
14 ACCOUNTANTS' REPORT
(Prepared for the inclusion in this Prospectus)



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

Telephone +60 (3) 2095 3388
Fax +60 (3) 2095 0971
Internet www.kpmg.com.my

The Board of Directors
TFP Solutions Berhad
20-2 and 22-2, Jalan Puteri 1/2
Bandar Puteri
47100 Puchong
Selangor Darul Ehsan

11 January 2008

Dear Sirs,

Accountants' Report

1. Introduction

This report has been prepared by Messrs KPMG, an approved company auditor, for inclusion in the Prospectus of TFP Solutions Berhad ("TFP" or "the Company") to be dated 5 February 2008 in connection with the listing of TFP on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. General information

2.1 Background

TFP was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 16 May 2007. The principal activity of TFP is that of investment holding. The principal activities of its subsidiaries and associate are as stated in Paragraph 4. The Company converted its status to a public limited company on 15 June 2007 for the purpose of the listing as set out in Paragraph 3.

2.2 Share capital

At the date of incorporation, TFP's authorised share capital was RM10,000 consisting of 100,000 ordinary shares of RM0.10 each and the issued and paid up share capital was RM0.20 consisting 2 ordinary shares of RM0.10 each. Subsequently, the issued and paid up share capital was increased to RM6,938,480 comprising 69,384,800 ordinary shares of RM0.10 each as follows:

14 ACCOUNTANTS' REPORT (Cont'd)



TFP Solutions Berhad
Accountants' Report
11 January 2008

2.2 Share capital (continued)

| Date of issue | Number of ordinary shares of RM0.10 each | Issue price per ordinary share RM | Purpose | Issued and fully paid-up share capital (Cumulative) RM |
|------------------|--|--------------------------------------|---|---|
| 16 May 2007 | 2 | 0.10 | Subscribers' shares | * |
| 28 November 2007 | 48,384,798 | 0.10 | Acquisition of SoftFac, ProDserv, ProXerv, MBP, SBOne and TenInfo** | 4,838,480 |
| 19 December 2007 | 21,000,000 | 0.10 | Acquisition of property | 6,938,480 |

Pursuant to the listing scheme, the issued and fully paid up share capital of TFP will be increased to RM14,007,720 comprising 140,077,200 ordinary shares of RM0.10 each.

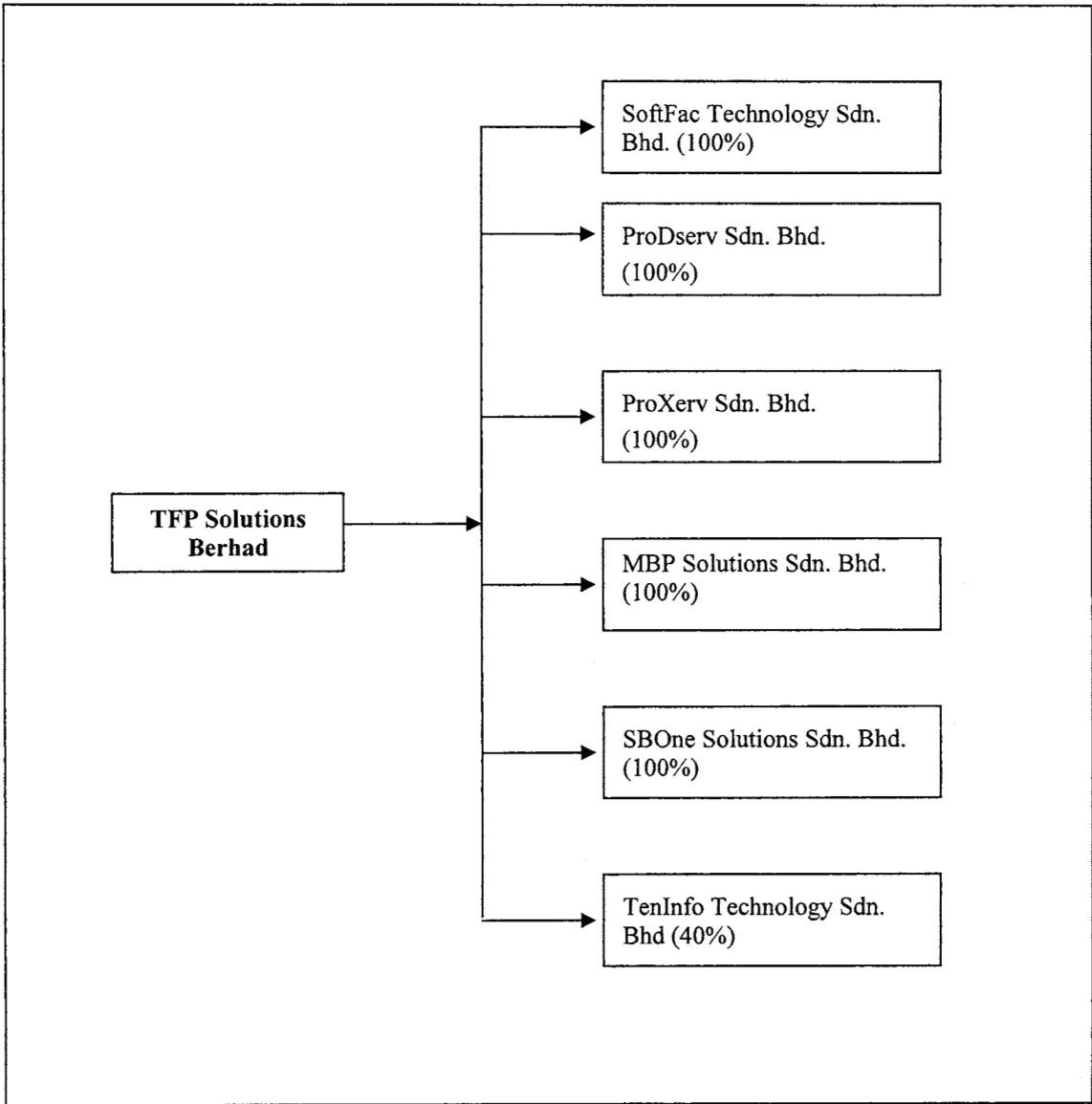
* Represents 2 ordinary shares of RM0.10 each

