

## 9. FLOTATION EXERCISE

In conjunction with and as an integral part of our Listing (save for Section 9.8 of this Prospectus), we undertook the Flotation Exercise which entails the following:

### 9.1 Incorporation of Our Company

Our Company was incorporated in Malaysia under the Act on 5 October 2010 as a private limited company under the name Catcha Media Sdn Bhd. Subsequently, on 19 November 2010, we converted our status from a private limited company to a public limited company to facilitate our listing on the ACE Market of Bursa Securities and assumed our present name. Our Company was incorporated specifically to act as the holding company of our Group and to be the listed vehicle for the purpose of the Listing.

### 9.2 Acquisition

#### 9.2.1 Introduction

On 6 October 2010, our Company had entered into a share sale agreement with Catcha Group (S) for the Acquired Assets for an aggregate purchase consideration of RM11,000,000 satisfied by the issuance of 110,000,000 Catcha Media Shares. Details of the Acquired Assets are set out in the table below:

Acquired Assets	No. of ordinary shares purchased	Audited NA/ (Net liabilities) as at 31 August 2010 RM	Effective interest (%)
Catcha Luxury	2,364,100	(915,276) <sup>(1)</sup>	100.00
Catcha Home	1,448,002	673,827 <sup>(1)</sup>	100.00
Catcha Kids	2	55,722	100.00
Catcha Lifestyle <sup>(2)</sup>	1,000,000	2,120,121	100.00
Catcha Media Holdings Group	2	2,885,595	100.00

Notes:

<sup>(1)</sup> Audited NA/(Net liabilities) adjusted to reverse their respective investments in Catcha Lifestyle amounting to RM3,981,505 for Catcha Luxury and RM505,771 for Catcha Home.

<sup>(2)</sup> Catcha Media owns 100% effective equity interest in Catcha Lifestyle vide its direct shareholding of 11.73% in Catcha Lifestyle and 88.27% of effective equity shareholding vide Catcha Media's direct shareholding in Catcha Luxury, Catcha Home and Catcha Media Holdings.

The Acquisition were completed on 15 November 2010.

The new Shares issued pursuant to the Acquisition rank *pari passu* in all respects with our existing issued Shares including voting rights and rights to all dividends and distributions, the entitlement date of which are subsequent thereof.

#### 9.2.2 Basis of determining the purchase consideration

The purchase consideration was arrived at a "willing-buyer willing-seller" basis after taking into consideration the aggregated audited NA per share of the Acquired Assets of RM5,735,265 (excluding Catcha Luxury which had net liabilities after adjustments to reverse the investment in Catcha Lifestyle). Catcha Luxury was acquired for a nominal fee of RM1.00 as Catcha Luxury is at a net liabilities position of RM915,276.

## 9. FLOTATION EXERCISE (Cont'd)

For the purposes of evaluating the purchase consideration of RM11,000,000 to acquire the Acquired Assets, Catcha Media has made reference to the valuation statistics of selected companies listed on Bursa Securities that are broadly comparable with the Acquired Assets ("Comparable Companies") to get an indication of the current market expectation with regards to the perceived valuation of the Acquired Assets.

The table below sets out the valuation statistics of the Comparable Companies based on the closing market prices as at 6 October 2010.

Comparable Companies	Principal activities	Financial year ended	P/B (times)	Market capitalisation (RM' million)
Star Publications (Malaysia) Berhad	Publication, printing and distribution of newspapers and magazines, advertising in print and electronic media and operations of wireless broadcasting stations.	31/12/2009	2.03	2,629.29
Utusan Melayu (Malaysia) Berhad	Publishing and distribution of newspaper, magazines and books, indoor and outdoor advertising and also printing of magazines and books.	31/12/2009	0.34	93.02
Media Chinese International Limited	Publication of various newspapers and magazine in Chinese language, and other related printed and digital publication.	31/03/2010	1.25	1,422.89
Media Prima Berhad	Investment holding, Commercial television and radio broadcasting, publishing, editorial services and sale of newspapers, general media advertising, provision of advertising space and related production works, sale of programme rights, sale of videos and cable television.	31/12/2009	1.79	1,170.87
Jobstreet Berhad	Interactive marketing services, online recruitment and human resources managing activities, online lifestyle portal and automobile advertising services.	31/12/2009	4.49	2,095.10
Innity Corporation Berhad	Provision of technology based online advertising solutions and other related internet services.	31/12/2009	1.29	18.24
<b>Simple Average</b>			<b>1.87</b>	

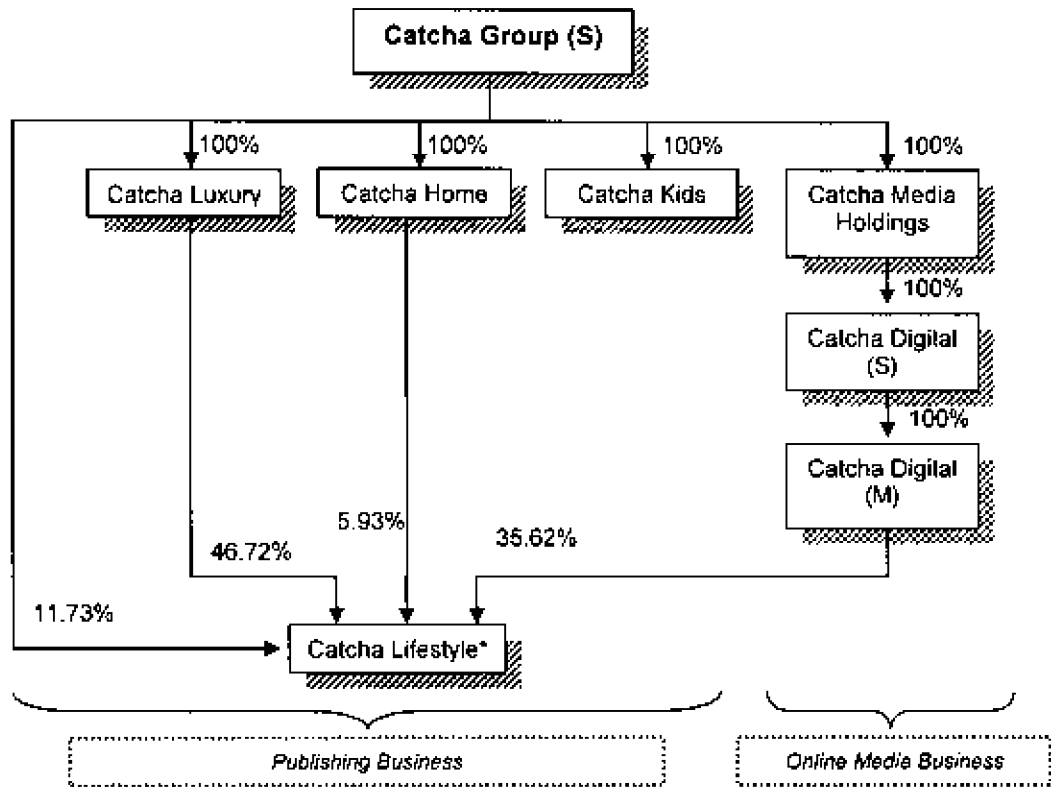
Based on the simple average of the Comparable Companies of 1.87 times and the net assets of the Acquired Assets as at 31 August 2010 of RM5,735,265, the purchase consideration would be RM10,724,946. The purchase consideration was rounded up to RM11,000,000 to simplify the computation of Catcha Media Shares to be issued pursuant to the Acquisition.

In addition, based on the annualised profit after tax of the Acquired Assets as at 31 August 2010 of approximately RM11.36 million (profit after tax as at 31 August 2010: RM7.57 million), the PE Multiple of the purchase consideration of RM11.00 million would be 0.97 times only.

9. FLOTATION EXERCISE (Cont'd)

Our Group's corporate structure before and upon completion of the Acquisition are depicted in the diagrams below.

**Before Acquisition:**



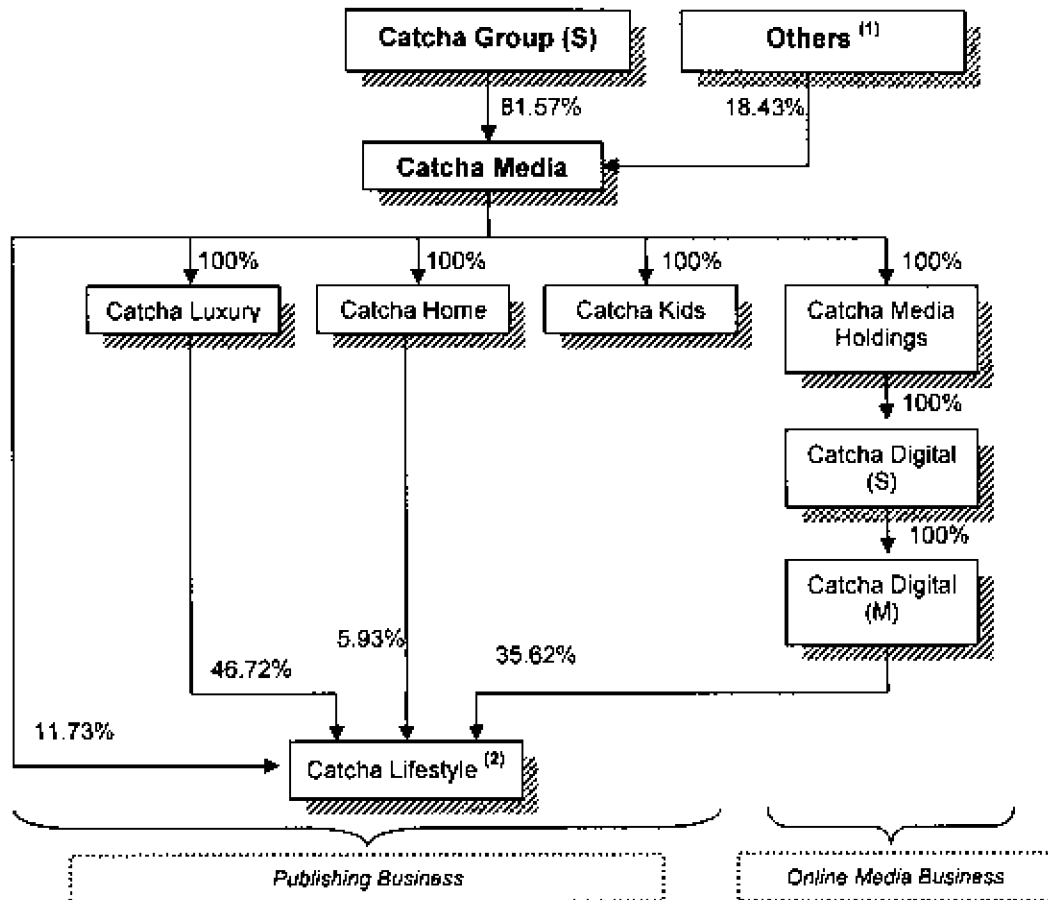
Note:

\* Please refer to Section 5.2.3 of this Prospectus for further details of the shareholders of Catcha Lifestyle

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## 9. FLOTATION EXERCISE (Cont'd)

Upon Acquisition and after pre-IPO exercise (before Public Issue and Offer for Sale):



Notes:

<sup>(1)</sup> Others comprised of Dato' Gan Nyap Liou, Mah Yong Sun, Comperio Investment Management Ltd, long-serving employees, key management of Catcha Group (S) and its subsidiaries and Lim Kah Wui, a founding member who collectively holds 18.43% equity interest in our Group.

<sup>(2)</sup> Please refer to Section 5.2.3 of this Prospectus for further details of the shareholders of Catcha Lifestyle.

### 9.3 Public Issue

Pursuant to the Public Issue, we shall issue 23,000,000 new Shares at an Issue Price of RM 0.75 per Share to be allocated in the following manner:

- 20,000,000 Issue Shares will be allocated by way of private placement to identified investors; and
- 3,000,000 Issue Shares will be made available for application by the Malaysian public, to be allocated via ballot.

The Issue Shares will rank *pari passu* in all respects with our existing issued Shares including voting rights and rights to all dividends and distributions, the entitlement date of which are subsequent thereof.

## 9. FLOTATION EXERCISE (Cont'd)

Upon completion of the Public Issue, our issued and paid-up share capital will increase from RM11,000,002 comprising 110,000,020 Shares to RM13,300,002 comprising 133,000,020 Shares.

### 9.4 Offer for Sale

In conjunction with our Listing, our Company will undertake an offer for sale of up to 11,000,000 Shares to identified investors at an Offer Price of RM0.75 per Share.

Our Selling Shareholder is offering up to 11,000,000 Offer Shares for sale, representing approximately 8.27% of our enlarged issued and paid-up share capital.

### 9.5 Listing

We have obtained approval from Bursa Securities for our admission to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up share capital of RM0.75 comprising 133,000,020 Shares on the ACE Market of Bursa Securities.

### 9.6 Approvals and Conditions

Bursa Securities had vide its letter dated 30 May 2011, approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

The conditions imposed by Bursa Securities and the status of our compliance with the conditions are as follows:

No.	Details on conditions imposed	Status of compliance
(a)	Catcha Media to terminate the option agreement dated 23 March 2009 Catcha Media Holdings and Catcha Digital (S) with Microsoft prior to the issuance of the Prospectus. OSK and Catcha Media to inform Bursa Securities once the termination of the option agreement has been effected;	Complied.
(b)	Catcha to obtain shareholders' approval prior to the exercise of option to acquire 51.00% equity interest in Catcha Digital Asia;	To be complied.
(c)	Submission of the following information in respect of the moratorium on the shareholdings of Promoters to Bursa Depository:  (i) Name of Shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	To be complied. The information will be submitted to Bursa Depository upon allotment of Shares.
(d)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.
(e)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of GN15 of the Listing Requirements;	To be complied.

## 9. FLOTATION EXERCISE (Cont'd)

No.	Details on conditions imposed	Status of compliance
(f)	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of Catcha Media on the first day of listing;	To be complied.
(g)	Any Directors that have not attended the Mandatory Accreditation Programme, must do so prior to the listing of the Company; and	<p>Bursa Securities had vide its letter dated 28 June 2011 granted approval for an extension of time for the Directors of Catcha Media to attend the Mandatory Accreditation Programme as follows:</p> <p>(i) Mah Yong Sun and Kensuke Tsurumaru an extension of time until 28 July 2011; and</p> <p>(ii) Patrick Y-Kin Grove an extension of time until 8 September 2011.</p> <p>The Company is to furnish Bursa Securities with a copy of the above Directors' certificate of attendance once they are available.</p>
(h)	Catcha Media/OSK to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied.

The SC had vide its letter dated 24 February 2011 resolved to approve our resulting equity structure pursuant to the IPO under the equity requirements for public companies. The conditions imposed by the SC and the status of our compliance with the conditions are as follows:

No.	Details on conditions imposed	Status of compliance
(a)	Catcha Media to submit to the SC its equity structure upon completion of the proposed listing;	To be complied.
(b)	Catcha Media to allocate the difference between the prescribed equity requirement of 12.50% of its enlarged issued and paid-up share capital and the actual equity interests of Bumiputera investors upon listing, to Bumiputera public investors to be recognized by MITI, within one year after achieving the profit track record requirement for companies seeking for listing on the Main Market, or five (5) years after being listed on ACE Market, whichever is the earlier; and	To be complied.

## 9. FLOTATION EXERCISE (Cont'd)

No.	Details on conditions imposed	Status of compliance
(c)	Catcha Media to submit to the SC a proposal to comply with the Bumiputera equity condition within six months from the trigger date.	To be complied.

Save as disclosed below, the SC had vide their letter dated 23 May 2011 approved for reliefs from disclosing certain salient terms of material agreements as well as making the said terms available for public inspection pursuant to Paragraph 8.02(m) and 18.01(c) of the Prospectus Guidelines – Equity and Debt:

No.	Details on conditions imposed	Status of compliance
(a)	To disclose the termination clauses in the SAA; and	Complied.
(b)	In respect of the minimum guarantee obligation, such information in the said agreements are allowed to be blackened-out for public inspection, subject to the disclosure of the aggregate outstanding minimum guarantee amount to be made in the prospectus.	Complied. Please refer to Section 4.2.4 of the Prospectus.

## 9.7 Moratorium on Our Shares

In compliance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:

- the moratorium applies to the entire shareholdings of our Promoters for a period of six (6) months from the date of admission to the ACE Market of Bursa Securities (“**6-Month Moratorium**”);
- upon the expiry of the 6-Month Moratorium, our Promoters’ aggregate shareholdings amounting to at least 45% of the nominal issued and paid-up ordinary share capital of our Company shall remain under moratorium, for another period of six (6) months; and
- thereafter, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight-line basis) of the Shares held under moratorium.

Details of our shareholders whose Shares are subject to moratorium are as follows:

	After the IPO and during the 6-Month Moratorium				After 6-Month Moratorium			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital
Catcha Group (S)	78,732,558	59.20	-	-	59,850,009	45.00	-	-
Patrick Y-Kin Grove	-	-	78,732,558	59.20	-	-	59,850,009	45.00
Kensuke Tsurumaru	-	-	78,732,558	59.20	-	-	59,850,009	45.00
Lucas Robert Elliott	-	-	78,732,558	59.20	-	-	59,850,009	45.00

## 9. FLOTATION EXERCISE (Cont'd)

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Our Promoters, namely, Catcha Group (S), Patrick Y-Kin Grove, Kensuke Tsurumaru and Lucas Robert Elliott have fully accepted the above moratorium restrictions. The restriction, which is fully acknowledged by the aforesaid Promoters, is specifically endorsed on the notice of allotment representing their shareholdings that are under moratorium. In addition, the shareholders of Catcha Group (S), namely, Patrick Y-Kin Grove, Kensuke Tsurumaru and Lucas Robert Elliott have also given their respective undertakings that they will not sell, transfer or assign their respective shareholding in Catcha Group (S) within six (6) months from the date of our admission to the ACE Market of Bursa Securities.

The Registrar and Bursa Depository have been informed in writing in relation to the moratorium of the aforesaid Promoters to ensure that they do not register any transfer not in compliance with the moratorium restrictions.

### 9.8 Pre-IPO exercise

Subsequent to the Acquisition, Catcha Group (S), our major shareholder had undertaken the following pre-IPO exercises:

- (a) Catcha Group (S) has on 27 October 2010 transferred 7,297,982 Shares or representing 6.63% of our Company's issued and paid-up share capital to the following parties:
  - (i) long-serving employees of our Group;
  - (ii) key employees of Catcha Group (S) and its subsidiaries; and
  - (iii) Lim Kah Wui, a founding member of Catcha Group (S).

The Shares transferred by Catcha Group (S) to the long-serving employees of our Group will be recognised as expenses in the consolidated statements of comprehensive income of our Group for the FYE 2010 totalling to RM1,009,964 under the provisions of Financial Reporting Standards 2: Share-based Payment. Catcha Group (S) vide its letters dated 22 December 2010 to Catcha Lifestyle and Catcha Digital (M) has stated its decision to waive the aggregate amount of RM1,009,964 due to Catcha Group (S) in relation to the provisions of Financial Reporting Standards 2: Share-based Payment.

- (b) In addition to the above, Catcha Group (S) has executed three (3) share sale agreements with the following parties:
  - (i) On 27 October 2010, Comperio Investment Management Ltd, a company incorporated in Cayman Island, acquired 6,484,740 Catcha Media Shares representing 5.90% equity interest in our Company (after the Acquisition);
  - (ii) On 27 October 2010, Dato' Gan Nyap Liou, our Independent Non-Executive Chairman, acquired 5,187,792 Catcha Media Shares representing 4.71% equity interest in our Company (after the Acquisition); and
  - (iii) On 27 October 2010, Mah Yong Sun, our Independent Non-Executive Director, acquired 1,296,948 Catcha Media Shares representing 1.18% equity interest in our Company (after the Acquisition).



## 10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST

## 10.1 Related Party Transactions and Conflicts of Interest

For the FYE 2008, FYE 2009 and FYE 2010, none of our Directors, substantial shareholders, key management and/or persons connected with them, was engaged in any existing or potential related party transaction, save for the following:

Transacting party	Nature of transaction	Value of transactions		
		FYE 2008 (RM)	FYE 2009 (RM)	FYE 2010 (RM)
<b>Catcha Group (S)</b> <sup>(1)</sup>	(i) Management fees charged by Catcha Group (S) to Catcha Kids	-	220,086	-
	(ii) Management fees charged by Catcha Group (S) to Catcha Lifestyle	269,640	574,548	-
	(iii) Acquisition of Juice by Catcha Lifestyle from Catcha Group (S) <sup>(2)</sup>	-	-	2,000,000
	(iv) Advertising Space purchased by Catcha Group (S) to Catcha Digital (M) <sup>(3)</sup>	-	-	9,096,752
	(v) Catcha Digital (S) acquired Catcha Digital (M) from Catcha Group (S)	-	2	-
<b>Catcha Limited</b> <sup>(4)</sup>	(i) Editorial and production costs charged by Catcha Limited to Catcha Luxury	240,000	240,000	-
	(ii) Operating and internet charges charged by Catcha Limited to Catcha Luxury	264,000	264,000	-
	(iii) Management fees charged by Catcha Limited to Catcha Luxury	132,000	132,000	-
	(iv) Editorial and production costs charged by Catcha Limited to Catcha Home	120,000	120,000	-
	(v) Operating and internet charges charged by Catcha Limited to Home	264,000	264,000	-
	(vi) Management fees charged by Catcha Limited to Catcha Home	132,000	132,000	-
<b>Catcha Holding Company Sdn Bhd</b> <sup>(5)</sup>	(i) Catcha Digital (S) disposed Catcha Digital (M) to Catcha Holding Company Sdn Bhd (formerly known as Catcha Media Sdn Bhd)	-	-	2
	(ii) Catcha Holding Company Sdn Bhd (formerly known as Catcha Media Sdn Bhd) disposed Catcha Digital (M) to Catcha Digital (S)	-	-	1

**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST****Notes:**

- <sup>(1)</sup> Patrick Y-Kin Grove and Kensuke Tsurumaru are directors and substantial shareholders of Catcha Group (S). Lucas Robert Elliott is a substantial shareholder of Catcha Group (S).
- <sup>(2)</sup> On 2 November 2010, Catcha Group (S) and Catcha Lifestyle entered into a sale and purchase agreement to purchase the rights and trademarks of Juice for a cash consideration of RM2.00 million to be paid over five (5) payments up to 31 December 2011 by Catcha Lifestyle to Catcha Group (S). On 18 May 2011, our Board has resolved and agreed to the settlement of RM2.32 million due by Catcha Group (S) to our Group via netting off of RM1.50 million (being the balance amount due to Catcha Group (S) for the purchase of the rights and trademarks of Juice) and cash receipt of RM0.82 million by 15 June 2011, which has been settled.
- Our Group commenced the Publishing Business in 2001 and Catcha Lifestyle published Juice magazine since 2002. Catcha Group (S) has not entered into any Publishing Licence with Catcha Lifestyle for the publication of Juice magazine as Catcha Lifestyle was a wholly-owned subsidiary of Catcha Group (S). Subsequent to the Acquisition, it is in our interest to purchase the rights to publish Juice magazine from Catcha Group (S) as:
- (i) the revenue from Juice magazine contributes approximately RM1.16 million or 4.63% of our total revenue for the FPE 2010;
  - (ii) Catcha Lifestyle is the publisher of Juice magazine in Malaysia and has given Publishing Licence to Lumina Looque LLP in Singapore and PT Media Satu in Indonesia; and
  - (iii) with the purchase of the rights to publish Juice magazine, we have all the necessary Publishing Licences to publish all the Magazines of our Group.
- <sup>(3)</sup> Catcha Group (S) purchased Advertising Space from Catcha Digital (M) based on commercial terms which were not more favourable to Catcha Group (S) than those generally available to the public and are in the ordinary course of business.
- On 7 October 2010, Catcha Group (S) and Catcha Digital (M) entered into a Master Advertising Agreement for the purchase of Advertising Space on commercial terms which are not more favourable to Catcha Group (S) than those generally available to the public and are in the ordinary course of business. Details of the agreement are set out in Section 6.14 of this Prospectus.
- <sup>(4)</sup> Patrick Y-Kin Grove and Kensuke Tsurumaru are directors of Catcha Ltd, a company owned by Catcha Group (S) (which Patrick Y-Kin Grove and Kensuke Tsurumaru, who are directors and substantial shareholders, and Lucas Robert Elliott, who is a substantial shareholder)
- <sup>(5)</sup> Patrick Y-Kin Grove and Kensuke Tsurumaru are directors of Catcha Holding Company Sdn Bhd, a company owned by Catcha Group (S) (which Patrick Y-Kin Grove and Kensuke Tsurumaru, who are directors and substantial shareholders, and Lucas Robert Elliott, who is a substantial shareholder).

