11.2.2 Current Assets

Current assets comprise the following:

	<--------- As at 31 December---------> 2004 RM'000	2005 RM'000	2006 RM'000	As at 30.09.2007 RM'000
Trade receivables	713	333	683	2,787
Amount due from (proposed) subsidiary	-	-	2	54
Amount due from (proposed) associate	-	-	-	1
Other receivables, deposits and prepayments	2	206	186	488
Tax recoverable	4	46	50	-
Cash and cash equivalents	489	734	419	275
	1,208	1,319	1,340	3,605

11.2.2.1 Trade receivables

	<--------- As at 31 December---------> 2004 RM'000	2005 RM'000	2006 RM'000	As at 30.09.2007 RM'000
Trade receivables	713	333	683	2,829
Less: Allowance for doubtful debts	-	-	-	(42)
	713	333	683	2,787
Trade receivables turnover period (days)	363	36	102	224

	Credit period Days	< ---------------- As at 30 September 2007 <-Within credit period-> 0 – 30 days RM'000	31 – 60 days RM'000	<-Exceed credit period-> 61 – 90 days RM'000	> 90 Days RM'000	------------- > Total RM'000
Trade receivables	30 - 60	1,782	29	47	929	2,787
% of trade receivables		64	1	2	33	100

11.2.3 Current liabilites

Current liabilities comprise the following:

	<--------- As at 31 December		--------->	As at
	2004	**2005**	**2006**	**30.09.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	244	279	69	1,511
Amount due to (proposed) subsidiary	-	-	-	120
Amount due to (proposed) associate	-	18	-	-
Other payables and accruals	16	23	44	287
Taxation	-	-	-	54
	260	320	113	1,972

11.2.3.1 Trade payables

	<--------- As at 31 December		--------->	As at
	2004	**2005**	**2006**	**30.09.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	244	279	69	1,511
Trade payables turnover period (days)	176	35	17	174

		< ------------------ As at 30 September 2007			--------------------->	
		<-Within credit period->		<-Exceed credit period->		
	Credit period days	**0 – 30 days RM'000**	**31 – 60 days RM'000**	**61 – 90 days RM'000**	**> 90 days RM'000**	**Total RM'000**
Trade payables	30 - 60	1,283	22	7	199	1,511
% of total trade payables		85	1	1	13	100

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11.3 Cash flow statements

	13.03.2004 to 31.12.2004 RM'000	<-Year ended 31 December-> 2005 RM'000	2006 RM'000	9 months ended 30.09.2007 RM'000
Cash flows from operating activities				
Profit before tax	73	57	269	485
Adjustments for:				
Depreciation of plant and equipment	14	28	32	24
Interest income	-	(14)	(8)	(5)
Operating profit before changes in working capital	87	71	293	504
Payables and accruals	260	61	(207)	1,805
Receivables, deposits and prepayments	(715)	175	(332)	(2,459)
Cash (used in)/ generated from operations	(368)	307	(246)	(150)
Interest received	-	14	8	5
Tax paid	(15)	(54)	(61)	(62)
Tax refund	-	-	-	58
Net cash (used in)/ from operating activities	(383)	267	(299)	(149)
Cash flows from investing activities				
Acquisition of plant and equipment	(128)	(22)	(16)	(7)
Proceeds from disposal of plant and equipment	-	-	-	12
Net cash (used in)/generated from investing activities	(128)	(22)	(16)	5
Cash flows from financing activity				
Proceeds from the issue of shares	1,000	-	-	-
Net cash generated from financing activity	1,000	-	-	-
Net increase/ (decrease) in cash and cash equivalents	489	245	(315)	(144)
Cash and cash equivalents at date of incorporation/ 1 January	-	489	734	419
Cash and cash equivalents at 31 December/30 September	489	734	419	275
Cash and cash equivalents comprise:-				
Bank balance	39	271	212	64
Deposits placed with a licensed bank	450	463	207	211
	489	734	419	275

12 SBOne Solutions Sdn. Bhd. ("SBOne")

12.1 Summarised results

We set out below the summarised results of SBOne Solutions Sdn. Bhd. for the financial periods/year ended 31 December 2005, 31 December 2006 and 30 September 2007:

