the Consideration Shares, the EPS of the TFP Group for the FYE 31 December 2011 improved from 0.08 sen to 0.32 sen.

Comm Zed has recorded audited PAT of RM717,931 for the FPE 30 April 2012 and the Guarantors expect Comm Zed to remain profitable for the FYE 31 December 2012 and FYE 31 December 2013 and have provided the Profit Guarantee to TFP. Please refer to **Appendix I** of this announcement for the summary of Comm Zed's historical financial performance.

8 INDUSTRY OVERVIEW AND OUTLOOK

8.1 Overview and prospects of the Malaysian economy

Growth of the Malaysian economy continued to remain steady in the first quarter of 2012 ("**1Q 2012**"), growing at a more moderate pace of 4.7% (the fourth quarter of 2011 ("**4Q 2011**"): 5.2%). While domestic demand remained firm, growth was weighed down by the continued contraction in net exports. Domestic demand was supported by both private and public sector economic activity. This was reflected in the stronger growth of capital imports and the sustained growth in imports of consumption goods.

Domestic demand registered a firm growth of 9.6% in the 1Q 2012 (4Q 2011: 10.4%). Growth was supported by the continued expansion of expenditure by both the private and public sectors, particularly in the form of investments. Private consumption remained strong, supported mainly by continued income expansion and stable labour market conditions and reinforced by high commodity prices, improved consumer sentiments, and the disbursement of the income support programmes. Private investment expanded strongly, supported by the implementation of investment projects, particularly in the oil and gas sector. Public consumption grew by 5.9% in the 1Q 2012 (4Q 2011: 22.9%) as a result of the continued expansion in government spending on emoluments and supplies and services.

On the supply side, both the services and manufacturing sectors moderated further in the 1Q 2012, reflecting the more modest growth in the external sector despite continued expansion in the domestic economy. Growth in the construction sector strengthened further, supported mainly by the civil engineering and residential sub-sectors. In commodities, growth in the agriculture sector moderated, while the mining sector turned around to record a marginal growth.

The services sector registered a growth of 5.0% in the 1Q 2012 (4Q 2011: 6.6%), contributing 2.7% to the overall growth of the gross domestic product ("**GDP**"). Growth was supported by the wholesale and retail trade, real estate and business services and communication sub-sectors, in line with the favourable domestic demand conditions.

(Source: Bank Negara Malaysia Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2012)

8.2 Overview and prospect of the Association of Southeast Asian Nations ("ASEAN") economies

Economic growth in Asia slowed markedly in the last quarter of 2011, mainly due to weakening external demand. The pattern of moderating growth also extended to ASEAN economies, but Indonesia is the region's notable exception, as rapid credit growth and supportive monetary policy continued to boost domestic demand in the second half of 2011. In Thailand, just as the economy began to recover from the impact of the Japanese tsunami, massive floods in October–November 2011 brought the manufacturing sector to a near standstill.

Among ASEAN economies, reconstruction activity is expected to provide a strong spur to domestic demand in Thailand, boosting growth in both 2012 and 2013. Despite the drag from weaker external demand, growth in 2012 is also expected to accelerate in the Philippines, reflecting stronger government spending, robust remittances, and the initiation of public-private partnership projects. The gradual implementation of investment projects under the Economic Transformation Plan ("**ETP**") is expected to boost growth in Malaysia.

The greater outlays for public investment in several ASEAN economies would contribute to eliminating supply bottlenecks and supporting their economic rebalancing toward domestic sources of growth. In many ASEAN economies, strengthening domestic demand will require improving the conditions for private investment. Higher investment ratios relative to pre-crisis levels suggest that ASEAN economies are addressing an important medium-term priority of accelerating the accumulation of physical capital and addressing the "infrastructure gap" that persists between these economies and the rest of the world. To some extent, this progress reflects government-sponsored and financed projects, which by relieving infrastructure bottlenecks might help crowd-in private investment and lift productivity and potential growth.

By contrast in several ASEAN economies, including Indonesia, the Philippines, Singapore, and Thailand, the lower current account balances reflected mainly a welcome increase in investment-to-GDP ratios, which might help strengthen domestic sources of growth in a more sustainable way. Overall, the progress made across the region is important and can be built on with continued reforms in the coming years.