Our Directors are of the opinion that these transactions have been entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties.

Pursuant to Rule 10.09 of the Listing Requirements, a listed corporation may seek a mandate from its shareholders for a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed corporation or its subsidiaries ("Recurrent Related Party Transaction") subject to the following:

- (i) the transaction are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under sub-Rule (1) of Rule 10.09 of the Listing Requirements;

**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)**

- (iii) the listed corporation's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain a shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the listed corporation immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the listed corporation, exceeds the value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

**10.2 Transactions that are Unusual in their Nature or Conditions**

Save as disclosed below, our Directors have confirmed that to the best of their knowledge and belief, there has been no transaction that is unusual in its nature or conditions, involving goods, services, tangible or intangible assets to which our Company or any of our subsidiaries was a party over the past three (3) financial years up to the FYE 2010:

- (i) On 2 November 2010, Catcha Lifestyle entered into a sale and purchase agreement with Catcha Group (S) to acquire the rights and trademark of Juice magazine for a cash consideration of RM2.00 million to be paid over five (5) payments up to 31 December 2011 by Catcha Lifestyle to Catcha Group (S).

Set out below are the salient terms of the sale and purchase agreement with Catcha Group (S) to acquire the rights and trademark of Juice magazine:

- (a) Catcha Group (S) sells, assigns, transfers free from all liens, charges and encumbrances whatsoever, and Catcha Lifestyle purchases, as a going concern with effect from 2 November 2010, the rights and trademark of Juice magazine;
- (b) a consideration of RM2,000,000 is to be paid by Catcha Lifestyle to Catcha Group (S):
  - (aa) the sum of RM100,000 shall be payable on date of completion;
  - (bb) the sum of RM400,000 shall be payable on or before 31 March 2011;
  - (cc) the sum of RM500,000 shall be payable on or before 30 June 2011;
  - (dd) the sum of RM500,000 shall be payable on or before 30 September 2011; and
  - (ee) the sum of RM500,000 shall be payable on or before 31 December 2011.

On 18 May 2011, our Board has resolved and agreed to the settlement of RM2.32 million due by Catcha Group (S) to our Group via netting off of RM1.50 million (being the balance amount due to Catcha Group (S) for the purchase of the rights and trademarks of Juice) and cash receipt of RM0.82 million by 15 June 2011, which has been settled.

**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)**

Catcha Group (S) irrevocably and unconditionally agrees with and undertakes to Catcha Lifestyle with effect from the date of completion to permanently cease to assert any claim to ownership of the rights and trademark of Juice magazine, without exception;

- (c) Catcha Group (S) undertakes to Catcha Lifestyle that from the date of the agreement until the date of completion to:
- (aa) Catcha Group (S) shall not knowingly or actively do anything and/or permit anything to be done that will jeopardize or minimize the value of the rights and trademark of Juice magazine;
  - (bb) Catcha Group (S) shall not, other than as in the ordinary course of business, sell, licence, sub-licence or dispose any part of the rights and trademark of Juice magazine;
  - (cc) Catcha Group (S) will not create, extend, grant or issue or agree to create, extend, grant or issue any mortgage, charge, debenture, pledge or other security or encumbrance over any of the rights and trademark of Juice magazine;
  - (dd) Catcha Group (S) will not, other than as in the ordinary course of business, enter into any long term contract or abnormal contract or capital commitment in relation to the rights and trademark of Juice magazine;
  - (ee) Catcha Group (S) will not permit any liens to arise on the rights and trademark of Juice magazine;
  - (ff) Catcha Group (S) will not, other than as in the ordinary course of business, deal with rights and trademark of Juice magazine in any manner whatsoever or give any indulgence, waiver, release, compromise or concessions to any party under any transaction, contract, agreement or any document whatsoever; and
  - (gg) Catcha Group (S) will undertake to procure all other requisite actions to effect the sale and purchase of the business and assets.
- (d) The maximum and aggregate liability of Catcha Group (S) to Catcha Lifestyle in relation to any breach of the representations and warranties set out in the agreement shall not exceed the aggregate consideration amount paid pursuant to the agreement at the time which Catcha Group (S) is given written notice of the breach by Catcha Lifestyle.
- (ii) On 30 August 2010, Catcha Group (S) entered into the Indemnity Agreement with Catcha Media Holdings and Catcha Digital (S) where Catcha Group (S) irrevocably and unconditionally agrees and undertakes to indemnify both Catcha Media Holdings and Catcha Digital (S) against any such sums that Catcha Media Holdings and Catcha Digital (S) are required to pay pursuant to the commercial targets set out in the SAA. This indemnity will remain valid as long as Catcha Group (S) holds more than 33.00% of the total issued and paid-up share capital of our Company; and
- (iii) On 12 November 2010, our Company entered into a call option agreement with Catcha Group (S) whereby Catcha Group (S) has granted our Company the right to purchase 51.00% of the total equity interest in Catcha Digital Asia.

**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)****10.3 Interests in Similar Trade and Interests in Businesses of our Customers or Suppliers**

None of our Directors or substantial shareholders has any interest, direct or indirect, in any business or corporation carrying on a similar trade as our Company or subsidiaries in Malaysia, or any business or corporation which are also our customers or suppliers, save for:

- (i) Catcha Group (S) (which Patrick Y-Kin Grove and Kensuke Tsurumaru, who are directors and substantial shareholders, and Lucas Robert Elliott, who is a substantial shareholder) has entered into a Master Advertising Agreement with Catcha Digital (M), as described in Section 6.14 of this Prospectus; and
- (ii) Catcha Digital Asia (which Patrick Y-Kin Grove and Kensuke Tsurumaru, who are directors and indirect substantial shareholders, and Lucas Robert Elliott, who is an indirect substantial shareholder) is an Online Media Business based in Singapore, offering advertising to Malaysian brand owners and/or advertising agencies by way of international websites. Our Company has on 12 November 2010 signed a call option agreement relating to the purchase of 51.00% of the equity of Catcha Digital Asia. This call option agreement is detailed in Section 5.1.4 of this Prospectus.

**10.4 Outstanding Loans and Guarantees**

Save as disclosed below, our Directors have confirmed that there has been no outstanding loan (including guarantees of any kind) made by our Company or any of our subsidiaries to or for the benefit of related parties over the past three (3) financial years up to LPD:

Nature of transaction	Related party	Balance as at			
		FYE 2008 (RM'000)	FYE 2009 (RM'000)	FYE 2010 (RM'000)	LPD (RM'000)
Balance due from related parties	Catcha Group (S) <sup>(1)</sup>	2,135	3,280	4,912	1,045
	Catcha Ltd <sup>(2)</sup>	970	970	-	-
	Catcha Digital Asia <sup>(3)</sup>	-	243	-	8
	Digital Access Sdn Bhd <sup>(4)</sup>	231	254	-	-
	Looque Agency Sdn Bhd <sup>(5)</sup>	22	22	-	-
	Catcha Holding Company Sdn Bhd <sup>(6)</sup>	-	3	-	-
Balance due to related parties	Catcha Group (S) <sup>(1)</sup>	-	221	1,900	-
	Catcha Ltd <sup>(2)</sup>	6,872	6,873	-	-
	Catcha Digital Asia <sup>(3)</sup>	-	-	-	-
	Digital Access Sdn Bhd <sup>(4)</sup>	357	374	-	-
	Looque Agency Sdn Bhd <sup>(5)</sup>	-	-	-	-
	IPGA Ltd <sup>(7)</sup>	1	1	-	-

**Notes:**

<sup>(1)</sup> Patrick Y-Kin Grove and Kensuke Tsurumaru are directors and substantial shareholders of Catcha Group (S). The amounts outstanding are denominated in RM.

<sup>(2)</sup> Patrick Y-Kin Grove and Kensuke Tsurumaru are directors of Catcha Ltd, a company owned by Catcha Group(S). The amounts were denominated in RM.

<sup>(3)</sup> Patrick Y-Kin Grove and Kensuke Tsurumaru are directors of Catcha Digital Asia, a company owned by Catcha Group(S). The amounts were denominated in RM.

<sup>(4)</sup> Patrick Y-Kin Grove and Kensuke Tsurumaru are directors of Digital Access Sdn Bhd, a company owned by Catcha Group(S).

<sup>(5)</sup> Patrick Y-Kin Grove and Kensuke Tsurumaru are directors of Looque Agency Sdn Bhd.

**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)**

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- <sup>(6)</sup> *Patrick Y-Kin Grove and Kensuke Tsurumaru are directors of Catcha Holding Company Sdn Bhd, a company owned by Catcha Group(S).*
- <sup>(7)</sup> *Patrick Y-Kin Grove is a director of IPGA Limited, a company of which Catcha Group (S) is a major shareholder. The amounts were denominated in RM.*

The loans recorded for the FYE 2008, FYE 2009 and FYE 2010 above, which were for working capital funding and operating expenses, were short-term in nature, interest free, unsecured and repayable on demand. As at LPD, all balances due from the related parties have been settled, save for Catcha Group (S), which is trade in-nature.

All future transactions which involve the interests of our Directors, substantial shareholders, key management and/or persons connected with them will be transacted at arm's length, on our normal commercial terms which are not more favourable to the related parties than those generally available to the public, and which are not to the detriment of the minority shareholders. The Audit Committee will supervise the terms of all related party transactions, and our Directors will report such transactions, if any, all in our annual reports.

**10.5 Conflicts of Interest**

OSK has given its written confirmation to our Board that there is no equity and or financial relationship or circumstances with our Group that has resulted in or may result in a situation or potential conflict of interest in its capacity as the Adviser, Underwriter and Placement Agent to our Group for the Flotation Exercise.

Messrs BDO has given its written confirmation to our Board that there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as the Auditors and Reporting Accountants for the Flotation Exercise.

Messrs Cheang & Ariff has given its written confirmation to our Board that there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as the Solicitors for the Flotation Exercise.

Frost & Sullivan has given its written confirmation to our Board that there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as the Independent Market Research Consultants for the Flotation Exercise.

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## 11. OTHER INFORMATION CONCERNING OUR GROUP

### 11.1 Land and Buildings

#### 11.1.1 Land and buildings rented by our Group

As at LPD, our Group does not own any land or buildings. A summary of the offices rented by our Group as at LPD is set out below:

Tenant and postal address/identification	Landlord	Description and existing use	Tenure of tenancy	Monthly rental (RM)	Built-up area (Square feet)
<b>Catcha Digital (M)</b> No. 47-09, Ninth Floor The Boulevard Lingkaran Syed Putra Mid Valley City 59200 Kuala Lumpur	Insas Plaza Sdn Bhd	Office unit situated on the ninth (9 <sup>th</sup> ) floor of an eleven (11) storey office building/ Management office	1 July 2010 to 30 June 2012	6,476.80	2,024
Suite 7.06, The Gardens North Tower Lingkaran Syed Putra 59200 Kuala Lumpur	Mid Valley City North Tower Sdn Bhd	An office on the seventh (7 <sup>th</sup> ) floor of a thirty-two (32) storey office building/ R&D office	1 December 2010 to 30 November 2013	14,760.10	2,203
<b>Catcha Lifestyle</b> No. 47-07, Seventh Floor The Boulevard Lingkaran Syed Putra Mid Valley City 59200 Kuala Lumpur	Insas Plaza Sdn Bhd	Office unit situated on the seventh (7 <sup>th</sup> ) floor of an eleven (11) storey office building/ Management office	1 July 2010 to 30 June 2012	6,476.80	2,024
No. 45-07, Seventh Floor The Boulevard Lingkaran Syed Putra Mid Valley City 59200 Kuala Lumpur	Insas Plaza Sdn Bhd	Office unit situated on the seventh (7 <sup>th</sup> ) floor of an eleven (11) storey office building/ Head and management office	1 July 2010 to 30 June 2012	9,955.20	3,111

In respect of the offices rented by our Group and to the best of knowledge of our Directors, we are not in breach of any law, rules and building regulations in relation to the use of all land and buildings leased by us.

**11. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

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**11.2 Material Plant and Equipment**

As at 31 December 2010, our Group's total audited net book value of our plant and equipment was approximately RM0.35 million. The plant and equipment of our Group mainly consists of computers, office equipment, and furniture and fittings.

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## 12. FINANCIAL INFORMATION

### 12.1 Pro Forma Consolidated Statements of Comprehensive Income

We have prepared our pro forma consolidated statements of comprehensive income for each of the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010 below. Our pro forma consolidated statements of comprehensive income for each of the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010, were prepared for illustrative purposes only, based on our Company's and our subsidiaries' respective audited financial statements for the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010, on the assumption that our current Group structure had been in existence throughout the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010. Our pro forma consolidated statements of comprehensive income below have been prepared in accordance with the applicable approved accounting standards in Malaysia.

You should read the summary of our financial data regarding our business for the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010, that we have presented below together with our Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.2 of this Prospectus, the Reporting Accountants' letter on our Pro forma Consolidated Financial Information enclosed in Section 12.3 of this Prospectus and the accompanying notes and assumptions included in the Reporting Accountants' Report enclosed in Section 13 of this Prospectus.

	<----- Pro forma ----->		
	FYE 2008 (RM'000)	FYE 2009 (RM'000)	FYE 2010 (RM'000)
Revenue	13,832	19,698	35,424
Less: Cost of sales	(8,631)	(14,547)	(22,817)
Gross profit	5,201	5,151	12,607
Other operating income	118	578	5,153
Administrative expenses	(5,367)	(5,281)	(6,609)
Other operating expenses	(167)	(208)	(328)
PBT	(215)	240	10,823
Taxation	6	(4)	(2,720)
PAT	(209)	236	8,103
MI	-	-	-
Profit attributable to the equity holders for the financial year	(209)	236	8,103
EBITDA	(98)	324	10,925
No. of ordinary shares of RM0.10 each in issue ('000) <sup>(1)</sup>	133,000	133,000	133,000

**12. FINANCIAL INFORMATION (Cont'd)**

(Cont'd)

	←----- Pro forma -----→		
	FYE 2008 (RM'000)	FYE 2009 (RM'000)	FYE 2010 (RM'000)
<b>Profit margin</b>			
Gross profit margin (%)	37.60	26.15	35.59
PBT margin (%)	(1.55)	1.22	30.55
Net profit margin (%)	(1.51)	1.20	22.87
<b>Basic EPS</b>			
Gross EPS (sen) <sup>(2)</sup>	(0.16)	0.18	8.14
Net EPS (sen) <sup>(3)</sup>	(0.16)	0.18	6.09
Effective tax rate (%)	(2.79)	1.67	25.13

Notes:

- <sup>(1)</sup> The number of Shares assumed in issue is the number of issued and paid-up share capital of RM0.10 each immediately prior to the IPO.
- <sup>(2)</sup> The gross EPS is calculated based on the PBT attributable to our shareholders for the respective financial years divided by the number of Shares in issue.
- <sup>(3)</sup> The net EPS is calculated based on the PAT attributable to our shareholders for the respective financial years divided by the number of Shares in issue.
- \* Negligible

Inter-company transactions between the companies within our Group for each of the financial years under review have been eliminated on consolidation.

No exceptional or extraordinary item was recorded during the financial years under review.

Save as disclosed below, our consolidated financial statements have been reported by our auditors without any qualification or modification for the financial years under review:

Name of Company	FYE 2008	FYE 2009	FYE 2010
Catcha Digital (M)	*	*	-
Catcha Home	*	*	-
Catcha Lifestyle	*	*	-
Catcha Luxury	*	-	-
Catcha Kids	*	*	-
Catcha Media Holdings	-	*	-
Catcha Digital (S)	-	*	-

Note:

- \* The auditors had highlighted the continuation of the following companies as a going concern ("Emphasis of Matter") for the respective FYE.

For the FYE 2010, neither our Company nor any of our other subsidiaries have any Emphasis of Matter.

**12. FINANCIAL INFORMATION (Cont'd)**

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**12.2 Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following is a discussion and analysis of our financial condition and results of operations for the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010. You should read the financial information presented below together with the Reporting Accountants' letter on our Pro forma Consolidated Financial Information and the Reporting Accountants' Report, together with the notes, assumptions and bases thereto, as set out in Sections 12.3 and 13 of this Prospectus respectively.

This discussion and analysis contains data derived from our Group's audited financial statements as well as forward-looking statements that involve risks and uncertainties and reflect our current views with respect to future events and financial performance. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those stated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the "Risk Factors" section as set out in Section 4 of this Prospectus.

**Overview of results**

We are primarily operators of Media Businesses. As at the LPD, we publish fourteen (14) magazines in sixteen (16) editions with various contents and have the exclusive rights to market and sell advertisements on two (2) Online Properties that have approximately 9.78 million Unique Users for the month of October 2010 (Source: *comScore, Inc. and Lowyat.net*). We have teams that create local content on a daily basis. Our Management and Directors are experienced in operating and strategizing for Media Businesses, in particular internet businesses. For the FYE 2009, our Group had approximately 11.71% of the total online Adex in Malaysia and is estimated to achieve approximately 26.62% of the total online Adex in Malaysia for the year 2010 (Source: *Independent Market Research report prepared and compiled by Frost & Sullivan*).

Our Group's revenue is primarily derived from the sale of Advertising Space to brand owners and/or advertising agencies. To increase the opportunities to sell our Advertising Space, we rely on our ability to attract audiences to our content. Therefore, we are often required to create or purchase contents that are attractive to the respective target readers or users in our Magazines and Online Properties. Our other revenue streams are primarily from Magazine sales, other Magazine income and licensing income which contribute approximately 2.16%, 2.66% and 0.55% to our Group's total revenue for the FYE 2010 respectively.

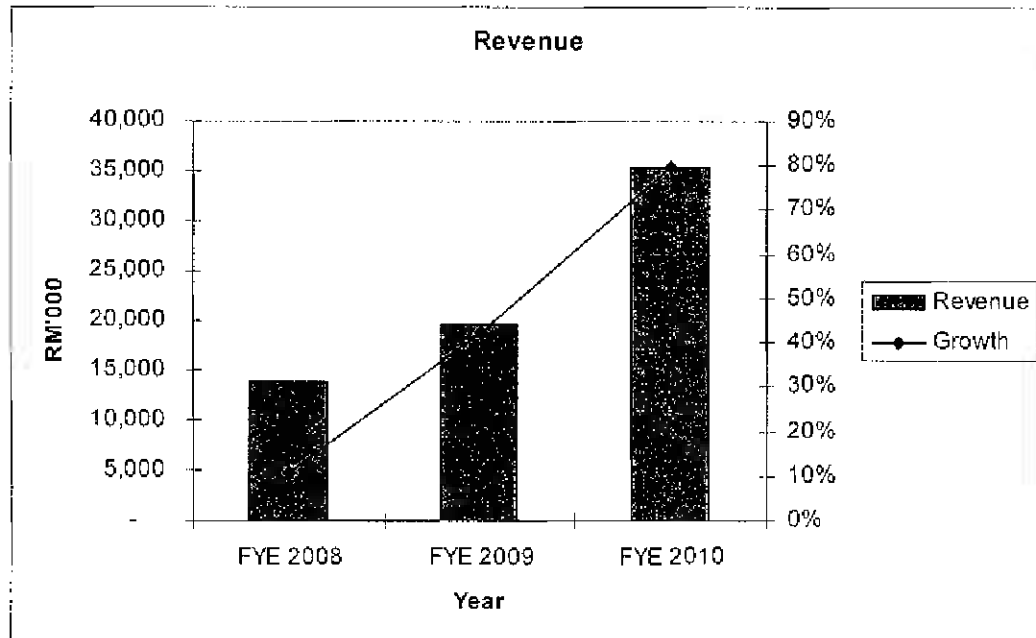
In order to reach brand owners and/or advertising agencies, we seek to expand our customer coverage, amongst others, by way of increasing our market share via obtaining representation and sales rights for other Online Properties and through acquisition opportunities that will reinforce our position by increasing our market share.

Over the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010, our Group has shown a consistent increase in revenue, with our Group turning to profitability in the FYE 2009. The introduction of the Online Media Business to our Group in July 2009 has had a positive impact on the revenue of our Group and our Directors believe it will continue to increase its importance in respect of our Group's result.

## 12. FINANCIAL INFORMATION (Cont'd)

### Revenue

The following chart depicts our Group's revenue for the FYE 2008, FYE 2009 and FYE 2010:



Overall, our revenue has shown a consistent increase from the FYE 2008 to the FYE 2010 with a larger increase in the FYE 2009 as compared to the FYE 2008 due to the introduction of our Online Media Business in the FYE 2009 which has contributed positively to our revenue. Revenue for the FYE 2010 is approximately RM35.42 million, an increase over the FYE 2009 of 79.84%.

The decline in revenue of our Publishing Business for the FYE 2009 was a result of the decision made by our Management to discontinue three (3) loss-making magazines namely "OK! Magazine", "FourFourTwo" and "F1 Racing", within our Group's Magazine portfolio during the FYE 2009. The revenue from our Publishing Business further declined by 8.68% in the FYE 2010 as compared to the FYE 2009 mainly due to the decline in revenue associated with Catcha Luxury. Overall, our Group's total revenue grew by 79.84% due to the contribution from our Online Media Business which began in July 2009. The Online Media Business contributed revenue of approximately RM7.81 million in the FYE 2009 and approximately RM24.61 million in the FYE 2010. The increase in our Online Media Business' revenue from approximately RM7.81 million in the FYE 2009 to approximately RM24.61 million in the FYE 2010 was primarily due to the fact that in the FYE 2009, our Group only recorded six (6) months of operations of our Online Media Business as compared to the FYE 2010, where twelve (12) months' of operations were recorded and the revenue from the sale of Advertising Space to Catcha Group (S) amounting to approximately RM9.10 million.

**12. FINANCIAL INFORMATION (Cont'd)**

The breakdown of our revenue by our principal activities is set out as follows:

	←----- Pro forma -----→					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
<b>Publishing Business</b>						
- Advertising revenue	11,487	83.05	9,534	48.40	8,953	25.27
- Magazine sales	1,344	9.72	840	4.26	764	2.16
- Other magazine income	852	6.16	1,133	5.75	943	2.66
- Licensing income	149	1.08	377	1.92	193	0.55
Total Publishing Business	13,832	100.00	11,884	60.33	10,853	30.64
<b>Online Media Business</b>						
- Advertising revenue	-	-	7,179	36.45	22,563	63.69
- Other income	-	-	635	3.22	2,044	5.77
Total Online Media Business	-	-	7,814	39.67	24,607	69.46
Less: Intercompany transactions	-	-	-	-	(36)	0.10
Proforma consolidated	13,832	100.00	19,698	100.00	35,424	100.00

**Publishing Business**

For the financial years under review, our Publishing Business revenue is derived from the following:

**(a) Advertising revenue**

Advertising revenue comprises sale of Advertising Space for our Publishing Business.

**(b) Magazine sales**

Revenue derived from sales of our Magazines.

**(c) Other Magazine income**

Revenue derived from creative advertising products, Magazine-related events and Magazine subscription sales.

**(d) Licensing income**

Revenue derived from the licensing of Juice magazine to Juice Media Pte Ltd and PT Media Satu Global in Singapore and Indonesia respectively, and the licensing of a discontinued title in the FYE 2008.

Our Publishing Business had revenue of approximately RM13.83 million in the FYE 2008. Overall, our Publishing Business' revenue declined by approximately RM1.95 million or 14.08% in the FYE 2009 as compared to the FYE 2008 due to three (3) monthly magazines, namely "OK! Magazine", "F1 Racing" and "FourFourTwo", which were loss-making being discontinued by our Group in March, May and August respectively, after our Management made a decision to review our Magazine portfolio. Whilst this resulted in decreased revenue from the FYE 2008 to the FYE 2009, the PBT for the Publishing Business grew for the corresponding period, details of which are set out in the relevant discussion below.