	15.04.2005 to 31.12.2005 RM'000 Restated	**Year ended 31.12.2006 RM'000**	**9 months ended 30.09.2007 RM'000**
Revenue	-	1,063	1,120
Less : Cost of sales	-	(669)	(638)
Gross profit	-	394	482
Distribution expenses	-	(25)	(34)
Administrative expenses	(6)	(329)	(258)
Other income	-	9	1
	-	(345)	(291)
Results from operating activities	(6)	49	191
Interest income	-	5	-
(Loss)/Profit before tax	(6)	54	191
Tax expense	-	(12)	(46)
(Loss)/Profit after tax	(6)	42	145
Effective tax rate (%)	-	22.22	19.37
Gross profit margin (%)	-	37.06	43.04
Pre-tax profit margin (%)	-	5.08	17.05
Number of ordinary shares of RM1.00 each in issue ('000)	*	500	500
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	*	458	500
(Loss)/Earnings per share (RM)			
- Gross	(60.00)	0.12	0.38
- Net	(60.00)	0.09	0.29
NTA per ordinary share (RM)	-	1.17	1.36
Current ratio (times)	0.45	2.15	2.57
After tax return on shareholders' funds (%)	300.00**	7.84	28.39**

* *Note: Represents 100 ordinary shares of RM1.00 each*

** *Annualised*

Notes to summary of results

12.1.1 Effective tax rate

	15.04.2005 to 31.12.2005 RM'000	Year ended 31.12.2006 RM'000	9 months ended 30.09.2007 RM'000
Income tax			
- current period/year provision	-	9	34
- prior year under provision	-	-	9
Deferred taxation			
- current period/year provision	-	3	3
	-	12	46
Effective tax rate (%)	-	22.22	19.37
Statutory tax rate (%)	-	20.0	20.0

Effective from year of assessment 2004, companies with a paid up share capital of less than RM2.5 million are subject to tax rate of 20% for the first RM0.5 million of their chargeable income.

The effective tax rate for 2006 was higher than the prima facie tax rate as certain expenses were not deductible for tax purposes.

12.1.2 Earnings per share

The basic gross and net earnings per share are calculated based on the profit before and after taxation attributable to shareholders over the weighted average number of ordinary shares outstanding during the periods/year.

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12.2 Summarised balance sheets

We set out below the summarised balance sheets of SBOne Solutions Sdn. Bhd. as at 31 December 2005, 31 December 2006 and 30 September 2007:

	<-------- As at 31 December----->		As at
	2005	**2006**	**30.09.2007**
	RM'000	**RM'000**	**RM'000**
Assets			
Plant and equipment	-	35	42
Current assets	5	942	1,056
Total assets	5	977	1,098
Equity			
Share capital	*	500	500
(Accumulated losses)/Retained profits	(6)	36	181
Total equity	(6)	536	681
Liabilities			
Current liabilities	11	438	411
Deferred tax liabilities	-	3	6
Total equity and liabilities	5	977	1,098

* *Note: Represents 100 ordinary shares of RM1.00 each*

Notes to summarised balance sheets

12.2.1 Plant and equipment

	<------- As at 31 December -------->		As at
	2005	**2006**	**30.09.2007**
	RM'000	**RM'000**	**RM'000**
Office equipment	-	9	8
Computer equipment	-	16	25
Furniture and fittings	-	10	9
	-	35	42

12.2.2 Current assets

Current assets comprise the following:

	<-------- As at 31 December------>		As at
	2005	**2006**	**30.09.2007**
	RM'000	**RM'000**	**RM'000**
Trade receivables	-	582	912
Other receivables, deposits and prepayments	-	128	45
Tax recoverable	-	25	12
Cash and cash equivalents	5	207	87
	5	942	1,056

12.2.2.1 Trade receivables

	< ------- As at 31 December ----->		As at
	2005	**2006**	**30.09.2007**
	RM'000	**RM'000**	**RM'000**
Trade receivables	-	582	912
Trade receivables turnover period (days)	-	200	224

		< ---------------------- As at 30 September 2007-------------------- >				
		<-Within credit period->	<-Exceed credit period->			
	Credit period Days	**0 – 30 days RM'000**	**31 – 60 days RM'000**	**61 – 90 days RM'000**	**> 90 days RM'000**	**Total RM'000**
Trade receivables	30 - 60	175	123	103	511	912
% of trade receivables		19	14	11	56	100

As tabulated above, 67% of trade receivables exceeded the normal credit period of 30 to 60 days. Based on subsequent collection after year end (up to 8 January 2008), the Company collected RM539k out of which RM503k is for balances exceeded credit period as at 30 September 2007. The management is confident that the amounts outstanding are collectible and will not require any allowance for doubtful debt.