(Source: Regional Economic Outlook – Asia and Pacific, April 2012, International Monetary Fund)

8.3 Overview and prospect of the ICT industry in Malaysia

The ICT sector accounted for 9.8% of GDP in 2009. This sector will continue to be a key focus for Malaysia and is expected to gain greater momentum driven by the convergence of industries due to digitalisation. The contribution of the ICT industry to GDP is targeted to increase to 10.2% by 2015.

The Malaysian government will aggressively promote the use of ICT in all industries in parallel with the development of the ICT sector. Cloud computing services will be developed to provide small and medium enterprises with critical software applications for customer relations management, enterprise resource planning, supply-chain management, human resource management, and financial and accounting management. Niche areas for applications development include healthcare, education and financial services especially in Islamic banking.

The communication sub-sector is expected to record a robust growth of 7.9% in 2011 (2010:8.5%) propelled by higher demand for cellular; broadband and third generation services. As at end of June 2011, the cellular phone segment posted a strong growth of 12.1% to 35.3 million subscriptions with a penetration rate of 123.5%. Growth was spurred by increased affordability and consumer preference for data subscription packages amid intensified competition among service providers.

Broadband is a key economic enabler and has the potential to revolutionise the way Malaysians live, work and play, while delivering real economic benefits via increased productivity. It will also spur the development of the domestic content industry and e-commerce. According to a World Bank study, a 10.0% increase in household broadband penetration can increase GDP growth by more than 1.0%. To capture this opportunity the Malaysian government has set a target of raising household broadband penetration to 75.0% by the end of 2015. This will be achieved via two main initiatives: the high speed broadband ("**HSBB**") and broadband for the general population ("**BBGP**"), which leverage both wired and wireless technologies.

The HSBB initiative will cover about 1.3 million premises by 2012 in the high population, high economic impact areas where are the state capitals, large urban and industrial zones. HSBB will offer speeds of up to 100 megabits per second through fibre-to-the-home technology. The HSBB will be complemented by BBGP which will cover the semi-urban and rural areas. The national rollout of broadband is expected to incur a cost of approximately RM2.60 billion. The cost of HSBB rollout will be complemented by the private sector whereas that of BBGP will be partly funded through Universal Services Provision Fund.

(Source: Tenth (10th) Malaysia Plan for 2011-2015: Creating the Environment for Unleashing Economic Growth)

The ETP will focus on commercially viable technologies that can have a large impact by 2020. Under the Entry Point Project - Connecting 1Malaysia, cloud computing technology is a key development focus which its objective is to drive the development and adoption of value-added communication services and applications for business, household and government use.

(Source: Economic Transformation Programme – A Roadmap for Malaysia 2011)

Multimedia Development Corporation ("**MDeC**") had on 5 October 2011 launched the Multimedia Super Corridor ("**MSC**") Malaysia Cloud Initiative for small and medium enterprises, which was expected to focus on stepping up development of the cloud technology in Malaysia. The initiative will enable the independent software vendors ("**ISV**") to deploy cloud applications and services as a utility. The initiative was expected to enable a total of sixty (60) ISVs to develop cloud applications and services by end of 2012.

(Source: MSC Malaysia to Boost Cloud Ecosystem for SMEs, October 2011, MSC Malaysia NewsCentre)

8.4 Overview and prospect of the ICT industry in the ASEAN countries

ICT development in ASEAN countries has evolved at a phenomenal pace since its formative years. There was a new era of ICT brought about by the advancement and application of ICT in almost every facet of the working and social lives in the ASEAN communities. In 2011, ICT in ASEAN countries was a growth industry sector employing more than 11.7 million people, contributing more than United States Dollar 32.0 billion or more than 3.0% to the ASEAN's GDP and is projected to grow significantly by 2015.

ICT infrastructure development is necessary for the successful implementation of the ASEAN ICT Masterplan 2015 ("**ICT Masterplan**"). In this context, the focus includes seeking to provide the infrastructure backbone to enable ICT services to all communities in ASEAN. Also, to put in place the required enabling policies and legislation to attract businesses and investments to this region.