**12. FINANCIAL INFORMATION (Cont'd)**

In the FYE 2009, our Group introduced Mint, a monthly magazine and Hanger, a semi-annual magazine, in March and November respectively. However, the advertising revenue and Magazine sales contribution from Mint and Hanger was less than the advertising revenue and Magazine sales contribution from the three (3) monthly magazines that were discontinued in the FYE 2009. Our Group ended that year with fourteen (14) magazine titles. Another factor that led to the decrease in revenue from our Publishing Business in the FYE 2009 as compared to the FYE 2008 was the decrease in overall spending by brand owners and advertising agencies.

Our other Magazine income increased by approximately RM0.28 million or 32.98% in the FYE 2009 as compared to the FYE 2008, mainly due to an increase in revenue derived from creative advertising products for brand owners and/or advertising agencies that encompassed the design and physical production of advertisements ("**Advertising Creative**").

The increase in our licensing income in the FYE 2009 by approximately RM0.23 million as compared to the FYE 2008 was primarily due to licensing income of approximately RM0.19 million received from Juice magazine for FYE 2008 that was only recognised in the FYE 2009 as the income was incorrectly recorded in the books of Catcha Group (S) in the FYE 2008. Licensing income for the FYE 2009 was approximately RM0.18 million.

Our Publishing Business' revenue declined by approximately RM1.03 million or 8.68% in the FYE 2010 as compared to the FYE 2009. The decline in revenue was due to lower advertising revenue recorded by Catcha Luxury, stemming from the replacement of the entire sales team within Catcha Luxury in the FYE 2010 and the resulting lag in performance of the new sales team. Our other Magazine income decreased by approximately RM0.19 million in the FYE 2010 as compared to the FYE 2009 due to a decrease in the revenue generated from Magazine-related events.

**Online Media Business**

For the FYE 2009 and the FYE 2010, our Online Media Business revenue was derived from the following:

**(a) Advertising revenue**

Advertising revenue derived from the marketing and sales of Advertising Space on Online Properties.

**(b) Other income**

Revenue derived from the production and development of online content.

Our Online Media Business commenced operations in July 2009. Our Online Media Business contributed 39.67% and 69.47% of our Group's total revenue in the FYE 2009 and the FYE 2010 respectively. The increase in our Online Media Business' revenue from approximately RM7.81 million in the FYE 2009 to approximately RM24.61 million in the FYE 2010 was primarily due to the fact that in the FYE 2009, our Group only recorded six (6) months of operations of our Online Media Business as compared to the FYE 2010, where twelve (12) months' of operations were recorded and the revenue from the sale of Advertising Space to Catcha Group (S) amounting to approximately RM9.10 million.

**12. FINANCIAL INFORMATION (Cont'd)**

We also set out the breakdown of our revenue by the companies within our Group as follows:

	←----- Pro forma -----→					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Catcha Media	-	-	-	-	-	-
Catcha Lifestyle	7,143	51.64	6,365	32.31	6,484	18.30
Catcha Home	1,226	8.86	1,107	5.62	1,199	3.38
Catcha Kids	686	4.96	801	4.07	551	1.56
Catcha Luxury	4,777	34.54	3,611	18.33	2,619	7.39
Catcha Media Holdings Malaysia	-	-	-	-	-	-
Catcha Digital (S)	-	-	-	-	-	-
Catcha Digital (M)	-	-	7,814	39.67	24,607	69.47
	13,832	100.00	19,698	100.00	35,460	100.10
Less: Intercompany transactions	-	-	-	-	(36)	(0.10)
Proforma consolidated	13,832	100.00	19,698	100.00	35,424	100.00

**Catcha Media**

Catcha Media was incorporated on 5 October 2010 as an investment holding company and does not generate operating revenue.

**Catcha Lifestyle**

Catcha Lifestyle's revenue for the FYE 2008 was approximately RM7.14 million. Catcha Lifestyle's revenue decreased from the FYE 2008 to the FYE 2009 by approximately RM0.78 million or 10.89% as three (3) loss-making magazine titles namely "OK! Magazine", "F1 Racing" and "FourFourTwo", within Catcha Lifestyle's magazine portfolio were discontinued in the FYE 2009. Catcha Lifestyle introduced Mint, a monthly magazine, and Hanger, a semi-annual magazine, in March and November 2009 respectively. However, the revenue contribution from Mint and Hanger magazines was less than that of the three (3) monthly magazines which were discontinued in the FYE 2009.

Catcha Lifestyle's revenue increased in the FYE 2010 as compared to the FYE 2009 by approximately RM0.12 million or 1.87% due to revenue from Mint, Stuff and Hanger magazines off-setting the loss in revenue from the three (3) monthly magazines that were discontinued in the FYE 2009. Catcha Lifestyle ended FYE 2010 with nine (9) magazine titles.

**Catcha Home**

Catcha Home's revenue for the FYE 2008 was approximately RM1.23 million. Catcha Home recorded a decrease in revenue of approximately RM0.12 million or 9.71% in the FYE 2009 as compared to the FYE 2008 owing to a decrease in the overall advertising spending by brand owners and/or advertising agencies.

Catcha Home's revenue for the FYE 2010 increased by approximately RM0.09 million or 8.31% as compared to the FYE 2009 as the frequency of the publication of Kitchen + Bathroom was increased from four (4) times a year to six (6) times a year, resulting in more issues of the magazines published in the FYE 2010 as compared to the FYE 2009. Catcha Home ended the FYE 2010 with two (2) magazine titles.

**12. FINANCIAL INFORMATION (Cont'd)**

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Catcha Kids

Catcha Kids' revenue for the FYE 2008 was approximately RM0.69 million. Catcha Kids' revenue increased by RM0.12 million or 16.76% between the FYE 2008 and the FYE 2009 as a result of further increases in advertising revenue and an increase in revenue associated with Magazine-related events.

In the FYE 2010, Catcha Kids' revenue declined by approximately RM0.25 million or 31.21% as compared to the FYE 2009 due mainly to a reduction in revenue associated with Magazine-related events. Catcha Kids ended the FYE 2010 with one (1) magazine title.

Catcha Luxury

Catcha Luxury's revenue for the FYE 2008 was approximately RM4.78 million. Revenue decreased by approximately RM1.17 million or 24.41% from the FYE 2008 to the FYE 2009 primarily due to a decrease in the overall advertising spending by brand owners and/or advertising agencies.

Catcha Luxury's revenue declined in the FYE 2010 to approximately RM2.62 million, as compared to approximately RM3.61 million in the FYE 2009 as a result of lower advertising revenue, stemming from the replacement of the entire sales team within Catcha Luxury in the FYE 2010 and the resulting lag in performance of the new sales team. Catcha Luxury ended the FYE 2010 with two (2) magazine titles.

Catcha Media Holdings and Catcha Digital (S)

Catcha Media Holdings and Catcha Digital (S) were incorporated on 19 March 2009 to facilitate the SAA. These companies are investment holding companies and do not generate operating revenue.

Catcha Digital (M)

Although Catcha Digital (M) commenced operations in July 2009, Catcha Digital (M) has been the primary revenue generator for our Group since the FYE 2009, contributing 39.67% of our Group's total revenue in the FYE 2009 and 69.47% of our Group's total revenue in the FYE 2010. The increase in the revenue of Catcha Digital (M) in the FYE 2010 to approximately RM24.61 million from approximately RM7.81 million in the FYE 2009 was mainly due to only six (6) months operations being recorded in the FYE 2009 as compared to twelve (12) months of operations in the FYE 2010 and the revenue from the sale of Advertising Space to Catcha Group (S) amounting to approximately RM9.10 million.

**Cost of Sales**

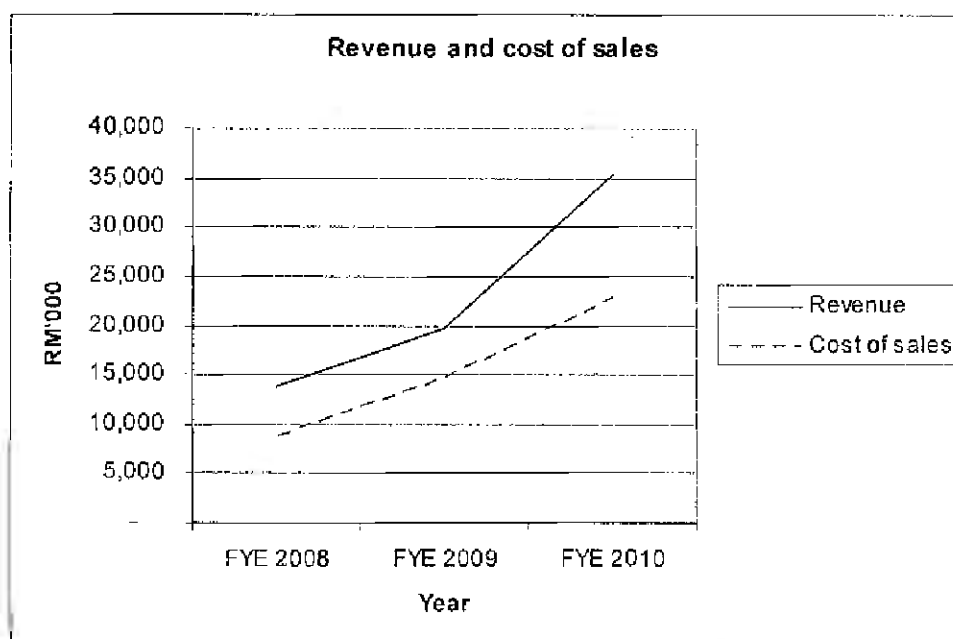
Our cost of sales for the Publishing Business is primarily derived from costs relating to content creation and the physical production of our Magazines. Our cost of sales for the Online Media Business is entirely from commissions to advertising agencies, owners of Online Properties, fees paid to Microsoft for the usage of the Microsoft Advertising Platform Technology on other Online Properties and our advertising sales staff.



**12. FINANCIAL INFORMATION (Cont'd)**

The analysis of our cost of sales for the financial years under review are set out as follows:

	←----- Pro forma ----->					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
<b>Publishing Business</b>						
- Printing and magazine costs	3,875	44.89	2,906	19.98	2,845	12.47
- Editorial costs	896	10.38	697	4.79	151	0.66
- Other costs	2,942	34.09	2,644	18.18	1,887	8.27
- Commissions	918	10.64	725	4.98	657	2.88
<b>Total Publishing Business</b>	<b>8,631</b>	<b>100.00</b>	<b>6,972</b>	<b>47.93</b>	<b>5,540</b>	<b>24.28</b>
<b>Online Media Business</b>						
- Commissions	-	-	7,575	52.07	17,313	75.88
<b>Total Commission</b>	<b>-</b>	<b>-</b>	<b>7,575</b>	<b>52.07</b>	<b>17,313</b>	<b>75.88</b>
Less: Intercompany transactions	-	-	-	-	(36)	(0.16)
<b>Proforma consolidated</b>	<b>8,631</b>	<b>100.00</b>	<b>14,547</b>	<b>100.00</b>	<b>22,817</b>	<b>100.00</b>



Overall, our total cost of sales increased in tandem with the increase in our Group's total revenue for the FYE 2008, FYE 2009 and FYE 2010. In the FYE 2010, our total cost of sales decreased as a proportion of our total revenue owing primarily to the Online Media Business being in operation for six (6) months in FYE 2009 as compared to twelve (12) months of operations in FYE 2010, an over-accrual of commission payments in FYE 2009 that was subsequently reversed in FYE 2010, and the discontinuation of charges from Catcha Ltd for editorial and production costs, and operating and internet charges as of 1 January 2010. Previously, expertise and resources were shared with Catcha Ltd and were charged according to the resources spent for our Publishing Business.

**12. FINANCIAL INFORMATION (Cont'd)**

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**Publishing Business**

For the financial years under review, our Group's cost of sales from the Publishing Business was derived from the following:

**(a) Printing and magazine costs**

Printing and magazine costs are costs in relation to the printing of Magazines and their associated materials.

**(b) Editorial costs**

Editorial costs relate to costs associated with the creation of content by our Group's staff, and editorial and production costs charged by Catcha Ltd.

**(c) Other costs**

Other costs are primarily comprised of production-related costs, including costs for photography and fashion styling, costs for the acquisition of editorial content from third parties, Magazine-related event costs, operating and internet charges charged by Catcha Ltd, licensing fees paid to our licensors and incentive payments to sales staff.

**(d) Commissions**

Commissions are commissions paid by our Group to advertising agencies and salesman commissions.

Our Group's cost of sales for the FYE 2008 was approximately RM8.63 million. In the FYE 2009, our Management undertook a strategic cost review in view of the contraction of the Malaysian economy by 1.7% in 2009 (*Source: Bank Negara Malaysia Annual Report 2009*), resulting in the renegotiation of all our printing costs. In the FYE 2009, printing and magazine costs reduced by approximately RM0.97 million or 25.01% as compared to the FYE 2008 as a result of these negotiations and the discontinuation of three (3) loss-making magazine titles namely "OK! Magazine", "F1 Racing" and "FourFourTwo", in the FYE 2009. In addition, our other costs decreased by approximately RM0.69 million primarily due to the decrease in license fees paid to our licensors of approximately RM0.30 million.

The overall cost of sales for our Publishing Business decreased from approximately RM6.97 million in the FYE 2009 to approximately RM5.54 million in the FYE 2010. The decrease was primarily due to the discontinuation of charges from Catcha Ltd for editorial and production costs, and operating and internet charges as of 1 January 2010, amounting to approximately RM0.89 million in the FYE 2009. Previously, expertise and resources were shared with Catcha Ltd and were charged according to the resources spent for our Publishing Business as our Publishing Business was in an expansionary mode where we launched seven (7) out of fourteen (14) magazine titles between the FYE 2007 to the FYE 2009. Subsequently, as at 1 January 2010, our Management has discontinued the reliance on Catcha Ltd as we have increased our editorial staff by two (2) head count and redeployed our existing editorial staff across lesser number of magazine titles arising from the discontinuation of three (3) magazine. In addition, other costs decreased by approximately RM0.48 million due to reduced Magazine-related event costs.

**12. FINANCIAL INFORMATION (Cont'd)****Online Media Business**

The Online Media Business only incurs cost of sales in respect of commission payments, made to advertising agencies, owners of Online Properties, fees paid to Microsoft for the usage of the Microsoft Advertising Platform Technology on other Online Properties and our advertising sales staff.

Commissions associated with our Online Media Business increased from approximately RM7.58 million in the FYE 2009 to approximately RM17.31 million in the FYE 2010, an increase of 128.36%, due to our Online Media Business recording six (6) months of operations in the FYE 2009 as compared to twelve (12) months of operations in the FYE 2010 and commissions to be paid for revenue generated from the sale of Advertising Space to Catcha Group (S).

We also set out the breakdown of our cost of sales by the companies within our Group as follows:

	<----- Pro forma ----->					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Catcha Media	-	-	-	-	-	-
Catcha Lifestyle	3,797	43.99	2,763	18.99	2,796	12.25
Catcha Home	812	9.41	927	6.37	492	2.16
Catcha Kids	500	5.79	586	4.03	443	1.94
Catcha Luxury	3,522	40.81	2,696	18.54	1,809	7.93
Catcha Media Holdings	-	-	-	-	-	-
Catcha Digital (S)	-	-	-	-	-	-
Catcha Digital (M)	-	-	7,575	52.07	17,313	75.88
	8,631	100.00	14,547	100.00	22,853	100.16
Less: Intercompany transactions	-	-	-	-	(36)	(0.16)
Proforma consolidated	8,631	100.00	14,547	100.00	22,817	100.00

**Catcha Media**

Catcha Media was incorporated on 5 October 2010 as an investment holding company and does not generate any cost of sales.

**Catcha Lifestyle**

Catcha Lifestyle's cost of sales for the FYE 2008 was approximately RM3.80 million. For the FYE 2009, our Management undertook a strategic cost review in view of the contraction of the Malaysian economy by 1.7% in 2009 (Source: *Bank Negara Malaysia Annual Report 2009*), resulting in the renegotiation of all our printing costs and the discontinuation of three (3) loss-making magazine titles namely "OK! Magazine", "F1 Racing" and "FourFourTwo". As a result:

- (a) the printing and magazine costs of Catcha Lifestyle decreased from approximately RM2.05 million in the FYE 2008 to approximately RM1.57 million in the FYE 2009; and
- (b) other costs decreased from approximately RM0.98 million in the FYE 2008 to approximately RM0.61 million in the FYE 2009 primarily due to a reduction in licensing fees paid to our licensors, arising from the discontinuation of three (3) loss-making magazines. The Magazine-related event costs also decreased by approximately RM0.13 million over the same years.

**12. FINANCIAL INFORMATION (Cont'd)**

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The cost of sales for Catcha Lifestyle increased marginally by approximately RM0.03 million in the FYE 2010 as compared to the FYE 2009.

**Catcha Home**

Catcha Home's cost of sales for the FYE 2008 was approximately RM0.81 million. For the FYE 2009, Catcha Home recorded increase in cost of sales of RM0.12 million, an increase of 14.16% over the FYE 2008 owing to an increase in Magazine-related event costs of approximately RM0.10 million.

Catcha Home's cost of sales for the FYE 2010 decreased by approximately RM0.44 million or 46.93% as compared to the FYE 2009 as a result of the discontinuation of charges from Catcha Ltd for editorial and production costs, and operating and internet charges as of 1 January 2010.

**Catcha Kids**

Catcha Kids' cost of sales for the FYE 2008 was approximately RM0.50 million. Its cost of sales increased by approximately RM0.09 million or 17.30% between the FYE 2008 and the FYE 2009 as a result of increases in printing and magazine costs of approximately RM0.02 million and an increase in Magazine-related event costs of RM0.06 million.

Catcha Kids' cost of sales for the FYE 2010 decreased by approximately RM0.14 million or 24.40% as compared to the FYE 2009 primarily due to a decrease in printing and magazine costs of approximately RM0.07 million, and Magazine-related event costs of approximately RM0.07 million.

**Catcha Luxury**

Catcha Luxury's cost of sales for the FYE 2008 was approximately RM3.52 million. In the FYE 2009, the cost of sales of Catcha Luxury decreased by approximately RM0.83 million or 23.45% as compared to the FYE 2008 mainly due to a decrease in printing and magazine costs of approximately RM0.50 million. The decrease in printing and magazine costs was the result of our Management's strategic cost review in the FYE 2009. Editorial costs, other costs and commissions also decreased by approximately RM0.07 million, RM0.10 million and RM0.16 million respectively.

Catcha Luxury's cost of sales decreased in the FYE 2010 to approximately RM1.81 million, as compared to approximately RM2.70 million in the FYE 2009 mainly due to the discontinuation of charges from Catcha Ltd for editorial and production costs, and operating and internet charges as of 1 January 2010, as well as a decrease in other costs by approximately RM0.48 million due to reduced Magazine-related event costs.

**Catcha Media Holdings and Catcha Digital (S)**

Catcha Media Holdings and Catcha Digital (S) were incorporated on 19 March 2009 to facilitate the SAA. These companies are investment holding companies and do not generate any cost of sales.

**Catcha Digital (M)**

Catcha Digital (M)'s cost of sales increased from approximately RM7.58 million in the FYE 2009 to approximately RM17.31 million in the FYE 2010, an increase of 128.36%, due to our Online Media Business recording six (6) months of operations in the FYE 2009 as compared to twelve (12) months of operations in the FYE 2010 and commissions to be paid for revenue generated from the sale of Advertising Space to Catcha Group (S).

**12. FINANCIAL INFORMATION (Cont'd)****Gross profit**

The breakdown of our gross profit by our principal activities for the financial years under review are set out as follows:

	←----- Pro forma ----->					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Publishing Business	5,201	100.00	4,912	95.36	5,313	42.14
Online Media Business	-	-	239	4.64	7,294	57.86
Less: Intercompany transactions	-	-	-	-	-	-
Proforma consolidated	5,201	100.00	5,151	100.00	12,607	100.00

**Publishing Business**

The gross profit of our Publishing Business for the FYE 2008 was approximately RM5.20 million. The gross profit of our Publishing Business decreased by approximately RM0.29 million or 5.54% from the FYE 2008 to the FYE 2009 due to the discontinuation of three (3) loss-making magazine titles namely "OK! Magazine", "F1 Racing" and "FourFourTwo" in FYE 2009, offset by the launch of two (2) magazine titles in the FYE 2009, our number of magazine titles decreasing from fifteen (15) in the FYE 2008 to fourteen (14) in the FYE 2009.

The gross profit of our Publishing Business in the FYE 2010 of approximately RM5.31 million increased over the gross profit of approximately RM4.91 million in FYE 2009, despite lower revenue, mainly because other costs decreased by approximately RM1.07 million or 40.51% in the FYE 2010 subsequent to the discontinuation of charges from Catcha Ltd for editorial and production costs, and operating and internet charges as of 1 January 2010. Previously, expertise and resources were shared with Catcha Ltd and was charged according to the resources spent for our Publishing Business. In addition, other costs decreased by approximately RM0.48 million due to reduced Magazine-related event costs.

**Online Media Business**

The Online Media Business contributed approximately RM0.24 million or 4.63% of our Group's total gross profit in the FYE 2009, as it only commenced operations in July 2009.

For the FYE 2010, the Online Media Business contributed approximately RM7.29 million or 57.86% of our Group's gross profit, as compared to 4.64% of our Group's gross profit in the FYE 2009. This is because the Online Media Business only contributed six (6) months of operations to the FYE 2009, compared to the FYE2010, where twelve (12) months of operations were recorded and as a result of the revenue from the sale of Advertising Space to Catcha Group (S).

**12. FINANCIAL INFORMATION (Cont'd)**

The breakdown of our gross profit by the companies within our Group for the financial years under review are set out as follows:

	<----- Pro forma ----->					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Catcha Lifestyle	3,346	64.34	3,602	69.93	3,688	29.25
Catcha Home	414	7.96	180	3.50	707	5.61
Catcha Kids	186	3.58	215	4.17	108	0.86
Catcha Luxury	1,255	24.12	915	17.76	810	6.43
Catcha Media Holdings	-	-	-	-	-	-
Catcha Digital (S)	-	-	-	-	-	-
Catcha Digital (M)	-	-	239	4.64	7,294	57.85
	5,201	100.00	5,151	100.00	12,607	100.00
Less: intercompany transactions	-	-	-	-	-	-
Proforma consolidated	5,201	100.00	5,151	100.00	12,607	100.00

**Catcha Media**

Catcha Media was incorporated on 5 October 2010 as an investment holding company and does not generate any operating revenue or cost of sales.

**Catcha Lifestyle**

Catcha Lifestyle's gross profit for the FYE 2008 was approximately RM3.35 million. Gross profit for Catcha Lifestyle for the FYE 2009 grew by approximately RM0.26 million or 7.62% compared to the FYE 2008, arising from the discontinuation of three (3) loss-making magazines namely "OK! Magazine", "F1 Racing" and "FourFourTwo".

In the FYE 2010, Catcha Lifestyle's gross profit increased by approximately RM0.09 million or 2.39% as compared to the FYE 2009 primarily due to an increase in advertising revenue.

In each of the FYE 2008 and FYE 2009, Catcha Lifestyle contributed the majority of the Group's gross profit as it carried the highest number of magazine titles in its portfolio, nine (9) out of a total of fifteen (15) magazines as at the FYE 2008 and eight (8) out of a total of fourteen (14) magazines as at the FYE 2009. Catcha Lifestyle carried nine (9) out of a total of fourteen (14) magazines as at the FYE 2010.

In the FYE 2010, Catcha Lifestyle contributed only 29.25% of our Group's gross profit as compared to 69.93% in the FYE 2009 mainly due to the increase in revenue contribution from the Online Media Business as the Online Media Business was in operations for six (6) months in the FYE 2009 as compared twelve (12) months' of operations in the FYE 2010 and as a result of the revenue from the sale of Advertising Space to Catcha Group (S).

**12. FINANCIAL INFORMATION (Cont'd)**

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Catcha Home

Catcha Home's gross profit for the FYE 2008 was approximately RM0.41 million. In the FYE 2009, Catcha Home had lower revenue than for the FYE 2008 whilst still incurring a higher cost of sales, resulting in a reduced gross profit of approximately RM0.23 million or 56.28% as compared to the FYE 2008.