** Full names stated in Paragraph 4



2.3 TFP Group structure

The Group structure of TFP Solutions Berhad, its subsidiaries and associate is as follows:





3. Listing scheme

In conjunction with the listing of and quotation for the entire issued and paid up share capital of the Company on the MESDAQ Market of Bursa Securities, the Company will undertake the following:

3.1 Public issue

The initial public offering by TFP will involve the issuance of 24,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.48 per share, to be allocated in the following manner:-

- (a) 15,000,000 new ordinary shares of RM0.10 each will be made available for application by selected investors under a private placement;
- (b) 5,000,000 new ordinary shares of RM0.10 each will be made available for application under the public offer; and
- (c) 4,000,000 new ordinary shares of RM0.10 each will be made available for application by eligible directors and employees of the Group, and other persons who have contributed to the success of the Group.

3.2 Bonus issue

TFP will propose a bonus issue which involves the issuance of 46,692,400 new ordinary shares of RM0.10 each to be credited as fully paid-up on the basis of one (1) new ordinary share of RM0.10 each for every two (2) existing ordinary shares of RM0.10 each after the public issue.

3.3 Proposed listing and quotation

Upon completion of the above-mentioned proposals, TFP will seek the listing of and quotation for its entire enlarged share capital of up to 140,077,200 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Securities.



4. Information on subsidiaries and associate

The subsidiaries and associate of TFP as at the date of this report and their principal activities are as follows:

| Name of company | Date of incorporation | Authorised capital | Issued and fully paid-up capital | Effective equity interest | Principal activities |
|--|-----------------------|--------------------|----------------------------------|---------------------------|--|
| <i>Subsidiary</i> | | RM | RM | % | |
| SoftFac Technology Sdn. Bhd. ("SoftFac") | 28 June 2005 | 1,000,000 | 500,000 | 100 | Providing Human Capital Resources Management (HCRM) solutions |
| ProDserv Sdn. Bhd. ("ProDserv") | 3 August 2006 | 100,000 | 100,000 | 100 | Developing and providing Enterprise Business Solutions (EBS) value added solutions |
| ProXerv Sdn. Bhd. ("ProXerv") | 20 September 2005 | 100,000 | 100,000 | 100 | Providing shared services IT outsourcing |
| MBP Solutions Sdn. Bhd. ("MBP") | 13 March 2004 | 1,000,000 | 1,000,000 | 100 | Providing ERP consulting and implementation of Microsoft Dynamics products |
| SBOne Solutions Sdn. Bhd. ("SBOne") | 15 April 2005 | 500,000 | 500,000 | 100 | Providing ERP consulting and implementation of SAP products |
| <i>Associate</i> | | | | | |
| TenInfo Technology Sdn. Bhd. ("TenInfo") | 22 July 2002 | 1,000,000 | 1,000,000 | 40 | Providing enterprise systems solutions |

Note:-

All the subsidiaries and associate are incorporated in Malaysia.



5. Financial statements and auditors

The present financial year end of all companies in the TFP Group is 31 December.

We are the auditors of the companies for the following financial period/year:

| Name of company | Financial period ("FP")/ Financial year ("FY") |
|------------------------|--|
| TFP | 5 months FP ended 30 September 2007 |
| SoftFac | FY ended 31 December 2006 and 9 months FP ended 30 September 2007 |
| ProDserv | 5 months FP ended 31 December 2006 and 9 months FP ended 30 September 2007 |
| ProXerv | FY ended 31 December 2006 and 9 months FP ended 30 September 2007 |
| MBP | FY ended 31 December 2006 and 9 months FP ended 30 September 2007 |
| SBOne | FY ended 31 December 2006 and 9 months FP ended 30 September 2007 |
| TenInfo | FY ended 31 December 2006 and 9 months FP ended 30 September 2007 |

The financial statements for the financial periods/years ended 31 December 2004 and 2005 covered in this report were audited by WK Hong & Co.

The auditors' reports of all the companies for the relevant financial periods/years under review were not subject to any qualification.

All companies in the TFP Group adopted applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board for the financial period/year ended 31 December 2006. The adoption of new/ revised FRSs did not have a significant effect on the prior year financial statements of the TFP Group of companies except for the adjustments as stated in Paragraph 15.



5.1 Restatement and reclassification of balances

The following have been restated due to the prior year adjustment as described in paragraph 15 as well as to conform with the presentation for the respective years or periods ended.

SoftFac Technology Sdn. Bhd.

| | As previously stated RM'000 | Effects of reclassification RM'000 | As restated RM'000 |
|-------------------------------|-----------------------------------|--|-----------------------|
| 2005 | | | |
| Balance sheet | | | |
| IP Rights | 312 | (312) | - |
| Research and development cost | 56 | (56) | - |
| Intangible assets | - | 368 | 368 |
| Trade debtors | 142 | (142) | - |
| Other debtors and deposits | 12 | (12) | - |
| Receivables and deposits | - | 154 | 154 |
| | ===== | ===== | ===== |
| 2005 | | | |
| Income statement | | | |
| Depreciation | 4 | (4) | - |
| Staff costs | 36 | (36) | - |
| Other operating expenses | 59 | (59) | - |
| Distribution expenses | - | 3 | 3 |
| Administrative expenses | - | 96 | 96 |
| | ===== | ===== | ===== |

ProXerv Sdn. Bhd.

| | As previously stated RM'000 | Effects of reclassification RM'000 | As restated RM'000 |
|--------------------------------------|-----------------------------------|--|-----------------------|
| 2005 | | | |
| Balance sheet | | | |
| Trade debtor | 35 | (35) | - |
| Amount due from (proposed) associate | - | 35 | 35 |
| Trade creditor | (2) | 2 | - |
| Other creditors and accruals | (4) | 4 | - |
| Payables and accruals | - | (6) | (6) |
| | ===== | ===== | ===== |