The ICT Masterplan provided a plan of action for a period of five (5) years from 2011 to 2015 which include amongst others the following:

(i) Improve broadband connectivity

Action	Description	Year of completion
Establish an ASEAN Internet exchange network	• Establish a regulator-operator forum to develop a platform to facilitate intra-ASEAN Internet traffic; and • Facilitate peering amongst ASEAN Internet access providers to improve latency and speeds as well as lower costs.	2012
Establish an ASEAN broadband corridor	• Identify and develop locations in each ASEAN countries which offer quality broadband connectivity; • Enable usage of broadband services and applications across the ASEAN countries to further connect and enhance the development of ICT and other sectors; and • Promote the diversity of international connectivity among the ASEAN countries.	2013

(ii) Promote network integrity and information security, data protection and computer emergency response team ("**CERT**") cooperation

Action	Description	Year of completion
Develop common framework for network security	• Establish common minimum standards for network security and develop a network security programme; • Develop best practice and disaster recovery models; and • To promote CERT cooperation and sharing of expertise.	2011
Develop common framework for information security	• Share best practices on the protection of data and information infrastructure across the ASEAN countries.	2014

When the ICT Masterplan is fully implemented, ICT will become an engine of growth for the ASEAN countries. The ASEAN countries will be a global ICT hub and the quality of life of people in ASEAN will be enhanced.

(Source: ASEAN ICT Masterplan 2015, ASEAN Secretariat 2011)

8.5 Prospects and future plan of Comm Zed and the enlarged TFP Group

In view of the current ICT technology trend which is moving towards a more flexible, interactive and virtualised environment, the cloud computing technology has become more important. The cloud computing industry has been showing significant growth potential in Malaysia for the recent years as more individuals and enterprises opted to access IT resources through a "utility consumption model", which means applications, data and processing capacity can be obtained whenever required from the cloud computing suppliers via the Internet.

Based on the prospects of ICT industry and the HSBB in Malaysia as highlighted in Section 8.3 of this announcement, the cloud computing technology is expected to remain as major trend for the ICT industry for the foreseeable future due to its greater cost saving as well as the growth and improvement in the Internet services.

Comm Zed has in place a team comprising individuals with the necessary experience and skill in providing ICT infrastructure management. As highlighted in Section 7 of this announcement, the assimilation of Comm Zed into the TFP Group will assist the TFP Group in enhancing its existing cloud computing technology and improve its product and service offerings. As such, the Board believes that with the expertise of Comm Zed, the enlarged TFP Group would be able to innovate and offer more comprehensive and resilient cloud-based solutions in the future and align its business direction with the ICT trend as well as customers' preference. The enlarged TFP Group aims to achieve the above synergistic benefits via the following:

(i) Currently, the research and development ("**R&D**") team of the TFP Group is focusing on the development of its existing products and services and new range of software products as SaaS products. Upon completion of the Proposed Acquisition, the enlarged TFP Group intends to focus its R&D on developing new cloud-based products and services based on the concept of IaaS, PaaS and SaaS. Moving forward, the future R&D activities of the enlarged TFP Group will involve in the development of SaaS, PaaS and IaaS based services. Consequently, the enlarged TFP Group will develop and continuously improve its applications and virtual IT infrastructure, host it and deliver its services to its customers over the Internet. The ability to deliver virtual IT infrastructure with the capability of providing the system's service level and security assurance to the cloud based IT infrastructure would compel customers to migrate its current IT infrastructure to a cloud based infrastructure. Customers will be able to subscribe for the use of such services through a subscription based model. The Board believes that with the availability of Comm Zed's experience in providing ICT infrastructure management solutions, the enlarged TFP Group will be able to develop and enhance its capability to build robust and reliable cloud computing infrastructure solutions. Hence, improving the TFP Group's product and service offerings.

(ii) Upon completion of the Proposed Acquisition, the enlarged TFP Group intends to forge collaboration with Comm Zed's and TFP Group's existing business partners to expand its business into some of the ASEAN countries by leveraging on the existing working relationships with its business partners who are already established in those countries.