Catcha Home's gross profit increased to RM0.71 million for FYE 2010 as the frequency of Kitchen + Bathroom was increased from four (4) times a year to six (6) times a year, resulting in more issues of the magazines in the FYE 2010 as compared to the FYE 2009 and the discontinuation of charges from Catcha Ltd for editorial and production costs, operating and internet charges beginning 1 January 2010.

Catcha Kids

Catcha Kids' gross profit for the FYE 2008 was approximately RM0.19 million. Gross profit increased by approximately RM0.03 million or 15.59% in the FYE 2009 as compared to the FYE 2008 as a result of revenue increases that exceeded increases in the cost of sales. In the FYE 2010 as compared to the FYE 2009, reduced advertising revenue and reduced other Magazine income resulted in a decrease in gross profit by approximately RM0.11 million or 49.77%.

Catcha Luxury

Catcha Luxury's gross profit for the FYE 2008 was approximately RM1.26 million. Catcha Luxury's gross profit decreased by approximately RM0.34 million or 27.01% in the FYE 2009 as compared to the FYE 2008 owing to a decrease in total revenue of 24.41%. The decrease in gross profit of approximately RM0.11 million or 11.48% in the FYE 2010 as compared to the FYE 2009 was primarily a result of lower advertising revenue, stemming from the replacement of the entire sales team within Catcha Luxury during the FYE 2010 and the resulting lag in performance of the new sales team.

Catcha Media Holdings and Catcha Digital (S)

Catcha Media Holdings and Catcha Digital (S) were incorporated on 19 March 2009 to facilitate the SAA. These companies are investment holding companies and do not generate any revenue or cost of sales.

Catcha Digital (M)

Catcha Digital (M) only contributed approximately RM0.24 million or 4.64% of our Group's total gross profit in the FYE 2009, as it only commenced operations in July 2009, as well as due to an over-accrual for commission payments which was subsequently reversed in the FYE 2010. For the FYE 2010, Catcha Digital (M) contributed approximately RM7.29 million or 57.85% of our Group's gross profit, as compared to 4.64% of our Group's gross profit in the FYE 2009 as the Online Media Business was in operation for six (6) months in FYE 2009 as compared twelve (12) months' of operations in FYE 2010 and as a result of the revenue from the sale of Advertising Space to Catcha Group (S).

**12. FINANCIAL INFORMATION (Cont'd)**

The breakdowns of our gross profit margin by our principal activities for the financial years under review are set out as follows:

	←----- Pro forma ----->		
	FYE 2008 %	FYE 2009 %	FYE 2010 %
<b>Gross profit margin</b>			
Publishing Business	37.60	41.33	49.12
Online Media Business	-	3.06	29.64
Overall	37.60	26.15	35.59

The gross profit margin of our Publishing Business for the FYE 2008 was 37.60%. In the FYE 2009, our Management undertook a strategic cost review in view of the contraction of the Malaysian economy by 1.7% in 2009 (*Source: Bank Negara Malaysia Annual Report 2009*), resulting in the renegotiation of all our printing costs. This resulted in a decrease of 25.01% in printing and magazine costs as compared to the FYE 2008 from both such renegotiation and also from the discontinuation of three (3) loss-making magazine titles in the FYE 2009 namely "OK! Magazine", "F1 Racing" and "FourFourTwo". This then resulted in an increase in the gross margin of the Publishing Business from 37.60% in the FYE 2008 to 41.33% in the FYE 2009, despite lower revenues. The gross profit margin increased in the FYE 2010 relative to the FYE 2009, from 41.33% to 49.12% owing to full-year contribution from cost reductions resulted from our Management's strategic cost review, removal of costs associated with the three (3) loss-making magazines that were shut down in the FYE 2009 and the discontinuation of charges from Catcha Ltd for editorial and production costs, operating and internet charges beginning 1 January 2010.

Our Online Media Business only commenced operations in July 2009 and had a gross profit margin of 3.06% for FYE 2009 due to an over-accrual for commission payments of approximately RM1.44 million which was subsequently reversed in the FYE 2010. For the FYE 2010, our Online Media Business had a gross profit margin of 29.64%.

**Order book**

Our Publishing Business finalises its orders once per month, just prior to the printing of its Magazines. As such, it is required to take forward bookings from brand owners and advertising agencies. However, the strength of this order book is limited as brand owners and advertising agencies are permitted to delay or remove their orders at any time prior to the printing of Magazines. As such, advertising revenue is only recognized and counted when advertisements are published in our Magazines.

Our Online Media Business generally operates a very limited order book save for the Master Advertising Agreement entered into between Catcha Digital (M) and Catcha Group (S). The nature of our Online Media Business is that a brand owner and/or advertising agency can order and then commence an advertising campaign at any time of any month. Therefore, the tendency of brand owners and advertising agencies is to not book such campaigns until such time as they are ready for the campaigns to commence.



**12. FINANCIAL INFORMATION (Cont'd)****Other operating income**

The components of other operating income for the financial years under review were as follows:

	<----- Pro forma ----->		
	FYE 2008	FYE 2009	FYE 2010
	RM'000	RM'000	RM'000
Reversal of over-provision of commissions	-	-	1,435
Realised foreign exchange gain	2	13	618
Reversal of over-accrued expenses	-	-	433
Unrealised foreign exchange gain	-	-	178
Rent recovered	-	-	249
Recovery of bad debts	-	80	60
Waiver of related company payables	-	-	1,069
Unutilised prepaid income	99	434	1,024
Other	17	51	87
	<u>118</u>	<u>578</u>	<u>5,153</u>

Other operating income mainly comprises recognition of prepaid revenue from Advertising Space not utilised by brand owners and/or advertising agencies within the agreed period for bartered services between brand owners and/or advertising agencies for our Group, reversal of over-provision of commissions provided for in prior years and miscellaneous incomes.

Other operating income in the FYE 2008 of approximately RM0.12 million was primarily comprised of approximately RM0.10 million relating to the reversal of over-provision in prior year relating to bartered services between brand owners and/or advertising agencies for our Group in exchange for Advertising Space to be utilised during the agreed period. However, the brand owners and/or advertising agencies did not seek compensation for the bartered services during the agreed period which has since expired, hence our Company recognized the unutilised Advertising Space as income.

Other operating income in the FYE 2009 of approximately RM0.58 million was primarily comprised of approximately RM0.43 million relating to bartered services between brand owners and/or advertising agencies for our Group in exchange for Advertising Space to be utilised during the agreed period. However, the brand owners and/or advertising agencies did not seek compensation for the bartered services during the agreed period which has since expired, hence our Company recognized the unutilised Advertising Space as income. Approximately RM0.08 million in recovered bad debts and approximately RM0.05 million in income from special projects for brand owners and/or advertising agencies also comprised other operating income in the FYE 2009.

## 12. FINANCIAL INFORMATION (Cont'd)

Other operating income in the FYE 2010 of approximately RM5.15 million was primarily owing to the reversal of approximately RM1.44 million in over-accrual of commissions in the FYE 2009 for the Online Media Business, a realised foreign exchange gain of approximately RM0.62 million and an unrealised foreign exchange gain of approximately RM0.18 million relating to the weakening of the US Dollar as compared to the FYE 2009, the reversal of over-accruals of approximately RM0.43 million, and the waiver from Catcha Group (S) of approximately RM1.01 million relating to Shares transferred to long-serving employees of our Group under the provisions of Financial Reporting Standards 2: Share-based Payment. Other operating income in the FYE 2010 was also comprised of approximately RM1.02 million relating to bartered services between brand owners and/or advertising agencies for our Group in exchange for Advertising Space to be utilised during the agreed period. However, the brand owners and/or advertising agencies did not seek compensation for the bartered services during the agreed period which has since expired, hence our Company recognized the unutilised Advertising Space as income.

### Operating expenses

Operating expenses mainly comprises staff costs, management fees, office rental, loss on disposal of investment and other operating expenses.

The components of our operating expenses are as follows:

	<----- Pro forma ----->		
	FYE 2008 (RM'000)	FYE 2009 (RM'000)	FYE 2010 (RM'000)
Staff costs	3,882	3,577	3,854
Management fees	534	1,060	-
Office rental	260	265	285
Loss on disposal of investment	-	-	-
Share-based payments	-	-	1,010
Holding company corporate expenses	-	-	513
Other operating expenses	858	587	1,275
	5,534	5,489	6,937

Total operating expenses for the FYE 2008 were approximately RM5.53 million and the total operating expenses for the FYE 2009 were approximately RM5.49 million, a decrease of approximately RM0.05 million or 0.83% from the FYE 2008, primarily due to a decrease of approximately RM0.31 million or 7.86% in staff costs as a result of the conscious decision made by our Management to discontinue three (3) loss-making magazines namely "OK! Magazine", "F1 Racing" and "FourFourTwo". Further, in the FYE 2009, the allowance for doubtful debts, bad debts written off and postage and courier expenses decreased by approximately RM0.08 million, RM0.11 million and RM0.10 million respectively as compared to the FYE 2008. These decreases were offset by an increase of approximately RM0.53 million or 98.50% in management fees, and accounting and administrative charges from Catcha Group (S) and Catcha Ltd respectively.

Total operating expenses for the FYE 2010 were approximately RM6.94 million, an increase of approximately RM1.45 million or 26.38% from the FYE 2009, primarily due to share-based payments of approximately RM1.01 million, new holding company corporate expenses of approximately RM0.51 million and an increase in other operating expenses of approximately RM0.69 million. This increase in total operating expenses in the FYE2010 as compared to the FYE 2009 is partially off-set by the discontinuation of the management fees and accounting and administrative charges from Catcha Group (S) and Catcha Ltd respectively as of 1 January 2010.

**12. FINANCIAL INFORMATION (Cont'd)**

The discontinuation of the charges was decided as:

- (i) our Group no longer required the management support from Catcha Group (S) for our Publishing Business, unlike during the FYE 2008 to FYE 2009, our Group was actively reviewing our existing Magazine portfolio as to their sustainability and pursuing various Publishing Licences to expand our Magazine titles; and
- (ii) the accounting and administration duty previously handled by Catcha Ltd has now been managed by our Group with the inclusion of our financial controller.

The components of our other operating expenses are detailed below:

	<----- Pro forma ----->		
	FYE 2008 (RM'000)	FYE 2009 (RM'000)	FYE 2010 (RM'000)
Equipment rental	22	22	7
Insurance	19	27	50
Office supplies	83	83	106
Office repairs and renovations	24	24	39
Postage and courier	228	127	208
Office utilities	43	50	58
Depreciation	117	84	102
Fixed assets expenses	3	6	-
Other miscellaneous expenses	20	24	95
Professional fees	37	74	173
Government fees	9	11	48
Bank charges	3	8	34
Realised foreign exchange losses	-	3	15
Unrealised foreign exchange losses	-	-	69
Allowance for doubtful debts	109	31	229
Advertising expenses	30	13	42
Bad debts written off	111	-	-
	858	587	1,275

Other operating expenses are mainly comprised of allowance for doubtful debts, depreciation, professional fees, unrealised foreign exchange losses, and postage and courier expenses.

**12. FINANCIAL INFORMATION (Cont'd)****PBT/ LBT**

The breakdown of our PBT/ LBT by our principal activities and by the companies within our Group for the financial years under review are set out as follows:

	----- Pro forma ----->					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Publishing Business	(215)	100.00	274	114.17	2,560	23.65
Online Media Business	-	-	(34)	(14.17)	8,776	81.09
Others	-	-	-	-	(513)	(4.74)
Less: Intercompany transactions	-	-	-	-	-	-
Proforma consolidated	(215)	100.00	240	100.00	10,823	100.00

	----- Pro forma ----->					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Catcha Media	-	-	-	-	(513)	(4.74)
Catcha Lifestyle	(96)	44.65	340	141.67	1,494	13.80
Catcha Home	(67)	31.16	(205)	(85.42)	141	1.30
Catcha Kids	141	(65.58)	(2)	(0.84)	122	1.13
Catcha Luxury	(189)	87.91	141	58.75	803	7.42
Catcha Media Holdings	-	-	(16)	(6.66)	12	0.11
Catcha Digital (S)	-	-	(17)	(7.08)	(108)	(0.99)
Catcha Digital (M)	(4)	1.86	(1)	(0.42)	8,872	81.97
	(215)	100.00	240	100.00	10,823	100.00
Less: Intercompany transactions	-	-	-	-	-	-
Proforma consolidated	(215)	100.00	240	100.00	10,823	100.00

**Publishing Business**

LBT for the Publishing Business for the FYE 2008 was approximately RM0.22 million. In the FYE 2009, the Publishing Business grew to a PBT of approximately RM0.28 million despite a decrease in gross profit of approximately RM0.29 million or 5.54%, owing to a reduction in provision for doubtful debts and bad debts written off of approximately RM0.08 million and RM0.11 million respectively. Further, in the FYE 2009, the Publishing Business had other operating income of approximately RM0.43 million from the reversal of over-provision in prior years for bartered services between brand owners and/or advertising agencies for our Group in exchange for Advertising Space to be utilised during the agreed period. Bartered services in relation to the Publishing Business pertain to services or goods received in lieu of payment for our Advertising Space sold. However, the brand owners and/or advertising agencies did not seek compensation for the bartered services during the agreed period which has since expired, hence our Company recognized the unutilised Advertising Space as income.

**12. FINANCIAL INFORMATION (Cont'd)**

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In the FYE 2010, the Publishing Business recorded a PBT of approximately RM2.56 million, an increase of approximately RM2.29 million over the FYE 2009. This was due to an increase in other operating income of approximately RM1.04 million relating to bartered services between brand owners and/or advertising agencies for our Group in exchange for Advertising Space to be utilised during the agreed period. However, the brand owners and/or advertising agencies did not seek compensation for the bartered services during the agreed period which has since expired, hence our Company recognised the unutilised Advertising Space as income. Other operating income also increased in FYE 2010 owing to approximately RM0.41 million from the reversal of over-accrued expenses and the discontinuation of charges from Catcha Group (S) and Catcha Ltd for editorial and production costs, operating and internet charges, management fees, and accounting and administrative charges amounted to RM1.06 million in FYE 2009.

**Online Media Business**

In the FYE 2009, the Online Media Business had a LBT of approximately RM0.03 million mainly due to the over-accrual for commission payments amounting to approximately RM1.44 million which was subsequently reversed in the FYE 2010.

The PBT for the FYE 2010 of approximately RM8.78 million as compared with the LBT for the FYE 2009 of approximately RM0.03 million was because the Online Media Business only contributed six (6) months of operations to FYE 2009 and the reversal of the over-accrual of commission payments from the FYE 2009 that were subsequently reversed in FYE 2010.

**Catcha Media**

For Catcha Media the FYE 2010 LBT of approximately RM0.51 million primarily relates to our IPO corporate expenses.

**Catcha Lifestyle**

Catcha Lifestyle recorded a LBT of approximately RM0.10 million in the FYE 2009. Catcha Lifestyle recorded PBT of approximately RM0.34 million, resulting from improvement in our gross profit due to our strategic review of costs in the FYE 2009. In the FYE 2010, Catcha Lifestyle recorded a PBT of approximately RM1.49 million owing to full-year contribution from cost reductions resulted from the strategic cost review, the removal in their entirety of costs associated with the discontinuation of three (3) loss-making magazines in the FYE 2009, and from the discontinuation of management fees from Catcha Group (S) as of 1 January 2010, contributing to a 339.41% increase in PBT for the FYE 2010 over the FYE 2009.

**Catcha Home**

Catcha Home recorded a LBT of approximately RM0.07 million in the FYE 2008. In the FYE 2009, Catcha Home had both lower revenue and higher cost of sales as compared to the FYE 2008, resulting in an increase of approximately RM0.14 million or 205.97% in LBT in the FYE 2009 as compared to the FYE 2008. Catcha Home recorded a PBT of approximately RM0.14 million for the FYE 2010 as compared to a LBT of approximately RM0.21 million for the FYE 2009 as the frequency of Kitchen + Bathroom magazine was increased from four (4) times a year to six (6) times a year, resulting in more issues of the magazines in the FYE 2010 as compared to the FYE 2009, as well as from the discontinuation of charges from Catcha Ltd for editorial and production costs, operating and internet charges, management fees, and accounting and administrative charges as of 1 January 2010.

**12. FINANCIAL INFORMATION (Cont'd)**

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Catcha Kids

Catcha Kids recorded a PBT of approximately RM0.14 million in the FYE 2008. Catcha Kids' recorded a LBT of approximately RM2,000 in the FYE 2009 as a result of an increase in management fees charged by Catcha Group (S). For the FYE 2010, Catcha Kids recorded a PBT of approximately RM0.12 million versus a LBT of approximately RM2,000, primarily as a result of the discontinuation of charges from Catcha Group (S) for management fees as of 1 January 2010.

Catcha Luxury

Catcha Luxury recorded a LBT of approximately RM0.19 million in the FYE 2008. Despite a decrease in advertising revenue, Catcha Luxury recorded a PBT of approximately RM0.14 million in the FYE 2009 as a result of cost reductions resulted from the strategic cost review. The FYE 2010 recorded a PBT of approximately RM0.80 million as compared to a PBT of approximately RM0.14 million in the FYE 2009, despite a lower gross margin, due to other operating income of approximately RM1.02 million relating to bartered services between brand owners and/or advertising agencies for our Group in exchange for Advertising Space to be utilised during the agreed period. However, the brand owners and/or advertising agencies did not seek compensation for the bartered services during the agreed period which has since expired, hence our Company recognized the unutilised Advertising Space as income. The PBT in the FYE 2010 was also due to the discontinuation of charges from Catcha Ltd for editorial and production costs, operating and internet charges, and accounting and administrative charges as of 1 January 2010.

Catcha Digital (S)

For Catcha Digital (S), the FYE 2009 LBT of approximately RM0.02 million relates primarily to professional fees. For the FYE 2010, the LBT of approximately RM0.12 million was mainly due to an unrealised foreign exchange loss of approximately RM0.07 million due to currency translation differences.

Catcha Media Holdings

For Catcha Media Holdings, the FYE 2009 LBT of approximately RM0.02 million relates primarily to professional fees. For the FYE 2010, Catcha Media Holdings recorded a PBT of approximately RM0.01 million, primarily due to a gain on disposal of Catcha Holding Company Sdn Bhd (formerly known as Catcha Media Sdn Bhd) amounting to approximately RM0.03 million.

Catcha Digital (M)

In the FYE 2008, there was no revenue generated by Catcha Digital (M) and the LBT relates primarily to professional fees.

In the FYE 2009, Catcha Digital (M) recorded a LBT of approximately RM1,000 mainly due to the over-accrual for commission payments amounting to approximately RM1.44 million which was subsequently reversed in the FYE 2010.

**12. FINANCIAL INFORMATION (Cont'd)**

The PBT for the FYE 2010 of approximately RM8.87 million as compared to the FYE 2009 LBT of approximately RM1,000 was mainly due to Catcha Digital (M) only contributing six (6) months of operations to the FYE 2009 compared to the FYE 2010, where twelve (12) months' of operations were recorded, and the over-accrual of commission payments during the FYE 2009 that were subsequently reversed in the FYE 2010. Further, in the FYE 2010 there was a realized foreign exchange gain of approximately RM0.62 million and an unrealized foreign exchange gain of approximately RM0.18 million.

The breakdowns of our PBT/ LBT margin by our principal activities for the financial years under review are set out as follows:

	<----- Pro forma ----->		
	FYE 2008 %	FYE 2009 %	FYE 2010 %
PBT/ LBT margin			
Publishing Business	(1.55)	2.32	23.67
Online Media Business	-	(0.44)	35.66
Overall	(1.55)	1.22	30.55

The primary reason for the fluctuality PBT/ LBT margin over the financial years under review was mainly due to the following:

- The strategic review of costs by our Management in the FYE 2009 and the subsequent reduction in printing and magazine costs, and closure of three (3) loss-making magazine titles in the FYE 2009 which resulted in a decrease in cost of sales and operating expenses;
- The existence of charges from Catcha Ltd for editorial and production costs, operating and internet charges, and accounting and administrative expenses, discontinued as of 1 January 2010, amounting in total to approximately RM1.15 million and RM1.15 million for the FYE 2008 and FYE 2009 respectively, resulting in improved PBT margin in FYE 2010;
- The existence of charges from Catcha Group (S) for management fees, discontinued as of 1 January 2010, amounting in total to approximately RM0.27 million and RM0.80 million for the FYE 2008 and FYE 2009 respectively, resulting in improved PBT margin in FYE 2010;
- The commencement of the Online Media Business in July 2009;
- The over-accrual for commission payments relating to our Online Media Business in FYE 2009 that was subsequently reversed in FYE 2010; and
- The twelve (12) months of operations in FYE 2010 as compared to six (6) months of operations in FYE 2009 of our Online Media Business.

**12. FINANCIAL INFORMATION (Cont'd)****Effective tax**

All tax expenses represent tax charges provided in respect of assessable profits derived from our operations, which are solely in Malaysia. As a result, our operations were taxed in accordance with the prevailing tax regulations in Malaysia. Our tax expense comprises current tax payable and deferred tax.

Our effective tax rates, being tax expenses as a percentage of our PBT for the financial years under review are as follows:

	<----- Pro forma ----->		
	FYE 2008 %	FYE 2009 %	FYE 2010 %
Effective tax rate	-	1.67	25.13
Malaysian statutory tax rate	26.00	25.00	25.00

Our Group incurred no tax expense in the FYE 2008 as all companies within our Group made losses during the year, except Catcha Kids, whose profits were offset by its unabsorbed tax losses.

Our Group's effective tax rate of 1.67% in the FYE 2009 was lower than the statutory rate mainly due to our Company utilizing our unabsorbed tax losses from the FYE 2008.

Our Group's effective tax rate for the FYE 2010 is higher than the Malaysian statutory as certain of our Group's companies were loss making in FYE 2010.

On 22 September 2010, Catcha Digital (M) was granted MSC status from MDeC which allows for qualifying income from our Online Media Business to be exempted from income tax for five (5) years from 22 September 2010. This status allows us income tax exemptions until 21 September 2015.

**LAT/PAT**

We set out below the breakdown of our LAT/PAT by our principal activities and by the companies within our Group as follows:

	<----- Pro forma ----->					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Publishing Business	(209)	100.00	270	114.41	1,992	24.58
Online Media Business	-	-	(34)	(14.41)	6,624	81.75
Others	-	-	-	-	(513)	(6.33)
Less: Intercompany transactions	-	-	-	-	-	-
Proforma consolidated	(209)	100.00	236	100.00	8,103	100.00



**12. FINANCIAL INFORMATION (Cont'd)**

	←----- Pro forma -----→					
	FYE 2008		FYE 2009		FYE 2010	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Catcha Media	-	-	-	-	(513)	(6.33)
Catcha Lifestyle	(96)	45.93	340	144.07	1,154	14.24
Catcha Home	(67)	32.06	(205)	(86.87)	141	1.74
Catcha Kids	141	(67.46)	(3)	(1.27)	96	1.18
Catcha Luxury	(183)	87.56	138	58.47	600	7.40
Catcha Media Holdings	-	-	(16)	(6.78)	12	0.15
Catcha Digital (S)	-	-	(17)	(7.20)	(108)	(1.33)
Catcha Digital (M)	(4)	1.91	(1)	(0.42)	6,721	82.95
	(209)	100.00	236	100.00	8,103	100.00
Less: Intercompany transactions	-	-	-	-	-	-
Proforma consolidated	(209)	100.00	236	100.00	8,103	100.00

	←----- Pro forma -----→		
	FYE 2008	FYE 2009	FYE 2010
	%	%	%
LAT/PAT margin			
Publishing Business	(1.51)	2.28	18.42
Online Media Business	-	(0.44)	26.92
Overall	(1.51)	1.20	22.87

The increase in PAT was in-line with the increase in PBT of our Group whereby our PAT has increased from a LAT of approximately RM0.21 million in the FYE 2008 to a PAT of approximately RM8.10 million in the FYE 2010.

Our LAT/PAT margin has moved in tandem with our LBT/PBT margin.