5.1 Restatement and reclassification of balances (continued)

ProXerv Sdn. Bhd.

| | As previously stated RM'000 | Effects of reclassification RM'000 | As restated RM'000 |
|--------------------------|-----------------------------------|--|-----------------------|
| 2005 | | | |
| Income statement | | | |
| Administrative expenses | - | 4 | 4 |
| Other operating expenses | 4 | (4) | - |
| | ===== | ===== | ===== |

MBP Solutions Sdn. Bhd.

| | As previously stated RM'000 | Effects of reclassification RM'000 | As restated RM'000 |
|---------------------------------------|-----------------------------------|--|-----------------------|
| 2004 | | | |
| Balance sheet | | | |
| Trade receivables | 713 | (713) | - |
| Other receivables | 2 | (2) | - |
| Receivables, deposits and prepayments | - | 715 | 715 |
| Fixed deposit | 450 | (450) | - |
| Cash and bank balances | 39 | (39) | - |
| Cash and cash equivalents | - | 489 | 489 |
| Trade payables | (244) | 244 | - |
| Other payables and accruals | (16) | 16 | - |
| Payables and accruals | - | (260) | (260) |
| | ===== | ===== | ===== |
| 2004 | | | |
| Income statement | | | |
| Depreciation | 14 | (14) | - |
| Staff costs | 186 | (186) | - |
| Other operating expenses | 38 | (38) | - |
| Cost of sales | 406 | 101 | 507 |
| Distribution expenses | - | 9 | 9 |
| Administrative expenses | - | 128 | 128 |
| | ===== | ===== | ===== |



5.1 Restatement and reclassification balances (continued)

MBP Solutions Sdn. Bhd.

| | As previously stated RM'000 | Effects of reclassification RM'000 | As restated RM'000 |
|---------------------------------------|-----------------------------------|--|-----------------------|
| 2005 | | | |
| Balance sheet | | | |
| Trade debtors | 334 | (334) | - |
| Other receivables and deposits | 205 | (205) | - |
| Receivables, deposits and prepayments | - | 539 | 539 |
| Fixed deposit | 463 | (463) | - |
| Cash and bank balances | 271 | (271) | - |
| Cash and cash equivalents | - | 734 | 734 |
| Trade payables | (297) | 297 | - |
| Other payables and accruals | (23) | 23 | - |
| Payables and accruals | - | (320) | (320) |
| | ===== | ===== | ===== |
| 2005 | | | |
| Income statement | | | |
| Depreciation | 28 | (28) | - |
| Staff costs | 609 | (609) | - |
| Other operating expenses | 94 | (94) | - |
| Cost of sales | 2,586 | 308 | 2,894 |
| Distribution expenses | - | 48 | 48 |
| Administrative expenses | - | 374 | 374 |
| Other expenses | - | 1 | 1 |
| Other income | (22) | 14 | (8) |
| Interest income | - | (14) | (14) |
| | ===== | ===== | ===== |



5.1 Restatement and reclassification of balances (continued)

SBOne Solutions Sdn. Bhd.

| | As previously stated RM'000 | Effects of prior year adjustment and reclassification RM'000 | As restated RM'000 |
|-------------------------|-----------------------------------|--|-----------------------|
| 2005 | | | |
| Balance sheet | | | |
| Intangible assets | 6 | (6) | - |
| Accumulated losses | - | 6 | 6 |
| | ===== | ===== | ===== |
| 2005 | | | |
| Income statement | | | |
| Administrative expense | - | 6 | 6 |
| Net loss for the year | - | 6 | 6 |
| | ===== | ===== | ===== |

TenInfo Technology Sdn. Bhd.

| | As previously stated RM'000 | Effects of reclassification RM'000 | As restated RM'000 |
|---------------------------------------|-----------------------------------|--|-----------------------|
| 2004 | | | |
| Balance sheet | | | |
| Trade debtors | 1,550 | (1,550) | - |
| Other debtors and deposits | 5 | (5) | - |
| Receivables, deposits and prepayments | | 1,555 | 1,555 |
| Fixed deposit | 200 | (200) | - |
| Cash and bank balances | 444 | (444) | - |
| Cash and cash equivalents | - | 644 | 644 |
| Trade creditors | (1,424) | 1,424 | - |
| Other creditors and accruals | (25) | 25 | - |
| Payables and accruals | - | (1,449) | (1,449) |
| | ===== | ===== | ===== |
| 2004 | | | |
| Income statement | | | |
| Other income | (16) | 3 | (13) |
| Interest income | - | (3) | (3) |
| Depreciation | 37 | (37) | - |
| Staff costs | 235 | (235) | - |
| Other operating expenses | 229 | (229) | - |
| Distribution expenses | - | 139 | 139 |
| Administrative expenses | - | 362 | 362 |
| | ===== | ===== | ===== |



5.1 Restatement and reclassification of balances (continued)

TenInfo Technology Sdn. Bhd.

| | As previously stated RM'000 | Effects of reclassification RM'000 | As restated RM'000 |
|---------------------------------------|-----------------------------------|--|-----------------------|
| 2005 | | | |
| Balance sheet | | | |
| Trade debtors | 1,764 | (1,764) | - |
| Other debtors and deposits | 39 | (39) | - |
| Receivables, deposits and prepayments | - | 1,803 | 1,803 |
| Fixed deposit | 122 | (122) | - |
| Cash and bank balances | 699 | (699) | - |
| Cash and cash equivalents | - | 821 | 821 |
| Trade creditors | (1,606) | 1,606 | - |
| Other creditors and accruals | (9) | 9 | - |
| Payables and accruals | - | (1,615) | (1,615) |
| | ===== | ===== | ===== |
| 2005 | | | |
| Income statement | | | |
| Depreciation | 41 | (41) | - |
| Staff costs | 406 | (406) | - |
| Other operating expenses | 280 | (280) | - |
| Distribution expenses | - | 116 | 116 |
| Administrative expenses | - | 611 | 611 |
| Other income | (56) | 2 | (54) |
| Interest income | - | (2) | (2) |
| | ===== | ===== | ===== |



5.2 Accounting policies and standards

The accounting policies adopted in the preparation of this report are set out in Paragraph 14 and are consistent with the accounting policies adopted by TFP and its subsidiaries and associate in their latest audited financial statements.