(iii) With the intention to integrate the competency and strength of Comm Zed and the TFP Group, the enlarged TFP Group plans to streamline the operation of both organisations after the Proposed Acquisition to achieve better economy of scale as well as higher level of operational efficiencies. The streamlining exercise is envisaged to involve a review of various operational practices and policies of both organisations, with the objective of enabling each organisation to continue to excel in its own area of expertise whilst leveraging on the enlarged TFP Group's platforms and resources. This integration of expertise into TFP Group will further enhance TFP Group's competitive advantage against its competitors and coopetitors.

(iv) The TFP Group recognises the importance of human resource as an element of any successful organisation and intends to develop and increase its employees' skill and expertise in cloud computing. As part of the TFP Group's general human resource planning, the employees of the TFP Group are required to attend in-house and external training programmes aimed at improving efficiency, skills and technical knowledge in order to enable them to be able to meet the requirements of its existing and potential customers from different industry.

Premised on the above, the Board believes that the enlarged TFP Group is well positioned to capitalise on the growing demand for cloud computing services and the encouraging outlook of Malaysian and the ASEAN ICT industry moving forward. Hence, the prospects of the enlarged TFP Group are expected to be positive in the future.

The management of the TFP Group and Comm Zed expects to implement the above future plans progressively within the next 1-2 years and has not determined the exact amount of the financial commitments in respect of its plans to implement the above strategies. The enlarged TFP Group is expected to implement the above strategies via internal generated funds, bank borrowings and/or future fund raising, as and when required.

(Source: Management of Comm Zed and TFP)

9 RISK FACTORS

The risk factors (which may not be exhaustive) pertaining to the Proposed Acquisition include but not limited to the following:

9.1 Acquisition risk

The Proposed Acquisition is expected to contribute positively to the TFP Group based on the rationale stated in Section 7 of this announcement which will depend on the success of the integration process to be implemented by the enlarged TFP Group. However, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that the TFP Group will be able to generate sufficient revenue from the Proposed Acquisition to offset the associated acquisition costs incurred. There is also no assurance that the existing TFP Group is able to maintain or improve the quality of services and/or products currently offered by Comm Zed.

Nevertheless, in mitigating such risks, the TFP Group has secured the Profit Guarantee from the Guarantors as part of the terms of the Proposed Acquisition and will enter into service agreements with some key technical personnel of Comm Zed to ensure that Comm Zed will be able to continue providing its services after the completion of the Proposed Acquisition. In addition, TFP will work closely with Comm Zed’s management to manage and meet their customers’ expectations. The Board is not aware of any potential internal competition where the products and services from Comm Zed may compete and adversely affect existing products and services offered by the TFP Group upon the Proposed Acquisition.

9.2 Transaction risk

The completion of the Proposed Acquisition is conditional upon, amongst others, the conditions precedent of the SSA as stated in Section 3.3 of this announcement being satisfied and/or waived as the case maybe within the stipulated timeframe, which includes amongst others, approvals from the shareholders of TFP and the relevant authorities.

There can be no assurance that the Proposed Acquisition will not be exposed to risks such as the inability to obtain the approvals from the relevant parties and/or inability to comply with the conditions imposed by the relevant authorities, if any. Nevertheless, TFP shall ensure that every effort will be made to obtain all the necessary approvals for the Proposed Acquisition and the satisfaction of all the conditions precedent.

9.3 Business risk

The business operations of Comm Zed are subject to inherent risks in the ICT industry. These include, but are not limited to the disruption of the supply of products from ICT principals, the competition among the loss of key personnel, entry of new major players, failure to attract and maintain clients, changes in technology trends, risks of system failure, changes in business and credit conditions and fluctuations in interest rates.

Although the above risks may be limited through, inter alia, delivering quality services and products to clients, maintaining good relationships with suppliers, principals and employees, and adopting proactive strategies in cost management and employee relations, no assurance can be given that any change in these factors will not have a material effect on the businesses. Further, changes in the general economy and credit conditions could materially affect the financial prospects of the businesses.

9.4 Competition risk

Comm Zed may face intense competition from its existing competitors and new entrants into the market, both locally and internationally, which offer similar products and services. As highlighted in Section 7 of this announcement, the integration of the existing products and services of the TFP Group with the core competency and services of Comm Zed is envisaged to enable the TFP Group to innovate and offer a more comprehensive and resilient cloud-based solutions to its customers. With the capability of offering better services and better security on the cloud-based in its product offerings, the enlarged TFP Group will be able to differentiate itself from its competitors and its strategic partners.