**12.2.1 Factors and trends affecting future financial condition and results**

After taking into consideration the risk factors relating to our industry and business, and our ability to mitigate such risk factors as set out in Sections 4.1 and 4.2 of this Prospectus, we are of the opinion that our future financial condition and results will remain favourable, premised on the following:

- global online Adex patterns as well as the expected successful rollout of the HSBB which would increase broadband penetration and download speeds in Malaysia. The online Adex in Malaysia is forecasted to reach RM710.98 million by 2015, with a CAGR of 56.63% from 2011 to 2015;
- our alliance with Microsoft
- to sell Advertising Space, promote and monetise Microsoft's Online Properties in Malaysia;
- changes in consumer behavior and decision making due to the younger population in Malaysia which are more inclined to regularly utilize the internet. This may lead to an increase in acceptance towards online media as an advertising medium and drive the growth of the online Adex in Malaysia;
- easier access to the internet owing to decreasing prices for computer hardware and the availability of hardware that promotes access to the internet utilising mobile devices; and

**12. FINANCIAL INFORMATION (Cont'd)**

---

- the continuous R&D efforts of our Group.

Our businesses are subject to the normal seasonality associated with Media Businesses, including generally lower financial performance in the first quarter of any calendar year, with particular weakness in January and February as a result of reduced work days arising from the festive holidays.

We believe our competitive strengths as set out in Section 6.5 of this Prospectus should provide the foundation for us to maintain our edge over our existing and new competitors in the local market, as well as the sustainability of our business and financial growth. Our future plans as set out in Section 6.21 of this Prospectus should further contribute to sustainable growth in our financial performance.

Premised on the prospects and outlook of the Online Media Business as outlined in Section 7 of this Prospectus, we are of the opinion that our future financial condition and results of operations will remain favourable in the long-run.

**12.2.2 Material changes in sales/revenue**

Discussion on the reasons on material changes in our revenue for the FYE 2008, FYE 2009 and FYE 2010 is set out in Section 12.2.1 of this Prospectus.

**12.2.3 Impact of foreign exchange/interest rates/commodity prices**

We have business transactions in foreign currencies in the normal course of our business, which include payments and receipts of commissions and licence fees. Fluctuations in foreign exchange rates can be passed to our customers thus ensuring that we are not materially affected by fluctuations in foreign exchange rates.

Save as disclosed below, there is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the FYE 2008, FYE 2009 and FYE 2010:

- (i) Both of our realised and unrealised foreign exchange gains amounted to approximately RM0.80 million or 9.87% of our total PAT for the FYE 2010. Our management is of the view that the foreign exchange rates are being monitored effectively and we will continue to monitor our Group's foreign currency exposures and will take necessary steps to minimize exchange rate exposures whenever deemed appropriate.

**12.2.4 Impact of inflation**

As at the LPD, there is no material impact of inflation to our historical financial performance for the past three (3) FYE 2008 to FYE 2010.

**12.2.5 Government/Economic/Fiscal/Monetary policies**

Risks relating to government, economic, fiscal and monetary policies, which may materially affect our operation, are set out Sections 4.4.1 and 4.4.2 of this Prospectus. For the financial years under review, our historical financial performance was not materially affected by the government, economic, fiscal and monetary policies.

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.3 Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information

*(Prepared for inclusion in this Prospectus)*



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50250 Kuala Lumpur  
Malaysia

#### Reporting Accountants' Letter on the Proforma Consolidated Financial Information (Prepared for the purpose of inclusion in the Prospectus)

The Board of Directors  
Catcha Media Berhad  
45-07 The Boulevard  
Lingkar Syed Putra  
Mid Valley City  
59200 Kuala Lumpur

17 June 2011

Our ref: BDO/LSS/LKH/WPM

Dear Sirs

#### CATCHA MEDIA BERHAD PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the proforma consolidated financial information of Catcha Media Berhad ("Catcha Media" or "Company") and its subsidiaries ("Catcha Media Group", "Proforma Group" or "Group") for the three (3) financial years ended ("FYE") 31 December 2008, 31 December 2009 and 31 December 2010, together with the accompanying notes thereon (stamped by us for identification purpose) prepared for illustration purpose only. The proforma consolidated financial information, which consists of the proforma consolidated statements of comprehensive income, proforma consolidated statements of financial position and proforma consolidated statement of cash flows, have been prepared based on the audited financial statements of Catcha Media Berhad, Catcha Lifestyle Publications Sdn. Bhd., Catcha Luxury Publications Sdn. Bhd., Catcha Home Publications Sdn. Bhd., Catcha Kids Publications Sdn. Bhd., Catcha Media Holdings Malaysia Pte. Ltd., Catcha Digital Pte. Ltd. and Catcha Digital Sdn. Bhd..

Certain assumptions were made to the proforma financial statements and such adjustments to show the effects on:-

- (a) the financial results of Catcha Media Group for the financial years under review had the Catcha Media Group structure as of the date of the Prospectus been in existence throughout the financial years under review;
- (b) the financial position of Catcha Media Group as at 31 December 2010 had the Catcha Media Group structure as of the date of the Prospectus been in existence on 31 December 2010; and
- (c) the cash flows of Catcha Media Group for the FYE 31 December 2010 had the Catcha Media Group structure as of the date of the Prospectus been in existence throughout the FYE 31 December 2010.

As the proforma consolidated financial information is prepared for illustrative purposes only, such information, because of its nature, may not reflect the Catcha Media Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial results, financial position and cash flows.

The proforma consolidated financial information have been prepared for inclusion in the Prospectus of Catcha Media Berhad to be dated 30 June 2011 in connection with the listing of and quotation for the entire issued and paid-up share capital of Catcha Media Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

It is the sole responsibility of the Directors of Catcha Media Group to prepare the proforma consolidated financial information in accordance with the requirements of the Prospectus Guidelines - Equity and Debt issued by Securities Commission ("Prospectus Guidelines"). Our responsibility is to form an opinion as required by the Prospectus Guidelines on the proforma consolidated financial information.

**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

In providing this opinion, we are not updating or re-issuing any reports or opinion previously made by us on any financial information used in the compilation of the proforma consolidated financial information, nor do we accept the responsibility for such reports or opinions beyond that is owed to those to whom those letters or opinions were addressed by us at the date of their issue.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma consolidated financial information to the audited financial statements as listed below, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of the Company.

- (i) the audited financial statements of Catcha Media Berhad for the FYE 31 December 2010.
- (ii) the audited financial statements of Catcha Lifestyle Publications Sdn. Bhd., Catcha Luxury Publications Sdn. Bhd., Catcha Home Publications Sdn. Bhd., Catcha Kids Publications Sdn. Bhd. and Catcha Digital Sdn. Bhd. for the FYE 31 December 2008, 31 December 2009 and 31 December 2010.
- (iii) the audited financial statements of Catcha Digital Pte. Ltd. and Catcha Media Holdings Malaysia Pte. Ltd. for the FPE 31 December 2009 and FYE 31 December 2010.

In our opinion:

- (i) the proforma consolidated financial information of Catcha Media Group, which are prepared for illustrative purposes only, have been properly compiled on the basis and assumptions as set out in the notes thereon, and such basis is consistent with the accounting policies to be adopted by Catcha Media Group;
- (ii) the financial statements of Catcha Media Berhad, Catcha Lifestyle Publications Sdn. Bhd., Catcha Luxury Publications Sdn. Bhd., Catcha Home Publications Sdn. Bhd., Catcha Kids Publications Sdn. Bhd. and Catcha Digital Sdn. Bhd., used in the preparation of the proforma consolidated financial information, have been prepared in accordance with applicable approved FRSs in Malaysia and the proforma consolidated financial information have been properly prepared in a manner consistent with the format of the financial statements to be adopted by Catcha Media Group. The financial statements of Catcha Digital Pte. Ltd. and Catcha Media Holdings Malaysia Pte. Ltd. have been prepared in accordance with FRSs in Singapore. In the context of these companies, there is no significant difference between FRSs in Malaysia and FRSs in Singapore and neither adjustment is required nor reconciliation is presented for the financial statements prepared under these two accounting standards.
- (iii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information.

This letter has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire issued and paid-up share capital of Catcha Media Berhad on the ACE Market of Bursa Malaysia Securities Berhad. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

**BDO**  
AF : 0206  
Chartered Accountants

**Lim Seng Siew**  
2894/08/11 (J)  
Chartered Accountant

**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

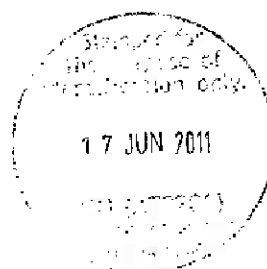
**1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME****1.1 Proforma Group and basis of preparation**

The proforma consolidated financial information of Catcha Media Berhad ("Catcha Media" or "Company") and its subsidiaries namely Catcha Lifestyle Publications Sdn. Bhd ("Catcha Lifestyle"), Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury"), Catcha Home Publications Sdn. Bhd. ("Catcha Home"), Catcha Kids Publications Sdn. Bhd. ("Catcha Kids"), Catcha Media Holdings Malaysia Pte. Ltd. ("Catcha Media Holdings"), Catcha Digital Pte. Ltd. ("Catcha Digital (S)") and Catcha Digital Sdn. Bhd. ("Catcha Digital (M)") (collectively known as "Catcha Media Group", "Proforma Group" or "Group") are prepared for illustrative purposes only and have been prepared using the bases and the accounting policies consistent with those to be adopted by Catcha Media Group, after giving effect to the adjustments considered appropriate, based on the following:

- (a) the audited financial statements (which have been audited by Messrs BDO, Malaysia) of Catcha Media, Catcha Lifestyle, Catcha Luxury, Catcha Kids, Catcha Home and Catcha Digital (M) for the FYE 31 December 2010;
- (b) the audited financial statements (which have been audited by Messrs Peter I.M. Chieng & Co., Malaysia) of Catcha Luxury and Catcha Kids for the FYE 31 December 2008 and 31 December 2009;
- (c) the audited financial statements (which have been audited by Messrs Tay & Associates, Malaysia) of Catcha Lifestyle, Catcha Home and Catcha Digital (M) for the FYE 31 December 2008 and 31 December 2009;
- (d) the audited financial statements (which have been audited by Messrs David Yeung & Co. Pac, Singapore) of Catcha Media Holdings and Catcha Digital (S) for the FPE 31 December 2009 and FYE 31 December 2010. There is no significant difference between FRs in Malaysia and FRs in Singapore in the context of these companies' financial statements for the FPE 31 December 2009 and FYE 31 December 2010 and neither adjustment is required nor reconciliation is presented for the financial statements prepared under these two accounting standards.

The audited financial statements used in the preparation of this letter for the financial years/periods under review were not subject to any qualifications or modification, except for emphasis of matter, which highlights on the going concern basis of preparing the financial statements in the auditors' reports of the following companies.

<u>Company</u>	<u>Relevant financial periods</u>
Catcha Digital (M), Catcha Kids, Catcha Lifestyle, Catcha Home	FYE 31 December 2008 FYE 31 December 2009
Catcha Luxury	FYE 31 December 2008
Catcha Media Holdings	FPE 31 December 2009
Catcha Digital (S)	FPE 31 December 2009



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)*  
*Proforma Consolidated Financial Information*

**1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)****1.1 Proforma Group and Basis of preparation (continued)**

The proforma consolidated financial information has been prepared in accordance with applicable approved FRS in Malaysia and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

Elimination of intra-group transactions has also been made on the assumption that Catcha Media Group had been in existence throughout the financial years under review.

The proforma consolidated statement of financial position was also prepared, together with the accompanying notes thereto, which have been prepared solely for illustrative purposes, to show the effects of the listing scheme as disclosed in Section 1.2 had the listing scheme been implemented and completed on 31 December 2010.

The proforma consolidated financial information, because of its nature, may not reflect Catcha Media Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial results, financial position and cash flows.

The proforma consolidated financial information comprises the following:-

Section 2 - Proforma consolidated statements of comprehensive income for the FYE 31 December 2008, 31 December 2009 and 31 December 2010 on the assumption that the Catcha Media Group structure as of the date of the Prospectus had been in existence throughout the financial years under review;

Section 3 - Proforma consolidated statements of financial position as at 31 December 2010 on the assumption that the Catcha Media Group structure as of the date of the Prospectus had been in existence on 31 December 2010; and

Section 4 - Proforma consolidated statement of cash flows for the FYE 31 December 2010 on the assumption that the Catcha Media Group structure as of the date of the Prospectus had been in existence throughout the financial year under review.

The management of Catcha Media Group considers the functional currency of the Company and its subsidiaries incorporated in Malaysia to be Ringgit Malaysia ("RM") and the functional currency of Catcha Media Holdings and Catcha Digital (S) to be Singapore Dollar ("SGD"). The audited financial statements of Catcha Lifestyle, Catcha Luxury, Catcha Home, Catcha Kids and Catcha Digital (M) were presented in RM while Catcha Media Holdings and Catcha Digital (S) were presented in SGD. In preparing this letter, the financial information of the Catcha Media Holdings and Catcha Digital (S) was translated into RM for information purposes.

The exchange rates as used for the purpose of this letter are as follows:

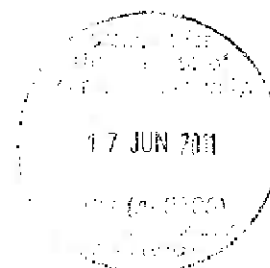
**Financial year ended (average rate)**

31 December 2009	SGD: RM2.4401
31 December 2010	SGD: RM2.3867

**As at (closing rate)**

31 December 2009	SGD: RM2.4452
31 December 2010	SGD: RM2.3859

(Source: Bank Negara Malaysia)



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

**1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)****1.2 Listing scheme**

In conjunction with the listing, Catcha Media will undertake the listing scheme ("Listing Scheme") involving the following:

**(a) Public Issue**

A public issue of 23,000,000 Issue Shares at the Issue Price of RM0.75 per Issue Share, payable in full on application upon such terms and conditions as set out in the Prospectus, and will be allocated in the following manner:

- (i) 20,000,000 Issue Shares representing 15.04% of the enlarged issued and fully paid-up share capital, will be placed with identified investors; and
- (ii) 3,000,000 Issue Shares representing 2.25% of the enlarged issued and fully paid-up share capital, will be made available for application by the Malaysian public to be allocated via ballot.

**(b) Offer for Sale**

An offer for sale of up to 11,000,000 Offer Shares, representing 8.27% of the enlarged issued and fully paid-up share capital, at the Offer Price to be offered by the Selling Shareholder, Catcha Group Pte. Ltd., of RM0.75 per Offer Share to identified investors.

**(c) Listing**

Upon the completion of the initial public offering ("IPO"), the Company shall list its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Malaysia Securities Berhad.



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

**2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 31 DECEMBER 2009 AND 31 DECEMBER 2010**

The proforma consolidated statements of comprehensive income of Catcha Media Group for the FYE 31 December 2008, 31 December 2009 and 31 December 2010 have been prepared for illustrative purposes only and after incorporating such adjustments as considered necessary and assuming that the Catcha Media Group had been in existence throughout the financial years under review.

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
Revenue	13,832	19,698	35,424
Cost of sales	(8,631)	(14,547)	(22,817)
Gross profit	5,201	5,151	12,607
Other income	118	578	5,153
Administrative expenses	(5,367)	(5,281)	(6,609)
Other expenses	(167)	(208)	(328)
(Loss)/Profit before tax	(215)	240	10,823
Taxation	6	(4)	(2,720)
(Loss)/Profit for the financial year	(209)	236	8,103
Number of ordinary shares in issue ('000)	133,000	133,000	133,000
Gross profit margin (%)	37.60	26.15	35.59
Pre-tax (loss)/profit margin (%)	(1.55)	1.22	30.55
Effective tax rate (%)	(2.79)	1.67	25.13
(Losses)/Earnings before interest, tax, depreciation and amortisation	(98)	324	10,925
Gross (losses)/earnings per share (sen)	(0.16)	0.18	8.14
Net (losses)/earnings per share (sen)	(0.16)	0.18	6.09





**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

**2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 31 DECEMBER 2009 AND 31 DECEMBER 2010 (continued)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

- (a) For the purpose of presentation, all items in the statements of comprehensive income were translated using the average exchange rates applicable for the respective financial years.
- (b) The gross profit margin is computed by dividing the gross profit by revenue earned in the respective financial years.
- (c) The pre-tax loss/profit margin is computed by dividing the profit/loss before tax by revenue earned in the respective financial years.
- (d) The gross losses/earnings per share is computed by dividing the profit/loss before tax by the number of ordinary shares assumed in issue of 133,000,020 shares.
- (e) The net losses/earnings per share is computed by dividing the profit/loss for the financial years by the number of ordinary shares assumed in issue of 133,000,020 shares.
- (f) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.
- (g) No diluted earnings per share is shown as there were no potential dilutive shares in issue during the financial years under review.
- (i) There was no share of profits of joint ventures or associates.
- (j) There were no exceptional or extraordinary items throughout the financial years under review.



## 12. FINANCIAL INFORMATION (Cont'd)

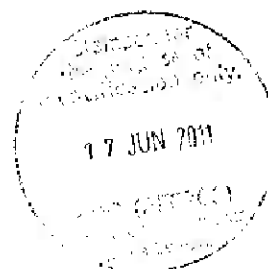
*Catcha Media Berhad (Company No. 916943-W)*  
*Proforma Consolidated Financial Information*

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

The proforma consolidated statements of financial position of Catcha Media Berhad as at 31 December 2010 have been prepared for illustrative purposes only and after making such adjustments as considered necessary assuming that Catcha Media Group had been in existence on 31 December 2010 and the Listing Scheme completed on that date.

	Section	As at 31 December 2010 RM'000	Proforma	
			I	II
			After Proforma I RM'000	After Proforma II RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3.2.1	346	346	346
Intangible asset	3.2.2	2,000	2,000	2,000
		2,346	2,346	2,346
<b>Current assets</b>				
Trade and other receivables	3.2.3	15,115	15,115	15,115
Cash and cash equivalents	3.2.4	1,784	19,034	16,934
		16,899	34,149	32,049
<b>TOTAL ASSETS</b>		19,245	36,495	34,395
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	3.2.5	11,000	13,300	13,300
Share premium	3.2.6	-	14,950	14,428
Exchange translation reserve	3.2.7	(1)	(1)	(1)
Retained earnings/(Accumulated losses)		478	478	(1,100)
Merger deficit		(6,185)	(6,185)	(6,185)
<b>TOTAL EQUITY</b>		5,292	22,542	20,442

\* represents RM2



## 12. FINANCIAL INFORMATION (Cont'd)

*Catcha Media Berhad (Company No. 916943-W)*  
*Proforma Consolidated Financial Information*

3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010  
(continued)

	Section	As at 31 December 2010 RM'000	<---- Proforma ---->	
			I	II
			After Proforma I RM'000	After Proforma II RM'000
<b>Non-current liabilities</b>				
Deferred tax liabilities		84	84	84
<b>Current liabilities</b>				
Trade and other payables	3.2.8	11,308	11,308	11,308
Current tax liabilities		2,561	2,561	2,561
		13,869	13,869	13,869
<b>TOTAL LIABILITIES</b>		13,953	13,953	13,953
<b>TOTAL EQUITY AND LIABILITIES</b>		19,245	36,495	34,395
Net assets		5,292	22,542	20,442
Number of ordinary shares assumed in issue ('000)		110,000	133,000	133,000
Net assets attributable to equity holders per ordinary share (RM)		0.05	0.17	0.15



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

**3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (continued)****3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(A) PROFORMA I**

A public issue of 23,000,000 Issue Shares at the Issue Price of RM0.75 per Issue Share, payable in full on application upon such terms and conditions as set out in the Prospectus, will be allocated in the following manner:

- (i) 20,000,000 Issue Shares representing 15.04% of the enlarged issued and fully paid-up share capital, will be placed with identified investors; and
- (ii) 3,000,000 Issue Shares representing 2.25% of the enlarged issued and fully paid-up share capital, will be made available for application by the Malaysian public to be allocated via ballot.

Upon completion of the Public Issue, the issued and paid-up share capital will increase from RM11,000,002 comprising 110,000,020 Shares of RM0.10 each to RM13,300,002 comprising 133,000,020 Shares of RM0.10 each.

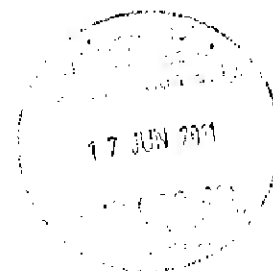
**(B) PROFORMA II**

The proceeds from the Public Issue will be utilised as follows:

	RM'000
Working capital *	13,150
R&D expenditures	2,000
Estimated listing expenses **	2,100
	17,250
<b>Total</b>	<b>17,250</b>

\* *subsumed within cash and bank balances.*

\*\* *The estimated listing expenses of RM522,000 is to be written off against the share premium account under Section 60 of the Companies Act 1965 in Malaysia and the balance of RM1,578,000 will be expensed off to the statement of comprehensive income.*



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

**3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (continued)****3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)****(D) CASH AND CASH EQUIVALENTS**

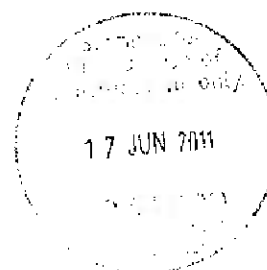
The movements of cash and cash equivalents are as follows:

	RM'000
As at 31 December 2010	1,784
Public Issue	17,250
Proforma I	19,034
Listing expenses	(2,100)
Proforma II	16,934

**(E) SHARE CAPITAL AND RESERVES**

The movements in the share capital and reserves of Catcha Media Group are as follows:

	Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Merger deficit RM'000	Total RM'000
As at 31 December 2010	11,000	-	(1)	478	(6,185)	5,292
Public Issue	2,300	14,950	-	-	-	17,250
Proforma I	13,300	14,950	(1)	478	(6,185)	22,542
Less: Listing expenses	-	(522)	-	(1,578)	-	(2,100)
Proforma III	13,300	14,428	(1)	(1,100)	(6,185)	20,442



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

**3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (continued)****3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****3.2.1 PROPERTY, PLANT AND EQUIPMENT**

	As at 31 December 2010 RM'000
Carrying amount	
Computers	264
Furniture and fittings	23
Office equipment	58
Renovation	1
	346

**3.2.2 INTANGIBLE ASSET**

	As at 31 December 2010 RM'000
Carrying amount	
Brand and trademark	2,000

**3.2.3 TRADE AND OTHER RECEIVABLES**

	As at 31 December 2010 RM'000
Trade receivables	
Third parties	9,929
Less: Impairment losses - third parties	(219)
Holding company	4,912
	14,622
Other receivables, deposits and prepayments	
Other receivables	141
Deposits	227
Prepayments	125
	493
	15,115



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)*  
*Proforma Consolidated Financial Information*

3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (continued)
- 3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
- 3.2.4 CASH AND CASH EQUIVALENTS

	As at 31 December 2010 RM'000
Cash and bank balances	16,934

**3.2.5 SHARE CAPITAL**

The details of the changes in the issued and paid up share capital are as follows:

	No of shares allotted ('000)	Cumulative no of shares allotted ('000)	Par value RM	Consideration	Cumulative total issued and paid-up share capital RM'000
As at 31 December 2010	110,000	110,000	0.10	Issue and paid up	11,000
Proforma I	133,000	133,000	0.10	Public Issue	13,300

**3.2.6 SHARE PREMIUM**

The share premium is arrived at after accounting for the premium received (less listing expenses) over the nominal value of shares issued to the public.

**3.2.7 EXCHANGE TRANSLATION RESERVE**

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)*  
*Proforma Consolidated Financial Information*

3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (continued)
- 3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2010 (continued)
- 3.2.8 TRADE AND OTHER PAYABLES

	As at 31 December 2010 RM'000
Trade payables	
Third parties	6,123
Other payables	
Holding company	1,900
Other payables	805
Accruals	2,480
	5,185
	11,308





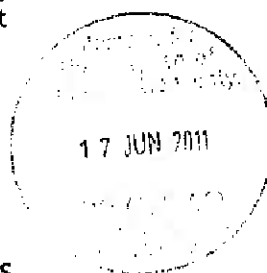
## 12. FINANCIAL INFORMATION (Cont'd)

*Catcha Media Berhad (Company No. 916943-W)*  
*Proforma Consolidated Financial Information*

## 4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

The proforma consolidated statement of cash flows for the FYE 31 December 2010 has been prepared for illustrative purposes only and after making such adjustments as considered necessary assuming the Listing Scheme completed on that date.