The financial information presented in this report is based on the audited financial statements of TFP and its subsidiaries and associate, which have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

There were no changes in the significant accounting policies adopted by the TFP Group during the period covered in this report.

5.3 Dividends

No dividend has been paid or declared by TFP and its subsidiaries and associate during the relevant period/ years under review.

6. Audited financial statements

TFP Group only existed with the acquisition of SoftFac, ProDserv, ProXerv, MBP, SBOne and TenInfo by TFP during the financial year ended 31 December 2007.

As there were no group financial statements for the financial period/years ended 31 December 2004 to 2006 and the financial period ended 30 September 2007, the summarised audited financial statements of the individual companies in the Group are presented in Paragraph 7 to 13.



7 TFP Solutions Berhad (“TFP”)

7.1 Summarised results

We set out below the summarised results of TFP Solutions Berhad for the financial period ended 30 September 2007:

| | 16.05.2007 to 30.09.2007 |
|--|-----------------------------|
| | RM'000 |
| Administrative expenses | (5) |
| Loss before/after tax | (5) |
| Effective tax rate (%) | _** |
| Gross profit margin (%) | _* |
| Pre-tax profit margin (%) | _* |
| Number of ordinary shares of RM0.10 each in issue | 2 |
| Weighted average number of ordinary shares of RM0.10 each in issue | 2 |
| Loss per share (RM) | |
| - Gross | (2,500) |
| - Net | (2,500) |
| NTA per ordinary share (RM) | (2,500) |
| Current ratio (times) | 0.00004 |
| After tax return on shareholders' funds (%) | (266.67)*** |

* The Company has not commenced operations since the date of its incorporation.

** There is no tax expense in TFP's financial statements for the financial period ended 30 September 2007 as TFP was in a tax loss position.

*** Annualised



TFP Solutions Berhad
Accountants' Report
11 January 2008

7.2 Summarised balance sheet

We set out below the summarised balance sheet of TFP Solutions Berhad as at 30 September 2007:

| | As at 30.09.2007 RM'000 |
|-----------------------------------|-------------------------------|
| Asset | |
| Current asset | * |
| Total asset | <u>*</u> |
| Equity | |
| Share capital | * |
| Accumulated losses | <u>(5)</u> |
| Total equity | (5) |
| Liability | |
| Current liability | <u>5</u> |
| Total equity and liability | <u>*</u> |

* Represents RM0.20

Notes to summarised balance sheet

7.2.1 Current asset

Current asset comprises the following:

| | As at 30.09.2007 RM'000 |
|--------------|-------------------------------|
| Cash in hand | <u>*</u> |

* Represents RM0.20

14 ACCOUNTANTS' REPORT (Cont'd)



TFP Solutions Berhad
Accountants' Report
11 January 2008

7.2.2 Current liability

Current liability comprises the following:

| | As at 30.09.2007 RM'000 |
|---------|--|
| Accrual | <u>5</u> |

7.3 Cash flow statement

| | 16.05.2007 to 30.09.2007 RM'000 |
|---|--|
| Cash flows from operating activities | |
| Loss before tax | <u>(5)</u> |
| Operating loss before changes in working capital | <u>(5)</u> |
| Accrual | <u>5</u> |
| Net cash used in operating activities | <u>-</u> |
| Net increase in cash and cash equivalents | - |
| Cash and cash equivalents at date of incorporation | <u>*</u> |
| Cash and cash equivalents at 30 September | <u>*</u> |
| Cash and cash equivalents comprise:- | |
| Cash in hand | <u>*</u> |

* Represents RM0.20



8 SoftFac Technology Sdn. Bhd. ("SoftFac")

8.1 Summarised results

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

| | 28.06.2005 to 31.12.2005 | Year ended 31.12.2006 | 9 months ended 30.09.2007 |
|--|-----------------------------|--------------------------|------------------------------|
| | RM'000 | RM'000 | RM'000 |
| Revenue | 142 | 1,402 | 1,376 |
| Less : Cost of sales | (12) | (325) | (216) |
| Gross profit | 130 | 1,077 | 1,160 |
| Distribution expenses | (3) | (35) | (23) |
| Administrative expenses | (96) | (303) | (302) |
| Other expenses | - | (1) | (5) |
| | (99) | (339) | (330) |
| Operating profit | 31 | 738 | 830 |
| Interest income | - | 2 | 2 |
| Profit before tax | 31 | 740 | 832 |
| Tax expense | - | - | - |
| Profit after tax | 31 | 740 | 832 |
| Effective tax rate (%) | .* | .* | .* |
| Gross profit margin (%) | 91.55 | 76.82 | 84.30 |
| Pre-tax profit margin (%) | 21.83 | 52.78 | 60.47 |
| Number of ordinary shares of RM1.00 each in issue ('000) | 500 | 500 | 500 |
| Weighted average number of ordinary shares of RM1.00 each in issue ('000) | 500 | 500 | 500 |
| Earnings per share (RM) | | | |
| - Gross | 0.06 | 1.48 | 1.66 |
| - Net | 0.06 | 1.48 | 1.66 |
| NTA per ordinary share (RM) | 0.33 | 1.44 | 2.86 |
| Current ratio (times) | 1.25 | 9.98 | 7.56 |
| Gross dividend rate | - | - | - |
| After tax return on shareholders' funds (%) | 11.68** | 58.22 | 52.72** |

* There were no taxation charges in SoftFac's financial statements for the periods/ year ended 31 December 2005, 31 December 2006 and 30 September 2007 respectively, as SoftFac has been granted tax exemption on its statutory business income for 5 years under the MSC status awarded on 17 August 2005.