Nonetheless, there can be no assurance that the enlarged TFP Group would be able to sustain its competitiveness against current and future competitors.

9.5 Technological change risk

The cloud computing system and ICT industry are subject to rapid changes in technology and keeping abreast with the latest technological development is vital. As such, the enlarged TFP Group's success is dependent on its ability to provide commercially viable cloud based products and services that is on par with continuing technology changes, evolving industry standards and emerging customer's needs and preference. Failure to respond successfully to these changes may affect the enlarged TFP Group's future business and earnings. The risk of technological obsolescence exists where changes may adversely and materially affect the continued use of the TFP's cloud computing software, platform and infrastructure systems.

Nevertheless, the TFP Group will mitigate the above by continuing to focus on R&D to ensure that its cloud computing software, platform and infrastructure systems are resilient in adapting to new technologies. At the same time, the TFP Group places great importance on staff development and training to keep abreast with new technologies, changing customer's requirements as well as new products introduced by its competitors or business partners. However, there can be no assurance that the enlarged TFP Group will be able to adapt and cope with the latest technology to adequately meet the requirements of its customers.

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9.6 Political, economic and regulatory risk

Comm Zed's financial and business prospects and the ICT industry which it operates in will depend to some degree on the developments in the economic fundamentals, political stability and regulatory front in Malaysia. Amongst the economic, political and regulatory factors are changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavorable changes in the governments' policies such as licensing regulation.

Comm Zed will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect Comm Zed's business.

9.7 Risk of expansion into foreign markets

Upon completion of the Proposed Acquisition, the enlarged TFP Group intends to expand to other countries in the ASEAN.

However, there can be no assurance that the enlarged TFP Group will be able to successfully penetrate into the new markets. Furthermore, the foreign operations could be affected by changes in the political, economic and regulatory conditions in each respective country. Any adverse development in these conditions could materially affect the financial and business prospects of the foreign operations of the enlarged TFP Group.

Notwithstanding the above, the TFP Group will practice prudent financial management by monitoring closely the operating and financial performance of the TFP Group and will only invest in the new markets after feasibility studies have been carried out to determine the viability of such investments.

9.8 Absence of long-term agreement with customers

The cloud computing business is in a subscription-based market where its customers use the IT services or solutions provided by the vendors continuously and make payments at regular time intervals. As such, it will be difficult for the enlarged TFP Group to secure any exclusive or long term agreement with its customers of cloud computing services.

Despite the absence of long-term agreement, the enlarged TFP Group will strive to provide high quality cloud computing services to maintain its existing customers and secure new customers. As highlighted in Section 8.5 of this announcement, the enlarged TFP Group will be able to leverage on Comm Zed's experience and skill to develop and deliver better and more reliable cloud computing services to its customers, which in turn is expected to meet customers' needs and requirements.

9.9 Introduction of new substantial shareholder

Upon completion of the Proposed Acquisition, RTSB will emerge as the new substantial shareholder holding 30.6% of the enlarged issued and paid-up share capital of TFP. By virtue of its substantial shareholding in TFP, RTSB will be able to vote for and influence the outcome of certain matters that require the vote of the shareholders of TFP unless they are abstain from voting by the relevant laws, covenants or authorities.

In addition, RTSB may introduce new directors who may influence the future business directions and strategies of the enlarged TFP Group. Nevertheless, TFP will ensure adequacy of independent directors to strengthen the importance of Board independence towards good corporate governance.