	31 December 2010
	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before tax	10,823
Adjustments for:	
Accruals no longer required	(3,141)
Depreciation of property, plant and equipment	102
Impairment losses on receivables	229
Impairment losses on receivables no longer required	(60)
Share-based payments	1,010
Unrealised gain on foreign exchange	(178)
Unrealised loss on foreign exchange	69
Waiver of debts	(1,069)
Operating profit before working capital changes	7,785
Changes in working capital:	
Trade and other receivables	(6,424)
Trade and other payables	188
Cash generated from operations	1,549
Tax paid	(21)
Net cash from operating activities	1,528
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Advances from immediate holding company	1,900
Purchase of property, plant and equipment	(277)
Purchase of intangible asset	(2,000)
Repayments from holding company	2,865
Repayments from Directors	151
Repayments from related companies	491
Repayments to related companies	(4,323)
Net cash used in investing activities	(1,193)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payment of estimated listing expenses	(2,100)
Net cash used in financing activities	(2,100)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,765)
<b>EFFECT OF EXCHANGE RATE FLUCTUATION</b>	(1)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	18,700
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	16,934



**12. FINANCIAL INFORMATION (Cont'd)**

*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

**4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (continued)**

*Cash and cash equivalents*

Cash and cash equivalents included in the proforma consolidated statement of cash flows comprise the following item:

	As at 31 December 2010 RM'000
Cash and bank balances as per Proforma II	<u>16,934</u>



**12. FINANCIAL INFORMATION (Cont'd)**

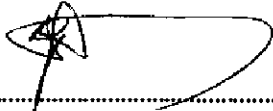
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*Catcha Media Berhad (Company No. 916943-W)  
Proforma Consolidated Financial Information*

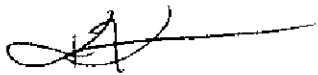
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**APPROVAL BY THE BOARD OF DIRECTORS**

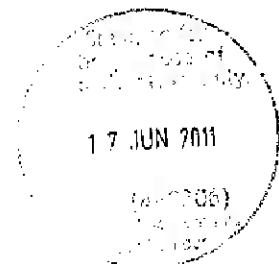
Approved and adopted by the Board of Directors in accordance with a resolution dated



.....  
**PATRICK Y-KIN GROVE**  
DIRECTOR



.....  
**KENSUKE TSURUMARU**  
DIRECTOR



**12. FINANCIAL INFORMATION (Cont'd)****12.4 Capitalisation and Indebtedness**

You should read the financial information presented below together with the Reporting Accountants' letter on our Consolidated Financial Information and the Reporting Accountants' Report, together with the notes, assumptions and bases thereto, as set out in Sections 12.3 and 13 of this Prospectus respectively.

The following table sets out our consolidated cash and cash equivalents, capitalisation and indebtedness as at 31 December 2010 to show the effects of our Flotation Exercise and the use of proceeds arising from the IPO on the assumptions that the transactions had been effected on that date:

	Audited as at 31 December 2010 (RM'000)	After the IPO and utilisation of proceeds (RM'000)
Cash and cash equivalents	1,784	16,934
<b>Indebtedness</b>		
Short-term indebtedness		
- Secured	-	-
- Unsecured	-	-
Long-term indebtedness		
- Secured	-	-
- Unsecured	-	-
<b>Total indebtedness</b>	-	-
<b>Total shareholders' equity</b>	5,292	20,442
<b>Total capitalisation and indebtedness</b>	7,076	37,376

As at 31 December 2010, we have no borrowings. The indirect and contingent liabilities of our Group are set out in Section 12.5.6 of this Prospectus.

**12.5 Liquidity and Capital Resources****12.5.1 Working capital**

We have been financing our operations through cash generated from our operating activities and external sources of funds. Our external sources of funds have mainly been comprised of funding from our holding company, Catcha Group (S).

Our principal sources of liquidity as at 31 December 2010 are set out below:

	(RM'000)
Cash and bank balances	1,784
Deposits with licensed banks	-
Bank borrowings	-

As at 31 December 2010, we have total current assets of approximately RM16.90 million and current liabilities of approximately RM13.87 million, translated to approximately RM3.03 million of net working capital and a current ratio of 1.22 times. The current assets comprise trade receivables, other receivables, as well as cash and cash equivalents. Please refer to Section 12.5.9 of this Prospectus for the key financial ratios of our trade receivables, trade payables and inventories.

**12. FINANCIAL INFORMATION (Cont'd)**

We are of the opinion that, after taking into consideration our current cash flow position together with the proceeds arising from the Public Issue, we will have sufficient working capital for a period of twelve (12) months from the issue date of this Prospectus.

**12.5.2 Cash flow**

Our Group's consolidated cash flow for the FYE 2010 is set out below:

	<b>FYE 2010 (RM'000)*</b>
Net cash generated from operating activities	1,528
Net cash used in investing activities	(1,193)
Net cash generated from financing activities	-
Net increase in cash and cash equivalents	335
Cash and cash equivalents at the beginning of period	1,450
Effects of foreign exchange rate changes	(1)
Cash and cash equivalents at the end of period	<u>1,784</u>

*Note:*

\* Our consolidated cash flow statement has been prepared before taking into account the Public Issue and utilisation of proceeds.

There are no legal or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances.

***Cash flows generated from operating activities***

During the FYE 2010, our Group generated net cash flow for operating activities of approximately RM1.53 million. This net cash flow from operating activities of our Group on the back of a PBT of approximately RM10.82 million was mainly due to an increase in trade receivables and other receivables of approximately RM6.42 million and accruals no longer required amounting to approximately RM3.14 million primarily comprised of commissions of approximately RM1.44 million and bartered services between brand owners and/or advertising agencies with our Group of approximately RM1.04 million.

***Cash flows used in investing activities***

During the FYE 2010, the net cash outflow from investing activities was mainly due to net repayment to related companies amounting to RM0.82 million and the purchases of property, plant and equipment amounting to approximately RM0.28 million.

***Cash flow generated from financing activities***

Our Group did not generate any cash flow from financing activities during the FYE 2010.

**12. FINANCIAL INFORMATION (Cont'd)****12.5.3 Borrowings**

As at the LPD, our Group does not have any outstanding bank borrowings.

**12.5.4 Breach of terms and conditions/covenants associated with credit arrangement/bank loan**

As at the LPD, our Group does not have any borrowings and/or credit arrangements. We are not in breach of any term and condition or covenant associated with credit arrangement or bank loan, which can materially affect our financial results or business operations, or the investments by holders of securities in our Group.

**12.5.5 Types of financial instruments used**

As at LPD, our Group does not have any outstanding financial instruments.

**12.5.6 Indirect/Contingent liabilities**

As at the LPD, save for the respective commercial targets of the SAA, Lowyat.net agreement and the Publishing Licence as set out in Section 6.14 of this Prospectus, our Directors are not aware of any contingent liability which, upon becoming enforceable, may have a material impact on our Group's financial position and business.

**12.5.7 Material capital commitments**

As at the LPD, save for the proposed utilisation of public proceeds to be raised from our Public Issue as stated in Section 3.9 of this Prospectus, we do not have any material capital commitments, which upon becoming enforceable may have a material and adverse impact on our financial position.

**12.5.8 Material litigation/arbitration**

As at LPD, we are not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has or might have material effects on our business or financial position, and our Directors do not know of any proceeding pending and threatened, and of any fact likely to give rise to any proceeding which might materially and adversely affect our business or financial position.

**12.5.9 Key financial ratios**

The key financial ratios of our Group are as follows:

	<----- Pro forma ----->		
	FYE 2008	FYE 2009	FYE 2010
Trade receivables turnover (days)	123	156	151
Trade payables turnover (days)	228	216	109
Inventory turnover (days)	_ (1)	_ (1)	_ (1)
Current ratio	1.77	1.54	1.22
Gearing ratio	_ (2)	_ (2)	_ (2)

Note:

(1) Our Group does not have any inventories during the financial years under review.

(2) Our Group does not have any borrowings during the financial years under review.

**12. FINANCIAL INFORMATION (Cont'd)*****Trade receivables***

We practice close monitoring of our credit policy and take reasonable steps to ensure collections are within the credit period granted. Our transactions for both the Publishing Business and Online Media Business are in credit terms.

During the FYE 2010, allowance for doubtful debts of approximately RM0.22 million for the certain balances that past due more than 120 days as shown in the table below has been recognised in the audited consolidated financial statements for the long outstanding debts where our Management is of the opinion that the recoverability of these amount are uncertain.

Save for the above, no allowance for doubtful debts or bad debts written off has been made for trade receivables in our pro forma consolidated financial statements.

As at 31 December 2010, our trade receivables ageing analysis is as follows:

	Within credit period	<-----Exceed credit period----->			Total RM'000
	Not past due	Past due 0 - 30 days	Past due 31 - 120 days	Past due more than 120 days	
	RM'000	RM'000	RM'000	RM'000	
Trade receivables	6,923	1,266	1,124	5,528	14,841
Less: Allowance for doubtful debts	-	-	-	(219)	(219)
	<b>6,923</b>	<b>1,266</b>	<b>1,124</b>	<b>5,309</b>	<b>14,622</b>
% of total trade receivables	47.34	8.66	7.69	36.31	100.00
Subsequent collection as at LPD	6,537	1,140	1,012	4,398	13,087
Outstanding balance as at LPD	386	126	112	911	1,535

The normal credit period given to our trade debtors is 30 to 90 days.

As at 31 December 2010, out of the total trade receivables of approximately RM14.62 million, RM6.92 million are within the normal credit period.

As at LPD, we have collected approximately RM13.09 million, representing approximately 89.50% of the trade receivables. The nature of our business often sees our Group invoice advertising agencies and brand owners. Save for brand owners who generally pay within our normal credit period, the advertising agencies do not pay our Group until such time as the individual brand owners have paid the agency themselves. This results in an extended receivables cycle, as brand owners may delay in their payments to the advertising agencies, who may in turn delay in their payments to our Group. Given that this is the nature of our Media Businesses and our history of operating in an environment where our collection cycle is usually considerably longer than our credit terms our Directors are of the opinion that our outstanding trade receivables are recoverable in full.

**12. FINANCIAL INFORMATION (Cont'd)*****Trade payables***

As at 31 December 2010, our trade payables ageing analysis is as follows:

	<----Within credit period---->			<----Exceed credit period---->			Total RM'000
	0-30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-180 days RM'000	181-360 days RM'000	> 12 months RM'000	
Trade payables	904	2,309	95	265	2,411	139	6,123
% of total trade payables	14.76	37.72	1.55	4.33	39.38	2.26	100.00

The normal credit period granted to us by our suppliers for the printing of our magazines ranges from 30 to 90 days.

In view of the good relationships with our major suppliers, there was no significant matter in dispute with respect to trade payables for the financial years under review. As at the LPD, there are no legal actions initiated by any of our suppliers to demand for payment.

***Inventories***

We do not have any inventories during the financial years under review.

**12.6 Material Capital Expenditure and Divestiture**

Save as disclosed below, there has been no other material capital expenditure and divestiture (including interests in other corporations) made by our Group during the past three (3) financial years up to LPD:

- (a) On 2 November 2010, Catcha Group (S) and Catcha Lifestyle entered into a sale and purchase agreement to purchase the rights and trademarks of Juice for a cash consideration of RM2.00 million to be paid over five (5) payments up to 31 December 2011 by Catcha Lifestyle to Catcha Group (S). On 18 May 2011, our Board has resolved and agreed to the settlement of RM2.32 million due by Catcha Group (S) to our Group via netting off of RM1.50 million (being the balance amount due to Catcha Group (S) for the purchase of the rights and trademarks of Juice) and cash receipt of RM0.82 million by 15 June 2011, which has been settled.

**12.7 Trend Information**

As at LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section, Sections 4, 6 and 7 of this Prospectus;
- (b) material commitment for capital expenditure save as set out in Section 12.5.7 of this Prospectus;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, positions and operations of our Group save as disclosed in this section and Section 4 of this Prospectus;



## 12. FINANCIAL INFORMATION (Cont'd)

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- (d) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Company revenue and/or profits, save for those have been disclosed in this section, Sections 6 and 7 of this Prospectus;
- (e) known events, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those disclosed in this section, Section 4, 6 and 7 of this Prospectus; and
- (f) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of our future performance and position other than those disclosed in this section and in Sections 4 and 6.22 of this Prospectus.

Our Board is optimistic about our future prospects and the outlook of the Online Media Business as set out in Section 7 of this Prospectus, in consideration of our competitive strengths as set out in Section 6.5 of this Prospectus, the factors and trends affecting our future financial condition and results as set out in Section 12.2.1 of this Prospectus and our dedication towards the future plans and strategies of our Group as set out in Section 6.21 of this Prospectus.

### 12.8 Dividend Policy

Our Company may declare dividends upon the recommendation of our Board and upon approval by a majority of our shareholders at our annual general meeting. Going forward, our ability to pay dividends or make other distributions to our shareholders to allow our shareholders to participate in our Group's profits is subject to various factors such as:

- (a) the level of our cash, marketable financial assets and level of indebtedness;
- (b) our required and expected interest expense, cash flows, profits, return on equity and earnings;
- (c) our expected results of operations; and
- (d) our projected levels of capital expenditure and other investment plans.

## 13. ACCOUNTANTS' REPORT

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*(Prepared for inclusion in this Prospectus)*



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Fax: +603 2616 3190, 2616 3191  
www.bdo.my

12th Floor Menara Uni Asia  
1008 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

The Board of Directors  
Catcha Media Berhad  
45-07 The Boulevard  
Lingkaran Syed Putra  
Mid Valley City  
59200 Kuala Lumpur

Date: 17 June 2011

Dear Sirs

**CATCHA MEDIA BERHAD ("Catcha Media" or "Company")  
ACCOUNTANTS' REPORT ("Report")**

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### 1. INTRODUCTION

This Report has been prepared by BDO, an approved company auditor, for inclusion in the Prospectus of Catcha Media Berhad to be dated 30 June 2011 in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Catcha Media on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter referred as "the Listing"), and should not be relied on for any other purposes. The details of the listing scheme are disclosed in Section 2 of this Report.

### 2. DETAILS OF THE LISTING SCHEME

In conjunction with the Listing, Catcha Media will undertake the listing scheme ("Listing Scheme") involving the following:

(a) Public Issue

A public issue of 23,000,000 Issue Shares at an Issue Price of RM0.75 per Issue Share, payable in full on application upon such terms and conditions as set out in this Prospectus, and will be allocated in the following manner:

- (i) 20,000,000 Issue Shares representing 15.04% of the enlarged issued and fully paid-up share capital, will be placed with identified investors; and
- (ii) 3,000,000 Issue Shares representing 2.25% of the enlarged issued and fully paid-up share capital, will be made available for application by the Malaysian public to be allocated via ballot.

(b) Offer for Sale

An offer for sale of up to 11,000,000 Offer Shares, representing 8.27% of the enlarged issued and fully paid-up share capital, at the Offer Price to be offered by the Selling Shareholder, Catcha Group Pte. Ltd., of RM0.75 per Offer Share to identified investors.

(c) Listing

Upon the completion of the initial public offering ("IPO"), the Company shall list its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

## 13. ACCOUNTANTS' REPORT (Cont'd)

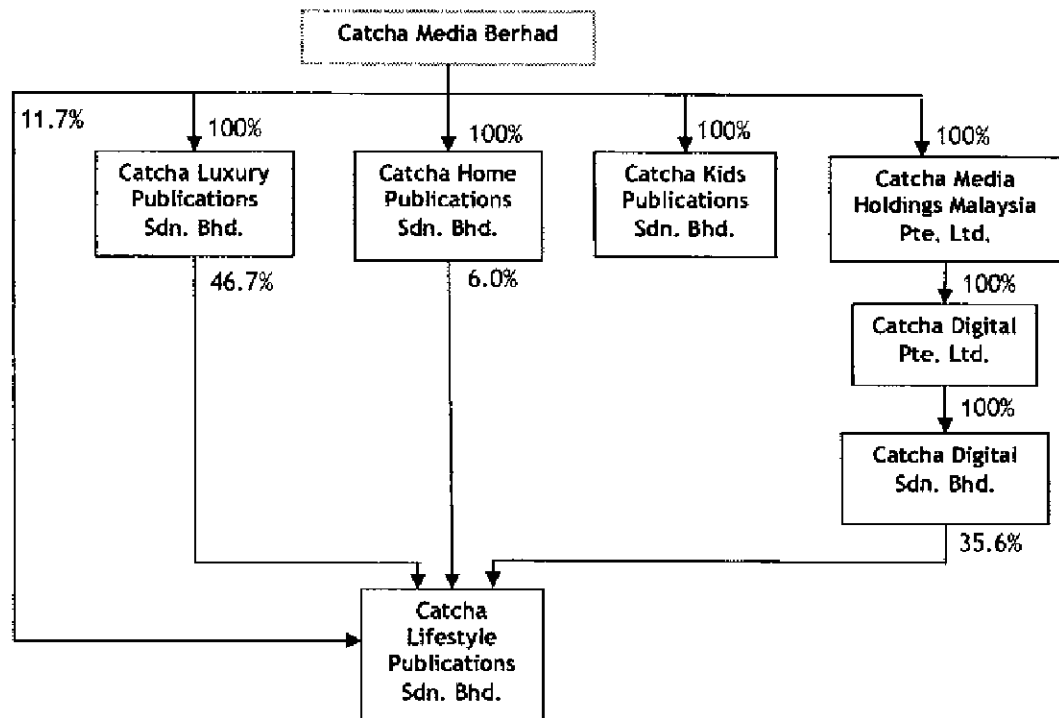


## 3. GENERAL INFORMATION

The Company was incorporated in Malaysia under the Companies Act, 1965 on 5 October 2010 as a private limited company under the name Catcha Media Sdn. Bhd.. Subsequently on 19 November 2010, the Company converted its status from a private limited company to a public limited company.

## 3.1 Group structure

As at the date of this Report, the corporate structure of Catcha Media and its subsidiaries ("Group" or "Catcha Media Group") is as follows:



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 3. GENERAL INFORMATION (continued)

## 3.2 Principal activities

The principal activity of Catcha Media is that of investment holding. The details of the subsidiaries of Catcha Media are as follows:

Subsidiaries	Date of incorporation	Place of incorporation	Issued and paid-up capital	Effective equity interest	Principal activities
Catcha Home Publications Sdn. Bhd. ("Catcha Home")	18 April 2007	Malaysia	RM1,449,002	100%	Advertising and publications
Catcha Kids Publications Sdn. Bhd. ("Catcha Kids")	14 March 2000	Malaysia	RM2	100%	Advertising and publications
Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury")	9 February 2002	Malaysia	RM2,364,100	100%	Advertising and publications
Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle")	20 July 1999	Malaysia	RM8,522,926	100%	Advertising and publications
Catcha Media Holdings Malaysia Pte. Ltd. ("Catcha Media Holdings")	19 March 2009	Singapore	S\$2	100%	Investment holding
<i>Subsidiary of Catcha Media Holdings</i>					
Catcha Digital Pte. Ltd. ("Catcha Digital (S)")	19 March 2009	Singapore	S\$2	100%	Investment holding

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 3. GENERAL INFORMATION (continued)

## 3.2 Principal activities (continued)

The principal activity of Catcha Media is that of investment holding. The details of the subsidiaries of Catcha Media are as follows: (continued)

Subsidiaries	Date of Incorporation	Place of Incorporation	Issued and paid-up capital	Effective equity interest	Principal activities
<i>Subsidiary of Catcha Digital (S)</i>					
Catcha Digital Sdn. Bhd. ("Catcha Digital (M)")	28 June 2005	Malaysia	RM2	100%	Providing advertising and internet media

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SHARE CAPITAL

As at the date of this Report, the authorised and issued and paid-up share capital of the Company is as follows:

	Number of shares (‘000)	RM'000
Ordinary shares of RM0.10 each:		
Authorised	250,000	25,000
Issued and fully paid	133,000	13,300

The Company was incorporated with an authorised share capital of RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each.

The details of the changes in the issued and paid-up share capital of the Company since the date of incorporation are as follows:

Date of allotment	Cumulative number of shares allotted	Par value RM	Consideration	Cumulative total issued and fully paid-up share capital RM
5.10.2010	20	0.10	Cash	2
6.10.2010	110,000,000	0.10	Otherwise than cash	11,000,002

Upon completion of the Public Issue, the issued and fully paid-up share capital of the Company will be enlarged to RM13,300,002 comprising 133,000,020 shares.

## 5. DIVIDEND

No dividend was declared by the Company since the date of its incorporation.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 6. RELEVANT FINANCIAL PERIODS AND AUDITORS

Set out below are the relevant financial years/periods of audited financial statements presented for the purpose of this Report ("Relevant Financial Periods"), and the respective auditors of the companies in Catcha Media Group:

<u>Company</u>	<u>Relevant financial periods</u>	<u>Auditors</u>
Catcha Media Berhad	Financial period from 5 October 2010 (date of incorporation) to 31 December 2010	Messrs BDO, Malaysia
Catcha Digital (M), Catcha Kids, Catcha Lifestyle	Financial Year Ended ("FYE") 31 December 2008 FYE 31 December 2009 FYE 31 December 2010	Messrs Peter I.M. Chieng & Co., Malaysia Messrs Peter I.M. Chieng & Co., Malaysia Messrs BDO, Malaysia
Catcha Home, Catcha Luxury	FYE 31 December 2008 FYE 31 December 2009 FYE 31 December 2010	Messrs Tay & Associates, Malaysia Messrs Tay & Associates, Malaysia Messrs BDO, Malaysia
Catcha Media Holdings	Financial period from 19 March 2009 (date of incorporation) to 31 December 2009 FYE 31 December 2010	Messrs David Yeung & Co Pac, Singapore Messrs David Yeung & Co Pac, Singapore
Catcha Digital (S)	Financial period from 19 March 2009 (date of incorporation) to 31 December 2009 FYE 31 December 2010	Messrs David Yeung & Co Pac, Singapore Messrs David Yeung & Co Pac, Singapore

The audited financial statements of all the companies within the Group for the financial years/periods reported above were not subject to any qualifications or modification, except for emphasis of matter, which highlights on the going concern basis of preparing the financial statements in the auditors' reports of the following companies.

<u>Company</u>	<u>Relevant financial periods</u>
Catcha Digital (M), Catcha Kids, Catcha Lifestyle, Catcha Home	FYE 31 December 2008 FYE 31 December 2009
Catcha Luxury	FYE 31 December 2008
Catcha Media Holdings	Financial period ended ("FPE") 31 December 2009
Catcha Digital (S)	FPE 31 December 2009

There were no emphasis of matter in the auditors' reports of the above companies for the FYE 31 December 2010 due to improvements in their financial positions.

The audited reports of Catcha Media Berhad, Catcha Digital (M), Catcha Kids, Catcha Lifestyle, Catcha Home, Catcha Luxury, Catcha Media Holdings and Catcha Digital (S) for the Relevant Financial Periods are disclosed in Appendix 1 of this Report.

**13. ACCOUNTANTS' REPORT (Cont'd)****7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

There were no consolidated financial statements prepared for Catcha Media Group for the FYE 31 December 2008 and 2009 as Catcha Media Group was not in existence as at the end of these financial years.

Accordingly, for the purpose of this Report, we have presented the financial information for each company within Catcha Media Group in Section 9 based on their respective audited financial statements.

This Report is prepared on a basis consistent with the accounting policies adopted by Catcha Media Group as disclosed in Section 7.1 of this Report.

The financial statements for Catcha Home, Catcha Kids, Catcha Luxury, Catcha Lifestyle and Catcha Digital (M) for the FYE 31 December 2008 and 31 December 2009 had been previously prepared in accordance with applicable approved Private Entity Reporting Standards ("PERSs") in Malaysia. The Group has adopted applicable approved Financial Reporting Standards ("FRSs") in Malaysia for the FYE 31 December 2010, as disclosed in Section 7.2 of this Report. The transition from PERSs to FRSs did not materially affect these companies' reported financial position, financial results and cash flows as at the date of transition.

The statutory financial statements of Catcha Media Holdings and Catcha Digital (S) for the financial period from 19 March 2009 (date of incorporation) to 31 December 2009 and financial period from 1 January 2010 to 31 December 2010 have been prepared in accordance with Singapore FRSs. There is no significant difference between Malaysia FRSs and Singapore FRSs in the context of Catcha Media Holdings's and Catcha Digital (S)'s financial statements for the financial period from 19 March 2009 (date of incorporation) to 31 December 2009 and financial year ended 31 December 2010 and neither adjustment is required nor reconciliation is presented for the financial statements under these two accounting standards. The financial information (based on the audited separate financial statements) of Catcha Media Holdings and Catcha Digital (S) for the financial period from 19 March 2009 (date of incorporation) to 31 December 2009 and financial year ended 31 December 2010 are presented in Section 9 of this Report.