** Annualised



Notes to summary of results

8.1.1 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.

8.1.2 Effective tax rate

There was no tax expense for 2005, 2006 and 2007 as SoftFac was granted the MSC status on 17 August 2005 which entitles the Company for 100% tax exemption on its statutory business income for 5 years.

8.2 Summarised balance sheets

We set out below the summarised balance sheets of SoftFac Technology 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 | 84 | 163 | 137 |
| Intangible assets | 368 | 551 | 674 |
| Total non-current assets | 452 | 714 | 811 |
| Current assets | 390 | 619 | 1,490 |
| Total assets | 842 | 1,333 | 2,301 |
| Equity | | | |
| Share capital | 500 | 500 | 500 |
| Retained profits | 31 | 771 | 1,604 |
| Total equity | 531 | 1,271 | 2,104 |
| Liabilities | | | |
| Current liabilities | 311 | 62 | 197 |
| Total equity and liabilities | 842 | 1,333 | 2,301 |



Notes to summarised balance sheets

8.2.1 Plant and equipment

| | <---- As at 31 December ----> | | As at |
|------------------------|-------------------------------|--------|------------|
| | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 |
| Office equipment | - | 13 | 13 |
| Computer equipment | 84 | 90 | 73 |
| Furniture and fittings | - | 34 | 29 |
| Renovations | - | 26 | 22 |
| | 84 | 163 | 137 |

8.2.2 Intangible assets

| | <---- As at 31 December ----> | | As at |
|-------------------------------------|-------------------------------|--------|------------|
| | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 |
| At cost | | | |
| Intellectual property ("IP") rights | 312 | 312 | 312 |
| Development costs | 56 | 344 | 581 |
| | 368 | 656 | 893 |
| Accumulated amortisation | - | (105) | (219) |
| | 368 | 551 | 674 |

8.2.3 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 | 142 | 213 | 911 |
| Amount due from (proposed) subsidiary | - | 17 | 120 |
| Other receivables and deposits | 12 | 4 | 203 |
| Cash and cash equivalents | 236 | 385 | 256 |
| | 390 | 619 | 1,490 |

14 ACCOUNTANTS' REPORT (Cont'd)



TFP Solutions Berhad
Accountants' Report
11 January 2008

8.2.3.1 Trade receivables

| | <---- As at 31 December ----> | | As at |
|--|-------------------------------|--------|------------|
| | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 |
| Trade receivables | 142 | 213 | 911 |
| Trade receivables turnover period (days) | 365 | 55 | 182 |

| | Credit period Days | <-----As at 30 September 2007 -----> | | | | Total RM'000 |
|------------------------|--------------------|--------------------------------------|--------------|--------------------------|-----------|--------------|
| | | <-Within credit period-> | | <-Exceed credit period-> | | |
| | | 0 – 30 days | 31 – 60 days | 61 – 90 days | > 90 days | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables | 30-60 | 5 | 79 | 161 | 666 | 911 |
| % of trade receivables | | 1 | 8 | 18 | 73 | 100 |

As tabulated above, 91% of trade receivables exceeded the normal credit period of 30 to 60 days. Based on subsequent collection after year end (up to 29 November 2007), the Company collected RM863k out of which RM732k 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.

8.2.4 Current liabilities

Current liabilities comprise the following:

| | <---- As at 31 December ----> | | As at |
|-----------------------------|-------------------------------|--------|------------|
| | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 |
| Trade payables | - | 1 | 60 |
| Other payables and accruals | 11 | 31 | 39 |
| Amount due to directors | 300 | - | - |
| Deferred income | - | 30 | 98 |
| | 311 | 62 | 197 |

14 ACCOUNTANTS' REPORT (Cont'd)



TFP Solutions Berhad
Accountants' Report
11 January 2008

8.2.4.1 Trade payables

| | <--- As at 31 December ---> | | As at |
|---------------------------------------|-----------------------------|--------|------------|
| | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 |
| Trade payables | - | 1 | 60 |
| Trade payables turnover period (days) | - | 1 | 76 |

| <----- As at 30 September 2007-----> | | | | | |
|--------------------------------------|------------------------------|---------------------------|---------------------------|-------------------------|-----------------|
| Credit period days | <---Within credit period---> | | | Exceed credit period | Total RM'000 |
| | 0 - 30 days RM'000 | 31 - 60 days RM'000 | 61 - 90 days RM'000 | > 90 days RM'000 | |
| Trade payables | 30 - 90 | 60 | - | - | 60 |
| % of total trade payables | | 100 | - | - | 100 |



8.3 Cash flow statements

| | 28.06.2005 to 31.12.2005 | Year ended 31.12.2006 | 9 months ended 30.09.2007 |
|---|-----------------------------|--------------------------|------------------------------|
| | RM'000 | RM'000 | RM'000 |
| Cash flows from operating activities | | | |
| Profit before tax | 31 | 740 | 832 |
| <i>Adjustments for:</i> | | | |
| Depreciation of plant and equipment | 4 | 25 | 30 |
| Interest income | - | (2) | (2) |
| Amortisation of intangible assets | - | 105 | 114 |
| Operating profit before changes in working capital | 35 | 868 | 974 |
| Payables and accruals | 312 | (279) | 67 |
| Deferred income | - | 30 | 68 |
| Receivables and deposits | (154) | (80) | (1,000) |
| Cash generated from operations | 193 | 539 | 109 |
| Interest received | - | 2 | 2 |
| Net cash generated from operating activities | 193 | 541 | 111 |
| Cash flows from investing activities | | | |
| Acquisition of plant and equipment | (88) | (104) | (3) |
| Internally developed intangible assets | (57) | (288) | (237) |
| Acquisition of intangible assets | (312) | - | - |
| Net cash used in investing activities | (457) | (392) | (240) |
| 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 | 236 | 149 | (129) |
| Cash and cash equivalents at date of incorporation/1 January | - | 236 | 385 |
| Cash and cash equivalents at 31 December /30 September | 236 | 385 | 256 |
| Cash and cash equivalents comprise:- | | | |
| Bank balance | 236 | 83 | 256 |
| Deposits placed with a licensed bank | - | 302 | - |
| | 236 | 385 | 256 |