10 EFFECTS OF THE PROPOSED ACQUISITION

10.1 Share capital

The proforma effects of the Proposed Acquisition are as follows:

Issued and paid-up share capital	**No. of TFP Shares ('000)**	**RM ('000)**
As at 9 July 2012	140,077	14,007
Add: To be issued pursuant to the Proposed Acquisition	61,728	6,173
Enlarged issued and paid-up share capital after the Proposed Acquisition	201,805	20,180

10.2 Net assets and gearing

The proforma effects of the Proposed Acquisition based on the audited consolidated statement of financial position of TFP as at 31 December 2011 are as follows:

	Audited as at 31 December 2011 (RM'000)	**Upon completion of the Proposed Acquisition (RM'000)**
Share capital	14,007	20,180
Share premium	2,946	6,423[(1)]
Accumulated losses	(2,234)	(2,234)
Equity attributable to the shareholders of the Company	**14,719**	**24,369**
No. of TFP Shares in issue ('000)	140,077	201,805
Net assets per TFP Share (RM)	0.11	0.12
Total borrowings	-	-
Gearing ratio (times)	-	-

Note:

(1) After deducting estimated expenses of RM350,000 in relation to the Proposed Acquisition.

10.3 Earnings and earnings per TFP Share ("EPS")

After taking into consideration of the rationale and prospects as stated in Sections 7 and 8 of this announcement, Comm Zed is expected to contribute positively to the future earnings of the enlarged TFP Group. Furthermore, the Guarantors represent, warrant and guarantee that the PAT of Comm Zed for the FYE 31 December 2012 and FYE 31 December 2013 will not be less than RM2.0 million and RM3.0 million, respectively.

For illustrative purposes, premised on the above and assuming that the Proposed Acquisition had been effected at the beginning of the FYE 31 December 2011 and the audited PAT of Comm Zed of RM542,014 which would form part of the profit attributable to equity holders of TFP for the FYE 31 December 2011 as well as the issuance of the Consideration Shares, the EPS of the TFP Group for the FYE 31 December 2011 improved from 0.08 sen to 0.32 sen.

In any event, the effect on the EPS of the TFP Group will depend on the future profitability derived from the Proposed Acquisition based on amongst others, additional revenue from Comm Zed as well as cost reduction from the consolidation, skills and clientele absorbed into the TFP Group.

10.4 Substantial shareholders' shareholdings

The effects of the Proposed Acquisition on the substantial shareholders' shareholdings in TFP are as follows:

	As at 9 July 2012				**After the Proposed Acquisition**			
	<---Direct--->		**<--Indirect-->**		**<---Direct--->**		**<--Indirect-->**	
Name	**No. of TFP Shares ('000)**	**%**	**No. of TFP Shares ('000)**	**%**	**No. of TFP Shares ('000)**	**%**	**No. of TFP Shares ('000)**	**%**
Quah Teik Jin	9,850	7.0	39,000[(1)]	27.8	9,850	4.9	39,000[(1)]	19.3
Lim Lung Wen	9,850	7.0	39,000[(1)]	27.8	9,850	4.9	39,000[(1)]	19.3
Milan Premier Sdn. Bhd. ("**MPSB**")	39,000	27.8	-	-	39,000	19.3	-	-
RTSB	-	-	-	-	61,728	30.6	-	-
Dato' Hussian	-	-	-	-	-	-	61,728[(2)]	30.6

Notes:

(1) Deemed interested by virtue of their shareholdings in MPSB pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of his shareholding in RTSB pursuant to Section 6A of the Act.

10.5 Convertible securities

As at 9 July 2012, TFP does not have any convertible securities.

11 APPROVALS REQUIRED

The Proposed Acquisition is subject to the following approvals:

(i) Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities;

(ii) the shareholders of TFP at an extraordinary general meeting to be convened; and

(iii) any other relevant authorities/parties, if required.

12 INTER-CONDITIONALITY

The Proposed Acquisition is not conditional upon any corporate proposal to be undertaken by TFP.

13 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and/or major shareholders of TFP or any person connected to them has any interest, direct or indirect in the Proposed Acquisition.

14 DIRECTORS' STATEMENT

The Board, after having considered the rationale, future prospects, effects and risks associated with the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interests of the Company.

15 APPLICATION TO THE AUTHORITIES

The application to the relevant authorities will be made within two (2) months from the date of this announcement.

16 ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED ACQUISITION

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed by the forth (4^{th}) quarter of 2012.

17 ADVISER

TA Securities has been appointed as the Adviser for the Proposed Acquisition.

18 DOCUMENTS FOR INSPECTION

The SSA and PGSA will be available for inspection at the registered office of TFP at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during the normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 12 July 2012.