The management of Catcha Media considers the functional currency to be Ringgit Malaysia ("RM") for Catcha Media, Catcha Home, Catcha Kids, Catcha Luxury, Catcha Lifestyle and Catcha Digital (M) and Singapore Dollar ("S\$") for Catcha Media Holdings and Catcha Digital (S). The financial statements of Catcha Media, Catcha Home, Catcha Kids, Catcha Luxury, Catcha Lifestyle and Catcha Digital (M) are also presented in RM and the financial statements of its subsidiaries, Catcha Media Holdings and Catcha Digital (S) are presented in Singapore Dollar ("S\$"). In preparing this Report, the financial information of the Singapore subsidiaries were translated into Ringgit Malaysia ("RM") for information purposes.

The exchange rates as used for the purpose of this Report are as follows:

**Financial year ended (average rate)**

31 December 2009	S\$1: RM2.4401
31 December 2010	S\$1: RM2.3867

**As at (closing rate)**

31 December 2009	S\$1: RM2.4452
31 December 2010	S\$1: RM2.3859

(Source: Bank Negara Malaysia)



**13. ACCOUNTANTS' REPORT (Cont'd)****7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies**

The significant accounting policies adopted by the Catcha Media Group in the preparation of this Report are as follows:

**7.1.1 Basis of accounting**

The financial statements of the subsidiaries of the Group have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Section 7.3 of this Report. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

**7.1.2 Basis of consolidation**

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

An acquisition that resulted in a business combination involving common control entities is outside the scope of FRS 3 *Business Combinations*. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of Catcha Media Group as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by Catcha Media Group. Therefore, Catcha Media Group recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Catcha Media Group's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of Catcha Media Group.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## 7.1.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Computers	33%
Office equipment	20%
Furniture and fittings	10% to 20%
Renovation	20%

At each reporting date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Section 7.1.7 of this Report on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

## 7.1.4 Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

**13. ACCOUNTANTS' REPORT (Cont'd)****7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies (continued)****7.1.5 Investments****(a) Subsidiaries**

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

**(b) Associates**

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net investment in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, 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. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## 7.1.5 Investments (continued)

## (b) Associates (continued)

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting dates is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

## 7.1.6 Intangible assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

An intangible asset has an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

**13. ACCOUNTANTS' REPORT (Cont'd)****7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies (continued)****7.1.7 Impairment of non-financial assets**

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating units ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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. Such reversals are recognised as income immediately in profit or loss.

**7.1.8 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## 7.1.8 Financial instruments (continued)

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

## (a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

## (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

## (ii) Held-to-maturity investments

Financial assets classified as held-to maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## 7.1.8 Financial instruments (continued)

## (a) Financial assets (continued)

## (iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

## (iv) Available-for-sale financial assets.

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## 7.1.8 Financial instruments (continued)

## (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

## (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

## (ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.



13. ACCOUNTANTS' REPORT (Cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

7.1.8 Financial instruments (continued)

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## 7.1.9 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment includes historical collection rates determined on an individual basis and observable changes that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

## 7.1.10 Income taxes

Income taxes include all taxes on taxable profits. Taxes in the statements of comprehensive income comprise current tax and deferred tax.

## (a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current taxes for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the reporting date.

**13. ACCOUNTANTS' REPORT (Cont'd)****7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies (continued)****7.1.10 Income taxes (continued)****(b) Deferred tax**

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) either the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

**7.1.11 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**13. ACCOUNTANTS' REPORT (Cont'd)****7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies (continued)****7.1.11 Provisions (continued)**

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

**7.1.12 Employee benefits****(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial period when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

**(b) Defined contribution plan**

The Company and its subsidiaries make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

**7.1.13 Foreign currencies****(a) Functional and presentation currency**

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of Group are presented in Ringgit Malaysia ("RM"), which is also the Company's functional and presentation currency.

**(b) Foreign currency translations and balances**

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the reporting date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

**13. ACCOUNTANTS' REPORT (Cont'd)****7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies (continued)****7.1.13 Foreign currencies (continued)****(c) Group companies**

The results and financial positions of the Group entities that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet.
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

**7.1.14 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities, as follows:

**(a) Publishing revenue**

Publishing revenue is recognised upon the display of advertisements and promotions in the Group's publishings, net of sales tax as well as sales and subscriptions of publishings to consumers.

**(b) Online advertising**

Revenue from online advertising is recognised upon the utilisation and fulfilment of advertising space.

**(c) Content**

Content revenue is recognised when the development and update of online content are performed.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## 7.1.15 Operating segments

Following the adoption of FRS 8 *Operating Segments*, operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the Group's chief operating decision maker (ie. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount of:
  - (i) The combined reported profit of all operating segments that did not report a loss; and
  - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are 10 per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75 percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.2 Adoption of New FRSs, Amendments to FRSs and IC interpretations

## 7.2.1 New FRSs, Amendments to FRSs and IC Interpretations adopted

For the purpose of this Report, the Group has adopted all the following FRSs, amendments to FRSs and IC Interpretations that are effective on or before 1 January 2010 for the preparation of the financial statements for the FYE 31 December 2008, 31 December 2009 and FYE 31 December 2010:

FRS 1	<i>First-time Adaption of Financial Reporting Standards</i>
FRS 2	<i>Share-based Payment</i>
FRS 3	<i>Business Combinations</i>
FRS 4	<i>Insurance Contracts</i>
FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
FRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>
FRS 7	<i>Financial Instruments: Disclosures</i>
FRS 8	<i>Operating Segments</i>
FRS 101	<i>Presentation of Financial Statements</i>
FRS 102	<i>Inventories</i>
FRS 107	<i>Statement of Cash Flows</i>
FRS 108	<i>Accounting Policies, Change in Accounting Estimates and Errors</i>
FRS 110	<i>Events after the Reporting period</i>
FRS 111	<i>Construction Contracts</i>
FRS 112	<i>Income Taxes</i>
FRS 116	<i>Property, Plant and Equipment</i>
FRS 117	<i>Leases</i>
FRS 118	<i>Revenue</i>
FRS 119	<i>Employee Benefits</i>
FRS 119	<i>Amendment to Financial Reporting Standard FRS 119 Employee Benefits - Actuarial Gains and Losses, Company Plans and Disclosures</i>
FRS 120	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>
FRS 121	<i>The Effects of Changes in Foreign Exchange Rates</i>
FRS 121	<i>Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>
FRS 123	<i>Borrowing Costs</i>
FRS 124	<i>Related Party Disclosures</i>
FRS 126	<i>Accounting and Reporting by Retirement Benefit Plans</i>
FRS 127	<i>Consolidated and Separate Financial Statements</i>
FRS 128	<i>Investments in Associates</i>
FRS 129	<i>Financial Reporting in Hyperinflationary Economies</i>
FRS 131	<i>Interests in Joint Ventures</i>
FRS 132	<i>Financial Instruments: Presentation</i>
FRS 133	<i>Earnings Per Share</i>
FRS 134	<i>Interim Financial Reporting</i>
FRS 136	<i>Impairment of Assets</i>
FRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
FRS 138	<i>Intangible Assets</i>
FRS 139	<i>Financial Instruments: Recognition and Measurement</i>
FRS 140	<i>Investment Property</i>
FRS 201 <sub>2004</sub>	<i>Property Development Activities</i>
FRS 202 <sub>2004</sub>	<i>General Insurance Business</i>
FRS 203 <sub>2004</sub>	<i>Life Insurance Business</i>
FRS 204 <sub>2004</sub>	<i>Accounting for Aquaculture</i>
FRS i-1 <sub>2004</sub>	<i>Presentation of Financial Statements of Islamic Financial Institutions</i>

## 13. ACCOUNTANTS' REPORT (Cont'd)



7.	<b>BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
7.2	<b>Adoption of New FRSs, Amendments to FRSs and IC interpretations (continued)</b>
7.2.1	<b>New FRSs, Amendments to FRSs and IC Interpretations adopted (continued)</b>
Amendments to FRS 1 and FRS 127	<i>First-time Adaptation of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cast of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
Amendments to FRS 2	<i>Share-based Payment: Vesting Conditions and Cancellations</i>
Amendment to FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
Amendments to FRS 7	<i>Financial Instruments: Disclosures</i>
Amendment to FRS 8	<i>Operating Segments</i>
Amendment to FRS 107	<i>Statement of Cash Flows</i>
Amendment to FRS 108	<i>Accounting Policies, Change in Accounting Estimates and Errors</i>
Amendment to FRS 110	<i>Events after the Reporting Period</i>
Amendment to FRS 116	<i>Property, Plant and Equipment</i>
Amendment to FRS 117	<i>Leases</i>
Amendment to FRS 118	<i>Revenue</i>
Amendment to FRS 119	<i>Employee Benefits</i>
Amendment to FRS 120	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>
Amendment to FRS 123	<i>Borrowing Costs</i>
Amendment to FRS 127	<i>Consolidated and Separate Financial Statements</i>
Amendment to FRS 128	<i>Investments in Associates</i>
Amendment to FRS 129	<i>Financial Reporting in Hyperinflationary Economies</i>
Amendment to FRS 131	<i>Interests in Joint Ventures</i>
Amendments to FRS 132	<i>Financial Instruments: Presentation</i>
Amendment to FRS 134	<i>Interim Financial Reporting</i>
Amendment to FRS 136	<i>Impairment of Assets</i>
Amendment to FRS 138	<i>Intangible Assets</i>
Amendments to FRS 139	<i>Financial Instruments: Recognition and Measurement</i>
Amendment to FRS 140	<i>Investment Property</i>
Amendment to IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>
IC Interpretation 2	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>
IC Interpretation 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
IC Interpretation 6	<i>Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>
IC Interpretation 7	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>
IC Interpretation 8	<i>Scope of FRS 2 Share-based Payment</i>
IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 10	<i>Interim Financial Reporting and Impairment</i>
IC Interpretation 11	<i>FRS 2 - Group and Treasury Share Transaction</i>
IC Interpretation 13	<i>Customer Royalty Programmes</i>
IC Interpretation 14	<i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>
IC Interpretation 107	<i>Introduction of Euro</i>
IC Interpretation 110	<i>Government Assistance - No Specific Relation to Operating Activities</i>
IC Interpretation 112	<i>Consolidation - Special Purpose Entities</i>



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.2 Adoption of New FRSs, Amendments to FRSs and IC interpretations (continued)

## 7.2.1 New FRSs, Amendments to FRSs and IC Interpretations adopted (continued)

IC Interpretation 113	<i>Jointly Controlled Entities - Non Monetary Contributions by Ventures</i>
IC Interpretation 115	<i>Operating Leases - Incentives</i>
IC Interpretation 121	<i>Income Taxes - Recovery of Revalued Non-Depreciable Assets</i>
IC Interpretation 125	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>
IC Interpretation 127	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>
IC Interpretation 129	<i>Disclosure - Service Concession Arrangements</i>
IC Interpretation 131	<i>Reserve - Barter Transactions Involving Advertising Transactions</i>
IC Interpretation 132	<i>Intangible Assets - Web Site Costs</i>
IC Interpretation 201	<i>Preliminary and Pre-operating Expenditure</i>

Other than FRS 2 *Share-based Payment*, the adoption of the above new and amended FRSs and IC Interpretations does not have any impact on the financial statements of the Company other than the form of presentation and disclosure.

FRS 2 requires an entity to recognise the goods and services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. An entity shall recognise a corresponding increase in equity if goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

On 27 October 2010, certain employees of the Group were granted shares in the Catcha Media Berhad by virtue of their long serving employment with the Group. As a result of the adoption of FRS 2, share-based payment of RM1,010,000 was recognised in the financial statements during the financial year.

## 7.2.2 Framework for the Preparation and Presentation of Financial Statements ("Framework") is effective for financial year beginning on 1 July 2007

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a Malaysian Accounting Standards Board ("MASB") approved accounting standard as defined in paragraph 1f of FRS 101 and hence, does not define standards for any particular measurement or disclosure issue.

## 7.2.3 New FRSs not adopted

- (a) Amendments to FRS 132 *Financial Instruments: Presentation* are mandatory for annual periods beginning on or after 1 March 2010.

The Group does not expect any impact on the financial statements arising from the adoption of the above amendments.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.2 Adoption of New FRSs, Amendments to FRSs and IC interpretations (continued)

## 7.2.3 New FRSs not adopted (continued)

- (b) The following new FRSs, amendments to FRSs and IC Interpretations are mandatory for annual periods beginning after 1 July 2010:

FRS 1	<i>First-time Adoption of Financial Reporting Standards</i>
FRS 3	<i>Business Combinations</i>
FRS 127	<i>Consolidated and Separate Financial Statements</i>
Amendments to FRS 2	<i>Share-based Payment</i>
Amendments to FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
Amendments to FRS 138	<i>Intangible Assets</i>
Amendments to FRS 139	<i>Financial Instruments: Recognition and Measurement</i>
Amendments to IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 12	<i>Service Concession Arrangements</i>
IC Interpretation 15	<i>Agreements for the Construction of Real Estate</i>
IC Interpretation 16	<i>Hedges of Net Investment in a Foreign Operation</i>
IC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>

The Group does not expect any impact on the financial statements arising from the adoption of the above new FRSs, amendments to FRSs and IC Interpretations.

- (c) The following amendments to FRSs and IC Interpretations are mandatory for annual periods beginning on or after 1 January 2011:

Amendments to FRS 1	<i>First-time Adoption of Financial Reporting Standards: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>
Amendments to FRS 2	<i>Share-based Payment: Group Cash-settled Share-based Payment Transactions</i>
Amendments to FRS 7	<i>Improving Disclosures about Financial Instruments</i>
IC Interpretation 4	<i>Determining whether an Agreement contains a Lease</i>
IC Interpretation 18	<i>Transfer of Assets from Customers</i>
Amendments to FRS 1	<i>First-time Adoption of Financial Reporting Standards: Additional Exemption for First-time Adopters</i>
Amendments to FRS 3	<i>Business Combinations</i>
Amendments to FRS 7	<i>Financial Instruments: Disclosures</i>
Amendments to FRS 101	<i>Presentation of Financial Statements</i>
Amendments to FRS 121	<i>The Effects of Changes in Foreign Exchange Rates</i>
Amendments to FRS 128	<i>Investments in Associates</i>
Amendments to FRS 131	<i>Interests in Joint Ventures</i>
Amendments to FRS 132	<i>Financial Instruments: Presentation</i>
Amendments to FRS 134	<i>Interim Financial Reporting</i>
Amendments to FRS 139	<i>Financial Instruments: Recognition and Measurement</i>
Amendments to IC Interpretation 13	<i>Customer Loyalty Programmes</i>

The Group does not expect any impact on the financial statements arising from the adoption of the above amendments to FRSs and IC Interpretations.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.2 Adoption of New FRSs, Amendments to FRSs and IC interpretations (continued)

## 7.2.3 New FRSs not adopted (continued)

- (d) The following amendments to IC Interpretation and IC Interpretation are mandatory for annual periods beginning on or after 1 July 2011:

Amendments to IC Interpretation 14	<i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>
IC Interpretation 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

The Group does not expect any impact on the financial statements arising from the adoption of the above amendments to IC Interpretation and IC Interpretation.

- (e) The following IC Interpretation and new FRS are mandatory for annual periods beginning on or after 1 January 2012:

IC Interpretation 15	<i>Agreements for the Construction of Real Estate</i>
FRS 124	<i>Related Party Disclosures</i>

The Group does not expect any impact on the financial statements arising from the adoption of the above IC Interpretation and new FRS.

## 7.3 Significant accounting estimates and judgements

## 7.3.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

## 7.3.2 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- (a) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

**13. ACCOUNTANTS' REPORT (Cont'd)**

Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

**7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.3 Significant accounting estimates and judgements (continued)****7.3.2 Key sources of estimation uncertainty (continued)****(b) Impairment of intangible asset**

The useful life of the intangible asset has been assessed by the Directors to be indefinite as there is no foreseeable limit to the period over which the intangible asset is expected to generate cash inflows to the Group. The useful life is reviewed each period end to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. Changes in the useful life will impact the carrying amount of the intangible asset.

**(c) Impairment of receivables**

The Group makes impairment losses for receivables based on an assessment of the recoverability of receivables. Impairment losses are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of credit losses. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

**(d) Income taxes**

Significant judgement is involved in determining the Group's provision for taxes. The Group will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through management's interpretation of the various tax legislations. When the final tax outcome is different from the amounts that were initially recognised, such differences will impact the tax provision in the financial period in which such determination is made.

**8. FINANCIAL INFORMATION AND LIMITATION**

The scope of work conducted in the preparation of this Report does not, in itself, constitute an audit in accordance with the approved standards on auditing in Malaysia.

All information are extracted from audited financial statements except those in *italics*, which are prepared based on calculation, management accounts and/or explanation provided by management of the Group.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES

## 9.1 Catcha Media Berhad ("Catcha Media")

## 9.1.1 Statement of comprehensive income of Catcha Media

The statement of comprehensive income of Catcha Media, which is extracted from the audited financial statements for the FPE 31 December 2010, is set out as below:

	Section	FPE 31 December 2010 RM'000
Revenue		-
Administrative expenses		(513)
Loss before tax	9.1.5	(513)
Tax expense	9.1.6	-
Loss for the financial period		(513)
Other comprehensive income		-
Total comprehensive income for the financial period		(513)
Number of ordinary shares		110,000,020
Gross profit margin (%)		N/A
Pre-tax loss margin (%)		N/A
Loss after tax margin (%)		N/A
Effective tax rate (%)		N/A
Loss before interest, tax, depreciation and amortisation		(513)
Gross loss per share		*
Net loss per share		*

N/A: Not applicable

\* negligible

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.1 Catcha Media Berhad ("Catcha Media") (continued)

## 9.1.2 Statements of financial position of Catcha Media

The statement of financial position of Catcha Media, which is extracted from the audited financial statements for the financial period from 5 October 2010 (date of incorporation) to 31 December 2010, is set out below:

	Section	As at 31 December 2010 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	9.1.7	11,000
		11,000
<b>Current assets</b>		
Other receivables	9.1.8	6
Cash and cash equivalents	9.1.9	10
		16
<b>TOTAL ASSETS</b>		11,016
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	9.1.10	11,000
Accumulated losses		(513)
<b>TOTAL EQUITY</b>		10,487
<b>Current liabilities</b>		
Other payables	9.1.11	529
<b>TOTAL LIABILITIES</b>		529
<b>TOTAL EQUITY AND LIABILITIES</b>		11,016
<i>Net assets</i>		10,487
<i>Net assets per ordinary share of RM0.10 each</i>		*

\* negligible

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.1 Catcha Media Berhad ("Catcha Media") (continued)

## 9.1.3 Statement of cash flows of Catcha Media

The statement of cash flows of Catcha Media, which is extracted from the audited financial statements for the FPE 31 December 2010, is set out below:

	FPE 31 December 2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Loss before tax/Operating loss before changes in working capital	(513)
Changes in working capital:	
Other receivables	(6)
Other payables	529
Net cash from operating activities	10
Cash and cash equivalents at date of incorporation	*
Cash and cash equivalents at end of financial period	10

\* represents RM2

## 9.1.4 Statements of changes in equity of Catcha Media

The statement of changes in equity of Catcha Media, which are extracted from the audited financial statements for FPE 31 December 2010, is set out below:

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance at date of incorporation	*	-	*
Issuance of ordinary shares	11,000	-	11,000
Total comprehensive loss for the financial period	-	(513)	(513)
Balance at 31 December 2010	11,000	(513)	10,487

\* represents RM2

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.1 Catcha Media Berhad ("Catcha Media") (continued)

## 9.1.5 Loss before tax

FPE 31  
December  
2010  
RM'000

Loss before tax is arrived at after charging:

Auditors' remuneration  
- current year

25

## 9.1.6 Tax expense

The numerical reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate of Catcha Media is as follows:

FPE 31  
December  
2010  
RM'000

Tax at Malaysian statutory tax rate of 25%

(128)

Tax effects in respect of:  
Non-allowable expenses

128

-

## 9.1.7 Investments in subsidiaries

As at 31  
December  
2010  
RM'000

Unquoted equity shares, at cost

11,000

## 9.1.8 Other receivables

As at 31  
December  
2010  
RM'000

Deposits

6

Other receivables are denominated in Ringgit Malaysia.



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.1 Catcha Media Berhad ("Catcha Media") (continued)

## 9.1.9 Cash and cash equivalents

As at  
31 December 2010  
RM'000

Cash and bank balances	10
------------------------	----

Cash and cash equivalents are denominated in Ringgit Malaysia.

## 9.1.10 Share capital

As at  
31 December  
2010  
RM'000

Ordinary shares of RM0.10 each:

Authorised:

Balance as at date of incorporation	100
Increased during the financial period	

24,900

Balance as at 31 December

25,000

Issued and fully paid:

Balance as at date of incorporation	*
Issued during the financial period	

11,000

Balance as at 31 December

11,000

\* represents RM2

During the financial period, the Company issued 110,000,000 new ordinary shares of RM0.10 each to Catcha Group Pte. Ltd. as consideration to acquire entire equity interests in Catcha Lifestyle Publications Sdn. Bhd., Catcha Home Publications Sdn. Bhd., Catcha Kids Publications Sdn. Bhd., Catcha Luxury Publications Sdn. Bhd. And Catcha Media Holdings Malaysia Pte. Ltd..

The holders of ordinary shares are entitled to receive dividends as and when declared by Catcha Media and are entitled to one vote per ordinary share at the meetings of Catcha Media. All ordinary shares rank pari passu with regard to Catcha Media's residual assets.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.1 Catcha Media Berhad ("Catcha Media") (continued)

## 9.1.11 Other payables

	As at 31 December 2010 RM'000
Subsidiaries	291
Other payables	209
Accruals	29
	<u>529</u>

Amount owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

Other payables are denominated in Ringgit Malaysia.

## 9.1.12 Related party disclosures

Parties are considered to be related to Catcha Media if Catcha Media has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Catcha Media and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Catch Media has controlling related party relationship with its direct and indirect subsidiaries and its holding company, Catcha Group Pte. Ltd..

## 9.1.13 Financial instruments

## (a) Categories of financial instruments

	As at 31 December 2010 RM'000
<b>Financial assets</b>	
<i>Loans and receivables</i>	
Other receivables	6
Cash and cash equivalents	10
	<u>16</u>
<b>Financial liabilities</b>	
<i>Other financial liabilities</i>	
Other payables	529
	<u>529</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.1 Catcha Media Berhad ("Catcha Media") (continued)

## 9.1.13 Financial instruments (continued)

## (b) Financial risk management objectives and policies

Catcha Media's financial risk management objective is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

Catcha Media operates within clearly defined guidelines and does not trade in derivative financial instruments. The operations of Catcha Media is subject to liquidity and cash flow risk.

## (i) Liquidity and cash flow risk

Liquidity risk arises from Catcha Media's management of working capital. It is the risk that Catcha Media will encounter difficulty in meeting its financial obligations when due.

Catcha Media monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows.

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	Carrying amount RM	Undiscounted contractual cashflows RM	Under 1 year RM
<b>31.12.2010</b>			
Other payables	529	529	529

## (c) Fair values

Catcha Media adopted the amendments to FRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the fair value measurement hierarchy by way of taking references through information obtained from open market or other technique such as discounted cash flow analysis.

As at 31 December 2010, there were no financial instruments that will warrant additional disclosure under the amendments to FRS 7.

The carrying amounts of financial instruments as at 31 December 2010 approximate their fair values due to the short term maturity of these instruments.

13. ACCOUNTANTS' REPORT (Cont'd)

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*Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report*

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9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

9.1 Catcha Media Berhad ("Catcha Media") (continued)

9.1.13 Financial instruments (continued)

(d) Capital risk management policies and objectives

Catcha Media's objectives when managing capital are:

- (i) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholders and other stakeholders; and
- (ii) to provide adequate returns to its shareholders.