9 ProDserv Sdn. Bhd. ("ProDserv")

9.1 Summarised results

We set out below the summarised results of ProDserv Sdn. Bhd. for the financial periods ended 31 December 2006 and 30 September 2007:

| | 3.08.2006 to 31.12.2006 RM'000 | 9 months ended 30.09.2007 RM'000 |
|--|--------------------------------------|--|
| Revenue | - | 866 |
| Less : Cost of sales | - | (181) |
| Gross profit | - | 685 |
| Other income | - | 4 |
| Distribution expenses | - | (4) |
| Administrative expenses | (35) | (30) |
| Other expenses | - | (4) |
| | (35) | (34) |
| Operating profit | (35) | 651 |
| Interest income | - | 2 |
| (Loss)/Profit before/after tax | (35) | 653 |
| Effective tax rate (%) | - ** | - ** |
| Gross profit margin (%) | - * | 79.10 |
| Pre-tax profit margin (%) | - * | 75.40 |
| Number of ordinary shares of RM1.00 each in issue ('000) | 100 | 100 |
| Weighted average number of ordinary shares of RM1.00 each in issue ('000) | 100 | 100 |
| (Loss)/Earnings per share (RM) | | |
| - Gross | (0.35) | 6.53 |
| - Net | (0.35) | 6.53 |
| NTA per ordinary share (RM) | 0.65 | 7.03 |
| Current ratio (times) | 33.50 | 7.94 |
| After tax return on shareholders' funds (%) | (129.23)*** | 121.26*** |

* The Company was dormant during the financial period ended 31 December 2006.

** There is no tax expense in ProDserv's financial statements for the periods ended 31 December 2006 and 30 September 2007 as ProDserv has been granted tax exemption on its statutory business income for 5 years under the MSC status awarded on 1 September 2006 upon business commencement date.



9.2 Summarised balance sheets

We set out below the summarised balance sheets of ProDserv Sdn Bhd as at 31 December 2006 and 30 September 2007:

| | <-----As at-----> | |
|---------------------------------------|-------------------|------------|
| | 31.12.2006 | 30.9.2007 |
| | RM'000 | RM'000 |
| Assets | | |
| Plant and equipment | - | 9 |
| Intangible assets | - | 15 |
| Current assets | 67 | 794 |
| Total assets | <u>67</u> | <u>818</u> |
| Equity | | |
| Share capital | 100 | 100 |
| (Accumulated losses)/Retained profits | (35) | 618 |
| Total equity | 65 | 718 |
| Liabilities | | |
| Current liabilities | 2 | 100 |
| Total equity and liabilities | <u>67</u> | <u>818</u> |

Notes to summarised balance sheet

9.2.1 Current assets

Current assets comprise the following:

| | <-----As at-----> | |
|---|-------------------|------------|
| | 31.12.2006 | 30.9.2007 |
| | RM'000 | RM'000 |
| Trade receivables | - | 211 |
| Other receivables, deposits and prepayments | - | 6 |
| Deposits placed with a licensed bank | - | 301 |
| Bank balance | 67 | 276 |
| | <u>67</u> | <u>794</u> |

14 ACCOUNTANTS' REPORT (Cont'd)



TFP Solutions Berhad
Accountants' Report
11 January 2008

9.2.1.1 Trade receivables

| | <-----As at-----> | |
|--|-------------------|-----------|
| | 31.12.2006 | 30.9.2007 |
| | RM'000 | RM'000 |
| Trade receivables | - | 211 |
| Trade receivables turnover period (days) | - | 67 |

| | | <-----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 | 211 | - | - | - | 211 |
| % of trade receivables | | 100 | - | - | - | 100 |

9.2.2 Current liabilities

Current liabilities comprise the following:

| | <-----As at-----> | |
|-----------------------------|-------------------|-----------|
| | 31.12.2006 | 30.9.2007 |
| | RM'000 | RM'000 |
| Trade payables | - | 25 |
| Other payables and accruals | 2 | 12 |
| Deferred income | - | 63 |
| | 2 | 100 |

14 ACCOUNTANTS' REPORT (Cont'd)



TFP Solutions Berhad
Accountants' Report
11 January 2008

9.2.2.1 Trade payables

| | <-----As at-----> | |
|---------------------------------------|-------------------|-----------|
| | 31.12.2006 | 30.9.2007 |
| | RM'000 | RM'000 |
| Trade payables | - | 25 |
| Trade payables turnover period (days) | - | 38 |

| | <-----As at 30 September 2007-----> | | | | | |
|---------------------------|-------------------------------------|---------|---------|--------|---------------|--------|
| | <-----Within credit period-----> | | | | Exceed credit | |
| | 0 – 30 | 31 – 60 | 61 – 90 | > 90 | period | |
| | days | days | days | days | days | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade payables | 30 – 90 | 25 | - | - | - | 25 |
| % of total trade payables | | 100 | - | - | - | 100 |