SUMMARY AND COMMENTARIES OF FINANCIAL INFORMATION OF COMM ZED

The summary of the audited financial information of Comm Zed for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 and FPE 30 April 2012 is as follow:

	<----------Audited----------			---------->
	FYE 31 December 2009 (RM)	**FYE 31 December 2010 (RM)**	**FYE 31 December 2011 (RM)**	**FPE 30 April 2012 (RM)**
Revenue	2,843,101	1,377,350	1,626,584	1,688,694
Gross profit	323,675	325,358	1,191,276	1,137,214
Profit/(Loss) before tax	53,964	(56,459)	697,014	927,931
Profit/(Loss) after tax attributable to:				
Owner of Comm Zed	39,586	(56,123)	542,014	717,931
Minority interest	-	-	-	-
Current ratio	1.21	1.10	2.45	1.56
Total borrowings*(1)*	34,479	27,603	23,767	21,277
Paid-up share capital	326,002	326,002	326,002	326,002
Shareholders' funds/Net asset	245,263	189,140	731,154	329,879
No. of Comm Zed Shares	326,002	326,002	326,002	326,002
Net asset per Comm Zed Share (RM)	0.75	0.58	2.24	1.01
Gross earnings/loss per Comm Zed Share (RM)	0.17	(0.17)	2.14	2.85
Net earnings/loss per Comm Zed Share (RM)	0.12	(0.17)	1.66	2.20
Gearing ratio (times)	0.14	0.15	0.03	0.06

Note:

(1) All interest bearing borrowings.

Financial commentary:

(i) FYE 31 December 2010 compared to FYE 31 December 2009

Revenue of Comm Zed decreased by RM1,465,751 from RM2,843,101 in the FYE 31 December 2009 to RM1,377,350 in the FYE 31 December 2010. The decrease was mainly due to the decline from the sales of security and network segment.

As compared to the FYE 31 December 2009, gross profit for the FYE 31 December 2010 increased by RM1,683 to RM325,358 despite lower revenue as Comm Zed engaged external parties to execute lesser projects in the FYE 31 December 2010 as compared to the FYE 31 December 2009 with the expansion of man power in the FYE 31 December 2010.

Comm Zed registered loss before tax of RM56,459 for the FYE 31 December 2010 as compared to profit before tax of RM53,964 in the FYE 31 December 2009 mainly due to the increase in operating expenses in the FYE 31 December 2010 with the expansion of man power. Comm Zed registered loss after tax of RM56,123 in the FYE 31 December 2010 as compared to profit after tax of RM39,586 in the FYE 31 December 2009.

(ii) FYE 31 December 2011 compared to FYE 31 December 2010

Revenue of Comm Zed increased by RM249,234 from RM1,377,350 in the FYE 31 December 2010 to RM1,626,584 in the FYE 31 December 2011. The increase was mainly attributable to additional purchase orders secured from the existing customers.

As compared to the FYE 31 December 2010, gross profit for the FYE 31 December 2011 increased by RM865,918 to RM1,191,276 as Comm Zed managed to execute most of its projects without engaging external parties in the FYE 31 December 2011 as compared to the FYE 31 December 2010.

Comm Zed registered profit before tax of RM697,014 for the FYE 31 December 2011 as compared to loss before tax of RM56,459 in the FYE 31 December 2010, which was in line with the increases in revenue and gross profit in the FYE 31 December 2011. Comm Zed registered profit after tax of RM542,014 in the FYE 31 December 2011 as compared to loss after tax of RM56,123 in the FYE 31 December 2010.

(iii) FPE 30 April 2012

For the FPE 30 April 2012, Comm Zed recorded revenue of RM1,688,694 which was mainly contributed by recurrent revenue from its existing customers.

Comm Zed registered gross profit of RM1,137,214 in the FPE 30 April 2012.

Comm Zed registered profit before tax of RM927,931 for the FPE 30 April 2012, which was in line with the revenue generated. Profit after tax for the FPE 30 April 2012 was RM717,931.

There was no accounting policy adopted that is peculiar to Comm Zed and no audit qualification in the financial statements for the above periods under preview.

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