12.2.3 Current liabilities

Current liabilities comprise the following:

	<------- As at 31 December------> 2005 RM'000	2006 RM'000	As at 30.09.2007 RM'000
Trade payables	-	373	300
Amount due to (proposed) subsidiary	-	17	51
Amount due to (proposed) associate	-	7	-
Other payables and accruals	1	23	60
Amount due to a director	10	-	-
Deferred income	-	18	-
	11	438	411

12.2.3.1 Trade payables

	<------- As at 31 December------> 2005 RM'000	2006 RM'000	As at 30.09.2007 RM'000
Trade payables	-	373	300
Trade payables turnover period (days)	-	204	129

	< ------------------------- As at 30 September 2007				--------------- >	
		< -----Within credit period		---- >	Exceed credit period	
	Credit period days	0 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	> 90 days RM'000	Total RM'000
Trade payables	30 – 90	117	105	1	77	300
% of total trade payables		39	35	-	26	100

12.3 Cash flow statements

	15.04.2005 to 31.12.2005 RM'000	Year ended 31.12.2006 RM'000	9 months ended 30.09.2007 RM'000
Cash flows from operating activities			
(Loss)/ Profit before tax	(6)	54	191
Adjustments for:			
Depreciation of plant and equipment	-	4	7
Interest income	-	(5)	-
Operating (loss)/ profit before changes in working capital	(6)	53	198
Payables and accruals	1	419	(9)
Deferred income	-	18	(18)
Amount due to a director	10	(10)	-
Receivables, deposits and prepayments	-	(710)	(247)
Cash generated from/ (used in) operations	5	(230)	(76)
Interest received	-	5	-
Tax paid	-	(34)	(47)
Tax refund	-	-	17
Net cash generated from/ (used in) operating activities	5	(259)	(106)
Cash flows from investing activity			
Acquisition of plant and equipment	-	(39)	(14)
Net cash used in investing activity	-	(39)	(14)
Cash flows from financing activity			
Proceeds from issue of shares	*	500	-
Net cash generated from financing activity	-	500	-
Net increase/(decrease) in cash and cash equivalents	5	202	(120)
Cash and cash equivalents at date of incorporation/ 1 January	-	5	207
Cash and cash equivalents at 31 December/ 30 September	5	207	87
Cash and cash equivalents comprise:-			
Bank balance	5	157	87
Deposits placed with a licensed bank	-	50	-
	5	207	87

** Note: Represents RM100*

13 TenInfo Technology Sdn. Bhd. ("TenInfo")

13.1 Summarised results

We set out below the summarised results of TenInfo Technology Sdn. Bhd. for the financial years/period ended 31 December 2004 to 2006 and 30 September 2007:

	<---- Year ended 31 December---->			9 months ended
	2004	2005	2006	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	10,716	10,992	11,705	8,952
Less : Cost of sales	(9,824)	(9,668)	(9,802)	(7,414)
Gross profit	892	1,324	1,903	1,538
Distribution expenses	(139)	(116)	(219)	(99)
Administrative expenses	(362)	(611)	(863)	(711)
Other income	13	54	111	116
	(488)	(673)	(971)	694
Operating profit	404	651	932	844
Interest income	3	2	7	3
Financing costs	-	(4)	(36)	(40)
Profit before tax	407	649	903	807
Tax expense	(96)	(175)	(225)	(157)
Profit after tax	311	474	678	650
Effective tax rate (%)	23.83	27.12	25.47	23.67
Gross profit margin (%)	8.32	12.05	16.26	17.18
Pre-tax profit margin (%)	3.80	5.90	7.71	9.01
Number of ordinary shares or RM1.00 each in issue ('000)	500	1,000	1,000	1,000
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	500	542	1,000	1,000
Earnings per share (RM)				
- Gross	0.81	1.20	0.90	0.81
- Net	0.62	0.87	0.68	0.65
NTA per ordinary share (RM)	1.69	1.82	2.50	3.15
Current ratio (times)	1.48	1.53	1.72	1.88
Gearing ratio (times)	-	0.26	0.28	0.34
Interest coverage ratio (times)	-	163.25	26.08	21.18
After tax return on shareholders' funds (%)	36.76	26.04	27.14	27.53*