9.3 Cash flow statements

| | 3.08.2006 to 31.12.2006 RM'000 | 9 months ended 30.09.2007 RM'000 |
|--|--------------------------------------|--|
| Cash flows from operating activities | | |
| (Loss)/Profit before tax | (35) | 653 |
| <i>Adjustments for:</i> | | |
| Depreciation of plant and equipment | - | 1 |
| Interest income | - | (2) |
| Operating (loss)/profit before changes in working capital | (35) | 652 |
| Receivables, deposits and prepayments | - | (217) |
| Deferred income | - | 63 |
| Other payables and accruals | 2 | 35 |
| Cash (used in)/generated from operations | (33) | 533 |
| Interest income | - | 2 |
| Net cash (used in)/generated from operating activities | (33) | 535 |
| Cash flows from investing activity | | |
| Internally developed intangible assets | - | (15) |
| Net cash generated from investing activity | - | (15) |
| Cash flows from financing activity | | |
| Acquisition of plant and equipment | - | (10) |
| Proceeds from issue of shares | 100 | - |
| Net cash generated from/(used in) financing activity | 100 | (10) |
| Net increase in cash and cash equivalents | 67 | 510 |
| Cash and cash equivalents at date of incorporation/1 January | * | 67 |
| Cash and cash equivalents at 31 December/30 September | 67 | 577 |
| Cash and cash equivalents comprise:- | | |
| Deposits placed with a licensed bank | - | 301 |
| Bank balance | 67 | 276 |
| | 67 | 577 |

* Note: Represents RM2



10 ProXerv Sdn. Bhd. ("ProXerv")

10.1 Summarised results

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

| | 20.09.2005 to 31.12.2005 RM'000 | Year ended 31.12.2006 RM'000 | 9 months ended 30.09.2007 RM'000 |
|--|---------------------------------------|------------------------------------|--|
| Revenue | 35 | 976 | 1,570 |
| Less : Cost of sales | (2) | (440) | (1,066) |
| Gross profit | 33 | 536 | 504 |
| Distribution expenses | - | (73) | (70) |
| Administrative expenses | (4) | (131) | (211) |
| | (4) | (204) | (281) |
| Profit before tax | 29 | 332 | 223 |
| Tax expense | (6) | (69) | (47) |
| Profit after tax | 23 | 263 | 176 |
| Effective tax rate (%) | 20.69 | 20.78 | 21.08 |
| Gross profit margin (%) | 94.29 | 54.92 | 32.10 |
| Pre-tax profit margin (%) | 82.86 | 34.02 | 14.20 |
| Number of ordinary shares of RM1.00 each in issue ('000) | 100 | 100 | 100 |
| Weighted average number of ordinary shares of RM1.00 each in issue ('000) | 100 | 100 | 100 |
| Earnings per share (RM) | | | |
| -Gross | 0.29 | 3.32 | 2.23 |
| -Net | 0.23 | 2.63 | 1.76 |
| NTA per ordinary share (RM) | 1.23 | 3.86 | 5.51 |
| Current ratio (times) | 11.25 | 2.60 | 1.96 |
| After tax return on shareholders' funds (%) | 56.10* | 68.13 | 41.76* |

* Annualised



Notes to summary of results

10.1.1 Effective tax rate

| | 20.09.2005 to 31.12.2005 RM'000 | Year ended 31.12.2006 RM'000 | 9 months ended 30.09.2007 RM'000 |
|---------------------------------|---------------------------------------|------------------------------------|--|
| Income tax | | | |
| - current year/period provision | 6 | 69 | 43 |
| Deferred taxation | | | |
| - current year/period provision | - | - | 4 |
| | 6 | 69 | 47 |
| Effective tax rate (%) | 20.69 | 20.78 | 21.08 |
| Statutory tax rate (%) | 20.0 | 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.

10.1.2 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.



10.2 Summarised balance sheets

We set out below the summarised balance sheets of ProXerv 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 |
| Intangible assets | - | - | 11 |
| Current assets | 135 | 628 | 1,063 |
| Total assets | 135 | 628 | 1,109 |
| Equity | | | |
| Share capital | 100 | 100 | 100 |
| Retained profits | 23 | 286 | 462 |
| Total equity | 123 | 386 | 562 |
| Liabilities | | | |
| Current liabilities | 12 | 242 | 543 |
| Deferred tax liabilities | - | - | 4 |
| Total equity and liabilities | 135 | 628 | 1,109 |

Notes to summarised balance sheets

10.2.1 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 | - | 280 | 376 |
| Other receivables, deposits and prepayments | - | 1 | 145 |
| Amount due from (proposed) associate | 35 | 257 | 345 |
| Tax recoverable | - | 8 | 47 |
| Cash and cash equivalents | 100 | 82 | 150 |
| | 135 | 628 | 1,063 |

14 ACCOUNTANTS' REPORT (Cont'd)



TFP Solutions Berhad
Accountants' Report
11 January 2008

10.2.1.1 Trade receivables

| | <--- As at 31 December ---> | | As at |
|--|-----------------------------|--------|------------|
| | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 |
| Trade receivables | - | 280 | 376 |
| Trade receivables turnover period (days) | - | 105 | 66 |

| <----- As at 30 September 2007-----> | | | | | | |
|--------------------------------------|---------|--------------------------|---------|--------------------------|--------|--------|
| | | <-Within credit period-> | | <-Exceed credit period-> | | |
| Credit period | 0 - 30 | 31 - 60 | 61 - 90 | > 90 | Total | |
| Days | days | days | days | days | RM'000 | RM'000 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Trade receivables | 30 - 60 | 266 | 74 | 14 | 22 | 376 |
| % of trade receivables | | 71 | 20 | 4 | 5 | 100 |

10.2.2 Current liabilities

Current liabilities comprise the following:

| | <--- As at 31 December ---> | | As at |
|------------------------------------|-----------------------------|--------|------------|
| | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 |
| Trade payables | 2 | 48 | 96 |
| Other payables and accruals | 4 | 123 | 241 |
| Amount due to (proposed) associate | - | 4 | 2 |
| Deferred income | - | 67 | 204 |
| Taxation | 6 | - | - |
| | 12 | 242 | 543 |

14 ACCOUNTANTS' REPORT (Cont'd)



TFP Solutions Berhad
Accountants' Report
11 January 2008

10.2.2.1 Trade payables

| | <---- As at 31 December ----> | | As at |
|---------------------------------------|-------------------------------|--------|------------|
| | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 |
| Trade payables | 2 | 48 | 96 |
| Trade payables turnover period (days) | 365 | 40 | 25 |

| <----- As at 30 September 2007-----> | | | | | |
|--------------------------------------|----------------------------|----------------------------|--------------|-----------|--------|
| | <- Within credit period -> | <- Exceed credit period -> | | | |
| Credit period days | 0 - 30 days | 31 - 60 days | 61 - 90 days | > 90 days | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade payables | 96 | - | - | - | 96 |
| % of total trade payables | 100 | - | - | - | 100 |