* *Annualised*

13.2 Summarised balance sheets

We set out below the summarised balance sheets of TenInfo Technology Sdn. Bhd. as at 31 December 2004 to 31 December 2006 and 30 September 2007:

	<------- As at 31 December--------->			As at
	2004	**2005**	**2006**	**30.09.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Assets				
Property, plant and equipment	138	1,371	407	371
Investment property	-	-	1,431	1,409
Receivables	-	-	-	232
Total non-current assets	138	1,371	1,838	2,012
Current assets	2,199	2,624	2,656	3,388
Total assets	2,337	3,995	4,494	5,400
Equity				
Share capital	500	1,000	1,000	1,000
Retained profits	346	820	1,498	2,148
Total equity	846	1,820	2,498	3,148
Liabilities				
Current liabilities	1,481	1,710	1,542	1,805
Loans and borrowings	-	443	418	401
Deferred taxation	10	22	36	46
Total equity and liabilities	2,337	3,995	4,494	5,400

Notes to the summarized balance sheets and cash flow statements are not provided as TenInfo is only an associate (with contribution between RM100,000 to RM300,000 to the TFP Group in the past years and the last financial period ended 30 September 2007).

14 Significant accounting policies

The significant accounting policies adopted by the Group and the Company are as follows:

(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.

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 impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(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 unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments 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.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Transactions eliminated on consolidation

Intra-group balances, 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.

14 Significant accounting policies (continued)

(b) Foreign currency

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

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 that are measured at fair value 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 statement.

(c) Plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

(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 costs of the day-to-day servicing of plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement 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

The depreciable amount is determined after deducting the residual value.

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

14 Significant accounting policies (continued)

(d) Intangible assets

(i) Goodwill

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

Godwill 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 statement.

(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 statement 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 are direct technical staff salaries. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(iii) Other intangible assets

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

(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

Amortisation is charged to income statement on a straight-line basis over the estimated useful lives of intangible assets and development costs from the date of commencement of commercial operations, which is an average of five years.

14 Significant accounting policies (continued)

(e) 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.

(f) Cash and cash equivalents

Cash and cash equivalents consist of bank balances and deposits placed with licensed banks.

(g) Impairment of assets

The carrying amount of assets except for financial assets is 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. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

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.

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 statement in the year in which the reversals are recognised.

(h) 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 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 the Employees Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the proposed subsidiaries and associate has no further payment obligations.

14 Significant accounting policies (continued)

(i) 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.

(j) Deferred income

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

(k) Revenue

(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) Services

Revenue from services rendered is recognised in the income statement 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.

(l) Interest income

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

(m) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement 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 substantially 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.

14 Significant accounting policies (continued)

(m) Tax expense (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences 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.

Additional taxes, if any that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(n) Lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

15 Restatement to the audited financial statements

During the financial period ended 31 December 2005, SBOne capitalised pre-operating expenses of RM6,000 in its balance sheet. Under FRS 138 "Intangible Assets", pre-operating expenses should be expensed off to income statement as and when it is incurred. As a result, the financial statements of SBOne for the period ended 31 December 2005 have been restated to reflect the pre-operating expenses being expensed off.

The effect of correcting this fundamental error is as follows:

	15.04.2005 to 31.12.2005 RM'000	Year ended 2006 RM'000
Income statement for the year ended 31 December		
(Decrease)/ Increase in profit for the year	(6)	6
Balance sheet at 31 December		
Cumulative increase in accumulated losses	6	-

16 Events subsequent to the balance sheet date

There were no significant events between the date of the last financial statements used in the preparation of the report and the date of this report which will affect materially the contents of this report.

Yours faithfully,

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Foong Mun Kong
Partner
Approval Number: 2613/12/08(J)