10.3 Cash flow statements

| | 20.09.2005 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 | | | |
| Profit before tax | 29 | 332 | 223 |
| <i>Adjustment for:</i> | | | |
| Depreciation of plant and equipment | - | - | 2 |
| Operating profit before changes in working capital | 29 | 332 | 225 |
| Payables and accruals | 6 | 169 | 164 |
| Deferred income | - | 67 | 137 |
| Receivables, deposits and prepayments | (35) | (503) | (328) |
| Cash generated from operations | - | 65 | 198 |
| Tax paid | - | (83) | (82) |
| Net cash (used in)/from operating activities | - | (18) | 116 |
| Cash flows from investing activities | | | |
| Internally developed intangible assets | - | - | (11) |
| Acquisition of plant and equipment | - | - | (37) |
| Net cash used in investing activities | - | - | (48) |
| Cash flows from financing activity | | | |
| Proceeds from issue of shares | 100 | - | - |
| Net cash generated from financing activity | 100 | - | - |
| Net increase/ (decrease) in cash and cash equivalents | 100 | (18) | 68 |
| Cash and cash equivalents at date of incorporation/ 1 January | - | 100 | 82 |
| Cash and cash equivalents at 31 December/ 30 September | 100 | 82 | 150 |
| Cash and cash equivalents comprise:- | | | |
| Bank balance | 100 | 82 | 150 |



11 MBP Solutions Sdn. Bhd. ("MBP")

11.1 Summarised results

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

| | 13.3.2004 to 31.12.2004 | <-Year ended 31 December-> 2005 | 2006 | 9 months ended 30.09.2007 |
|--|----------------------------|------------------------------------|---------|------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 717 | 3,352 | 2,449 | 3,466 |
| Less : Cost of sales | (507) | (2,894) | (1,462) | (2,393) |
| Gross profit | 210 | 458 | 987 | 1,073 |
| Distribution expenses | (9) | (48) | (93) | (33) |
| Administrative expenses | (128) | (374) | (640) | (577) |
| Other expenses | - | (1) | - | - |
| Other income | - | 8 | 7 | 17 |
| | (137) | (415) | (726) | (593) |
| Operating profit | 73 | 43 | 261 | 480 |
| Interest income | - | 14 | 8 | 5 |
| Profit before tax | 73 | 57 | 269 | 485 |
| Tax expense | (20) | (11) | (56) | (102) |
| Profit after tax | 53 | 46 | 213 | 383 |
| Effective tax rate (%) | 27.40 | 19.30 | 20.82 | 20.82 |
| Gross profit margin (%) | 29.29 | 13.66 | 40.30 | 30.96 |
| Pre-tax profit margin (%) | 10.18 | 1.70 | 10.98 | 13.99 |
| Number of ordinary shares of RM1.00 each in issue ('000) | 1,000 | 1,000 | 1,000 | 1,000 |
| Weighted average number of ordinary shares of RM1.00 each in issue ('000) | 1,000 | 1,000 | 1,000 | 1,000 |
| Earnings per share (RM) | | | | |
| - Gross | 0.07 | 0.06 | 0.27 | 0.49 |
| - Net | 0.05 | 0.05 | 0.21 | 0.38 |
| NTA per ordinary share (RM) | 1.05 | 1.10 | 1.31 | 1.70 |
| Current ratio (times) | 4.65 | 4.12 | 11.86 | 1.83 |
| After tax return on shareholders' funds (%) | 6.04* | 4.19 | 16.23 | 30.13* |

* Annualised



Notes to summary of results

11.1.1 Effective tax rate

| | 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 |
|---------------------------------|---------------------------------------|--|----------------|--|
| Income tax | | | | |
| - current year/period provision | 11 | 12 | 58 | 107 |
| - prior year under provision | - | - | - | 1 |
| Deferred taxation | | | | |
| - current year provision | 9 | (1) | (2) | (6) |
| | 20 | 11 | 56 | 102 |
| Effective tax rate % | 27.40 | 19.30 | 20.82 | 20.82 |
| Statutory tax rate % | 20.0 | 20.0 | 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 the period ended 31 December 2004 was higher than the prima facie tax rate as certain expenses were not deductible for tax purposes.

11.1.2 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/years.



11.2 Summarised balance sheets

We set out below the summarised balance sheets of MBP Solutions Sdn. Bhd. as at 31 December 2004 to 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 | | | | |
| Plant and equipment | 114 | 108 | 92 | 63 |
| Current assets | 1,208 | 1,319 | 1,340 | 3,605 |
| Total assets | 1,322 | 1,427 | 1,432 | 3,668 |
| Equity | | | | |
| Share capital | 1,000 | 1,000 | 1,000 | 1,000 |
| Retained profits | 53 | 99 | 312 | 695 |
| Total equity | 1,053 | 1,099 | 1,312 | 1,695 |
| Liabilities | | | | |
| Current liabilities | 260 | 320 | 113 | 1,972 |
| Deferred tax liabilities | 9 | 8 | 7 | 1 |
| Total equity and liabilities | 1,322 | 1,427 | 1,432 | 3,668 |

Notes to summarised balance sheets

11.2.1 Plant and equipment

| | <----- As at 31 December-----> | | | As at |
|------------------------|--------------------------------|--------|--------|------------|
| | 2004 | 2005 | 2006 | 30.09.2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Office equipment | 27 | 23 | 16 | 11 |
| Computer equipment | 26 | 38 | 42 | 27 |
| Furniture and fittings | 60 | 46 | 33 | 24 |
| Renovations | 1 | 1 | 1 | 1 |
| | 114 | 108 | 92 | 63 |