Catcha Media sets the amount of capital in proportion to risk. Catcha Media manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home")

## 9.2.1 Statements of comprehensive income of Catcha Home

The statements of comprehensive income of Catcha Home, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Section	FYE 31 December		
		2008 RM'000	2009 RM'000	2010 RM'000
Revenue	9.2.5	1,226	1,107	1,199
Cost of sales	9.2.6	(812)	(927)	(492)
Gross profit		414	180	707
Other income		3	52	30
Administrative expenses		(443)	(433)	(463)
Operating expenses		(41)	(4)	(133)
(Loss)/Profit before tax	9.2.7	(67)	(205)	141
Tax expense	9.2.8	-	-	-
(Loss)/Profit for the financial year/period		(67)	(205)	141
Other comprehensive income		-	-	-
Total comprehensive income for the financial year/period		(67)	(205)	141
Number of ordinary shares		2	2	1,449,002
Gross profit margin (%)		33.77	16.26	58.97
Pre-tax (loss)/profit margin (%)		(5.46)	(18.52)	11.76
(Loss)/Profit after tax margin (%)		(5.46)	(18.52)	11.76
Effective tax rate (%)		N/A	N/A	N/A
(Losses)/Earnings before interest, tax, depreciation and amortisation		(64)	(201)	147

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.1 Statements of comprehensive income of Catcha Home (continued)

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
Gross (losses)/earnings per share	(33.50)	(102.50)	*
Net (losses)/earnings per share	(33.50)	(102.50)	*

N/A: Not applicable

\* negligible

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.2 Statements of financial position of Catcha Home

The statements of financial position of Catcha Home, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010 and after appropriate reclassification, are set out below:

	Section	As at 31 December		
		2008 RM'000	2009 RM'000	2010 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9.2.9	6	4	35
Investment	9.2.10	-	-	506
		6	4	541
<b>Current assets</b>				
Trade and other receivables	9.2.11	1,070	1,228	988
Cash and cash equivalents	9.2.12	21	144	57
		1,091	1,372	1,045
<b>TOTAL ASSETS</b>		1,097	1,376	1,586
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holder of the company</b>				
Share capital	9.2.13	*	*	1,449
Accumulated losses		(105)	(310)	(169)
<b>(DEFICIT IN EQUITY)/TOTAL EQUITY</b>		(105)	(310)	1,280
<b>Current liabilities</b>				
Trade and other payables	9.2.14	1,202	1,686	306
<b>TOTAL LIABILITIES</b>		1,202	1,686	306
<b>TOTAL EQUITY AND LIABILITIES</b>		1,097	1,376	1,586
<i>Net (liabilities)/assets</i>		(105)	(310)	1,280
<i>Net (liabilities)/assets per ordinary share of RM1.00 each</i>		(52.50)	(155.00)	**

\* represents RM2

\*\* negligible

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.3 Statements of Cash Flows of Catcha Home

The statements of cash flows of Catcha Home, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010 and after appropriate reclassification, are set out below:

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit before tax	(67)	(205)	141
Adjustments for:			
Depreciation of property, plant and equipment	3	4	6
Impairment losses on receivables	35	-	127
Impairment losses on receivables no longer required	-	(51)	(16)
Loss on disposal of other investments	2	-	-
Operating (loss)/profit before changes in working capital	(27)	(252)	258
Changes in working capital:			
Trade and other receivables	(555)	335	(236)
Trade and other payables	585	484	(1,447)
Net cash from/(used in) operating activities	3	567	(1,425)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advances to immediate holding company	-	-	(5)
Advances (to)/from related companies	(6)	(442)	1,349
Proceeds from disposal of other investments	4	-	-
Purchase of property, plant and equipment	-	(2)	(36)
(Advances to)/Repayments from ultimate holding company	(30)	-	30
Net cash (used in)/from investing activities	(32)	(444)	1,338
Net (decrease)/increase in cash and cash equivalents	(29)	123	(87)
Cash and cash equivalents at beginning of financial year	50	21	144
Cash and cash equivalents at end of financial year (Note 9.2.12)	21	144	57



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.4 Statements of changes in equity of Catcha Home

The statements of changes in equity of Catcha Home, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance at 1 January 2008	*	(38)	(38)
Total comprehensive income for the financial year	-	(67)	(67)
Balance at 31 December 2008	*	(105)	(105)
Total comprehensive income for the financial year	-	(205)	(205)
Balance at 31 December 2009	*	(310)	(310)
Issuance of ordinary shares	1,449	-	1,449
Total comprehensive income for the financial year	-	141	141
Balance at 31 December 2010	1,449	(169)	1,280

\* represents RM2

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.5 Revenue

<----- FYE 31 December ----->		
2008	2009	2010
RM'000	RM'000	RM'000

Publishing revenue	1,226	1,107	1,199
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## 9.2.6 Cost of sales

<----- FYE 31 December ----->		
2008	2009	2010
RM'000	RM'000	RM'000

Commission	18	14	29
Printing charges	199	151	172
Production costs	595	762	291
	812	927	492

## 9.2.7 (Loss)/Profit before tax

<----- FYE 31 December ----->		
2008	2009	2010
RM'000	RM'000	RM'000

(Loss)/Profit before tax is arrived at  
after charging:

Auditors' remuneration			
- current year	4	5	11
- over provision in prior year	-	-	(2)
Depreciation of property, plant and equipment	3	4	6
Impairment losses on receivables	35	-	127
Loss on disposal of other investments	2	-	-
Realised loss on foreign exchange	-	-	1
Rental of premises	48	48	48
And crediting:			
Impairment losses on receivables no longer required	-	51	16

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.8 Tax expense

The Malaysian income tax is calculated at a statutory rate of 25% (2009: 25%, 2008: 26%) of the estimated taxable profit for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate of Catcha Home is as follows:

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Tax at Malaysian statutory tax rate of 25% (2009: 25%, 2008: 26%)	(17)	(51)	35
Tax effects in respect of:			
Non-allowable expenses	1	1	4
Non-taxable income	-	(6)	-
Deferred tax assets not recognised during the year	13	46	-
Utilisation of previously unrecognised deferred tax assets	-	-	(39)
Reduction on statutory tax rate on the first RM500,000 (2009, 2008 : RM500,000) of chargeable income	3	10	-
	-	-	-

## 9.2.9 Property, plant and equipment

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Carrying amount			
Computers	6	4	25
Furniture and fittings	-	-	10
	6	4	35

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.10 Investment

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Available for sale financial assets, at cost			
- Unquoted shares	-	-	506

The investment in unquoted shares arose as part of an internal group restructuring.

## 9.2.11 Trade and other receivables

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
<b>Trade</b>			
Third parties	590	562	814
Less: Impairment losses	(59)	(8)	(119)
	<u>531</u>	<u>554</u>	<u>695</u>
<b>Non-trade</b>			
Ultimate holding company			
- Catcha Group Pte. Ltd.	30	30	-
Immediate holding company	-	-	4
Related companies	180	622	282
Other receivables	328	20	1
Deposits	-	-	-
Prepayments	1	2	6
	<u>539</u>	<u>674</u>	<u>293</u>
	<u>1,070</u>	<u>1,228</u>	<u>988</u>

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by Catcha Home range from 30 to 90 days from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amounts owing by holding companies and related companies represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.11 Trade and other receivables (continued)

(c) The currency exposure profile of receivables is as follows:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ringgit Malaysia	1,040	1,198	988
Singapore Dollar	30	30	-
	1,070	1,228	988

## 9.2.12 Cash and cash equivalents

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Cash and bank balances	21	144	57

Cash and cash equivalents are denominated in Ringgit Malaysia.

## 9.2.13 Share capital

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ordinary shares of RM1.00 each:			
Authorised:			
Balance as at 1 January	100	100	100
Increased during the financial year	-	-	4,900
Balance as at 31 December	100	100	5,000
Issued and fully paid:			
Balance as at 1 January	*	*	*
Issued during the financial year	-	-	1,449
Balance as at 31 December	*	*	1,449

\* represents RM2

During the FYE 31 December 2010, the Catcha Home increased its authorised share capital from 100,000 ordinary shares of RM1.00 each to 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Catcha Home was increased from RM2 to RM1,449,002 by way of issuance of 1,449,000 new ordinary shares of RM1.00 per share by way of capitalisation of intercompany balances pursuant to an internal group restructuring.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.13 Share capital (continued)

The holders of ordinary shares are entitled to receive dividends as and when declared by Catcha Home and are entitled to one vote per ordinary share at the meetings of Catcha Home. All ordinary shares rank pari passu with regard to Catcha Home's residual assets.

## 9.2.14 Trade and other payables

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
<b>Trade</b>			
Third parties	67	86	46
Related company	1,058	1,418	47
	1,125	1,504	93
<b>Non-trade</b>			
Related company	-	-	65
Other payables	41	39	18
Accruals	36	143	130
	77	182	213
	1,202	1,686	306

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to Catcha Home range from 30 to 90 days from date of invoice.
- (b) Amounts owing to related company are unsecured, interest-free and payable upon demand in cash and cash equivalents. Non-trade amounts represent advances and payments made on behalf.
- (c) The currency exposure profile of payables is as follows:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ringgit Malaysia	1,171	1,686	306
Singapore Dollar	31	-	-
	1,202	1,686	306
	1,202	1,686	306

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.15 Deferred tax

The amounts of temporary differences for which no deferred tax assets have been recognised in the balance sheets are as follows:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Taxable temporary differences	(9)	-	(8)
Deductible temporary differences	-	6	-
Unused tax losses	72	260	143
Unabsorbed capital allowances	20	25	-
	83	291	135

Deferred tax assets have not been recognised in respect of these items as it is not probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

The unused tax losses and unabsorbed capital allowances do not expire under the current tax legislation.

## 9.2.16 Employee benefits

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Wages and salaries	169	160	253
Contributions to defined contribution plan	24	20	30
Social security contributions	-	3	4
Other benefits	1	8	4
	194	191	291

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.17 Related party disclosures

## (a) Identities of related parties

Parties are considered to be related to Catcha Home if Catcha Home has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Catcha Home and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Catch Home has controlling related party relationship with its holding companies.

## (b) Catcha Home had the following transactions with related parties during the financial years:

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Related companies:			
Direct operating cost and administrative expenses paid or payable	516	516	-
Direct operating cost and administrative expenses recoverable	-	-	-
Office expenses paid or payable	-	-	10
Recruitment fees recoverable	-	-	(1)
Rental expenses paid or payable	48	48	48
Staff costs paid or payable	-	-	37
Magazine revenue sharing paid or payable	-	-	45

Balances with related parties at reporting dates are disclosed in Section 9.2.11 and Note 9.2.14 to this Report.

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.18 Financial instruments

## (a) Categories of financial instruments

	<----- FYE 31 December ----->		
	2008	2009	2009
	RM'000	RM'000	RM'000
<b>Financial assets</b>			
<i>Available-for-sale</i>			
Investment	-	-	506
<i>Loans and receivables</i>			
Trade and other receivables, excluding prepayments	1,069	1,226	983
Cash and cash equivalents	21	144	57
	<u>1,090</u>	<u>1,370</u>	<u>1,040</u>
<b>Financial liabilities</b>			
<i>Other financial liabilities</i>			
Trade and other payables	1,202	1,686	306

## (b) Financial risk management objectives and policies

Catcha Home's financial risk management objective is to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

Catcha Home operates within clearly defined guidelines and does not trade in derivative financial instruments. The operations of Catcha Home are subject to a variety of risks, including credit risk as well as liquidity and cash flow risk.

## (i) Credit risk

Credit risk is the risk of financial loss to Catcha Home if a counter party to a financial instrument fails to perform as contracted. Catcha Home is mainly exposed to credit risk from credit sales. It is the Catcha Home's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that Catcha Home is exposed to minimal credit risk.

*Trade and other receivables*

Catcha Home's exposure to credit risk arising from trade and other receivables is monitored by management on an ongoing basis.

At 31 December 2010, there were no significant concentrations of credit risk. The maximum exposure of credit risk is represented by the carrying amount of each financial asset.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.18 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (i) Credit risk (continued)

*Trade and other receivables (continued)*

The following is an ageing analysis of trade receivables as at the end of the financial years:

	Gross RM'000	Impairment losses RM'000	Net RM'000
<b>31.12.2010</b>			
Not past due	266	-	266
Past due 0 - 30 days	98	-	98
Past due 31 - 120 days	173	-	173
Past due more than 120 days	277	(119)	158
	<u>814</u>	<u>(119)</u>	<u>695</u>
<b>31.12.2009</b>			
Not past due	384	-	384
Past due 0 - 30 days	3	-	3
Past due 31 - 120 days	13	-	13
Past due more than 120 days	162	(8)	154
	<u>562</u>	<u>(8)</u>	<u>554</u>
<b>31.12.2008</b>			
Not past due	250	-	250
Past due 0 - 30 days	118	-	118
Past due 31 - 120 days	55	-	55
Past due more than 120 days	167	(59)	108
	<u>590</u>	<u>(59)</u>	<u>531</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with Catcha Home.

None of the trade receivables of Catcha Home that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired relates to creditworthy debtors who have maintained a long working relationship with Catcha Home. These customers are consistent revenue contributors to Catcha Home with consistent payment records.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.18 Financial instruments (continued)

## (b) Financial risk management objectives and policies

## (ii) Credit risk (continued)

*Trade and other receivables (continued)*Receivables that are past due and impaired

Trade receivables of Catcha Home that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired		
	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Trade receivables, gross	59	8	119
Less: Impairment losses	(59)	(8)	(119)

## Movement in impairment losses account:

	<----- As at 31 December ----->		
	2008	2009	2009
	RM'000	RM'000	RM'000
At 1 January	24	59	8
Charge for the year	35	-	127
Reversal	-	(51)	(16)
At 31 December	59	8	119

*Cash and cash equivalents*

Bank balances are placed with a reputable financial institution with good standing. The Directors believe that the possibility of a non-performance by the financial institution is remote and the basis of its financial strength.

## (iii) Foreign currency risk

Catcha Home is not exposed to any significant foreign currency risk other than foreign currency exchange rate fluctuations relating to sales and purchases denominated in foreign currencies, arising from the normal course of business.

Foreign exchange exposures in transactional currencies other than functional currency of Catcha Home are monitored closely and kept to an acceptable level.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.18 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (ii) Foreign currency risk

*Currency risk sensitivity analysis*

A 10 percent strengthening of the RM against the following currency at the end of the reporting period would have increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity RM'000	Profit RM'000
<b>31.12.2009</b>		
Singapore Dollar	<u>3</u>	<u>3</u>
<b>31.12.2008</b>		
Singapore Dollar	<u>3</u>	<u>3</u>

10 percent weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

## (iv) Liquidity and cash flow risk

Liquidity risk arises from Catcha Home's management of working capital. It is the risk that Catcha Home will encounter difficulty in meeting its financial obligations when due.

Catcha Home monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows.

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	Carrying amount RM	Undiscounted contractual cashflows RM	Under 1 year RM
<b>31.12.2010</b>			
Trade and other payables	<u>306</u>	<u>306</u>	<u>306</u>
<b>31.12.2009</b>			
Trade and other payables	<u>1,686</u>	<u>1,686</u>	<u>1,686</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.18 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (i) Liquidity and cash flow risk

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	Carrying amount RM	Undiscounted contractual cashflows RM	Under 1 year RM
<b>31.12.2008</b>			
Trade and other payables	1,202	1,202	1,202

## (c) Fair values

Catcha Home adopted the amendments to FRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the fair value measurement hierarchy by way of taking references through information obtained from open market or other technique such as discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2010, Catcha Home held the following financial instruments carried at fair values on the statement of financial position:

	31 December 2010 RM	Level 1 RM	Level 2 RM	Level 3 RM
<b>Available-for-sale</b>				
Investment	506	-	-	506

During the reporting period ended 31 December 2010, there were no transfers between Level 1 and Level 2 fair value measurements.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.18 Financial instruments (continued)

## (d) Capital risk management policies and objectives

Catcha Home's objectives when managing capital are:

- (i) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholder and other stakeholders; and
- (ii) to provide adequate returns to its shareholder.

Catcha Home sets the amount of capital in proportion to risk. Catcha Home manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

## 9.2.19 Comparative figures

Certain comparative figures for the relevant financial years have been reclassified to conform with current year's presentation.

	As restated RM'000	As previously reported RM'000
<b>31 December 2008</b>		
<b>Statement of financial position</b>		
<i>Current assets</i>		
Trade receivables	-	531
Other receivables, deposits and prepayments	-	359
Amounts owing by related companies	-	180
Amount owing by holding company	-	30
Trade and other receivables	1,070	-
<i>Current liabilities</i>		
Trade payables	-	103
Other payables and accruals	-	1,129
Trade and other payables	1,202	-
<b>Statement of cash flows</b>		
<i>Cash flows from operating activities</i>		
Impairment losses for doubtful debts	35	-
Increase in receivables	-	(587)
Increase in payables	-	616
Trade and other receivables	(555)	-
Trade and other payables	585	-
Net cash from operating activities	3	(33)
<i>Cash flows from investing activities</i>		
Advances to related companies	(6)	-
Advances to holding company	(30)	-
Net cash (used in)/from investing activities	(32)	4

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.2 Catcha Home Publications Sdn. Bhd. ("Catcha Home") (continued)

## 9.2.19 Comparative figures (continued)

	As restated RM'000	As previously reported RM'000
<b>31 December 2009</b>		
<b>Statement of financial position</b>		
<i>Current assets</i>		
Trade receivables	-	520
Other receivables, deposits and prepayments	-	22
Amounts owing by related companies	-	622
Amount owing by ultimate holding company	-	30
Trade and other receivables	1,228	-
<i>Current liabilities</i>		
Trade payables	-	86
Other payables and accruals	-	148
Amounts owing to related companies	-	1,418
Trade and other payables	1,686	-
<b>Statement of cash flows</b>		
<i>Cash flows from operating activities</i>		
Reversal of impairment losses for doubtful debts	(51)	-
Increase in receivables	-	(124)
Increase in payables	-	450
Trade and other receivables	335	-
Trade and other payables	484	-
Net cash from operating activities	567	125
<i>Cash flows from investing activities</i>		
Advances to related companies	(442)	-
Net cash used in investing activities	(444)	(2)

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catch Kids")

## 9.3.1 Statements of comprehensive income of Catcha Kids

The statements of comprehensive income of Catcha Kids, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Section	FYE 31 December		
		2008 RM'000	2009 RM'000	2010 RM'000
Revenue	9.3.5	686	801	551
Cost of sales	9.3.6	(500)	(586)	(443)
Gross profit		186	215	107
Other income		13	50	71
Administrative expenses		(41)	(267)	(56)
Other expenses		(17)	-	-
Profit/(Loss) before tax	9.3.7	141	(2)	122
Tax expense	9.3.8	-	(1)	(32)
Profit/(Loss) for the financial year		141	(3)	90
Other comprehensive income		-	-	-
Total comprehensive income for the financial year		141	(3)	90
<i>Number of ordinary shares</i>		2	2	2
<i>Gross profit margin (%)</i>		27.11	26.84	19.42
<i>Pre-tax profit/(loss) margin (%)</i>		20.55	(0.25)	22.14
<i>Profit/(Loss) after tax margin (%)</i>		20.55	(0.37)	16.33
<i>Effective tax rate (%)</i>		N/A	200.00	26.23



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catch Kids") (continued)

## 9.3.1 Statements of comprehensive income of Catcha Kids (continued)

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
<i>Earnings/(Losses) before interest, tax, depreciation and amortisation</i>	141	(2)	122
<i>Gross earnings/(losses) per share</i>	70.50	(1.00)	61.00
<i>Net earnings/(losses) per share</i>	70.50	(1.50)	45.00

N/A: Not applicable

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.2 Statements of financial position of Catcha Kids

The statements of financial position of Catcha Kids, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

Section	As at 31 December			
	2008 RM'000	2009 RM'000	2010 RM'000	
<b>ASSETS</b>				
<b>Current assets</b>				
Trade and other receivables	9.3.9	161	197	196
Cash and cash equivalents	9.3.10	15	33	39
		176	230	235
<b>TOTAL ASSETS</b>		176	230	235
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holder of the company</b>				
Share capital	9.3.11	*	*	*
(Accumulated losses)/Retained earning	9.3.12	(62)	(65)	25
<b>(DEFICIT IN EQUITY)/TOTAL EQUITY</b>		(62)	(65)	25
<b>Current liabilities</b>				
Trade and other payables	9.3.13	238	294	178
Current tax liability		-	1	32
<b>TOTAL LIABILITIES</b>		238	295	210
<b>TOTAL EQUITY AND LIABILITIES</b>		176	230	235
<b>Net (liabilities)/assets</b>		(62)	(65)	25
<b>Net (liabilities)/assets per ordinary share of RM1.00 each</b>		(31.00)	(32.50)	12.50

\* represents RM2

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.3 Statements of cash flows of Catcha Kids

The statements of cash flows of Catcha Kids, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010 and after appropriate reclassification, are set out below:

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) before tax	141	(2)	122
Adjustments for:			
Accruals no longer required	-	-	(8)
Impairment losses on receivables	15	-	-
Loss on disposal of other investments	2	-	-
Unrealised gain on foreign exchange	-	-	*
Waiver of debts	-	-	(60)
Operating profit/(loss) before changes in working capital	158	(2)	54
Changes in working capital:			
Trade and other receivables	(23)	(27)	80
Trade and other payables	67	(50)	(28)
Cash generated from/(used in) operations	202	(79)	106
Tax paid	-	-	(1)
Net cash from/(used in) operating activities	202	(79)	105
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advances from/(Repayments to) related companies	(185)	(97)	123
Advances to related companies	-	(27)	(48)
Net advances to holding companies:			
- Catcha Group Pte. Ltd.	(18)	-	-
- Catcha Media Berhad	-	-	(31)
Net advances from/(repayments to) holding company:			
- Catcha Group Pte. Ltd.	-	221	(143)
Proceeds from disposal of other investments	4	-	-
Purchase of other investments	(6)	-	-
Net cash (used in)/from investing activities	(205)	97	(99)

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.3 Statements of cash flows of Catcha Kids (continued)

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
Net increase/(decrease) in cash and cash equivalents	(3)	18	6
Cash and cash equivalents at beginning of financial year	18	15	33
Cash and cash equivalents at end of financial year (Note 9.3.10)	15	33	39

## 9.3.4 Statements of changes in equity of Catcha Kids

The statements of changes in equity of Catcha Kids, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Share capital RM'000	(Accumulated losses)/ Retained earning RM'000	Total RM'000
Balance at 1 January 2008	*	(203)	(203)
Total comprehensive income for the financial year	-	141	141
Balance at 31 December 2008	*	(62)	(62)
Total comprehensive income for the financial year	-	(3)	(3)
Balance at 31 December 2009	*	(65)	(65)
Total comprehensive income for the financial year	-	90	90
Balance at 31 December 2010	*	25	25

\* represents RM2

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.5 Revenue

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Publishing revenue	686	801	551

## 9.3.6 Cost of sales

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Commission	54	68	47
Magazine and event costs	229	302	170
Manpower costs	217	216	226
	<u>500</u>	<u>586</u>	<u>443</u>

## 9.3.7 Profit/(Loss) before tax

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000

Profit/(Loss) before tax is arrived at  
after charging:

## Auditors' remuneration

- current year	-	2	6
- under provision in prior year	2	-	1
Impairment losses on receivables	15	-	-
Loss on disposal of other investments	2	-	-

## After crediting:

Accruals no longer required	-	-	8
Unrealised gain on foreign exchange	-	-	*
Waiver of debt	-	-	60

\* *negligible*

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.8 Tax expense

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Income tax expense based on profit for the financial years	-	1	32
Under provision in prior years	-	*	*
	-	1	32

\* *negligible*

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25% and 2008: 26%) of the estimated taxable profits for the fiscal years.

During the FYE 31 December 2008 and FYE 31 December 2009, companies with issued and paid-up share capital not exceeding RM2.5 million enjoyed a lower tax rate of 20% for chargeable income up to RM500,000 and any chargeable income in excess of RM500,000 was taxed at the applicable statutory tax rates.

The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate of Catcha Kids is as follows:

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Tax at Malaysian statutory tax rate of 25% (2009: 25%, 2008: 26%)	37	*	31
Tax effects in respect of:			
Non-allowable expenses	1	1	1
Utilisation of previously unrecognised deferred tax assets	(38)	-	-
Reduction on statutory tax rate on the first RM500,000 (2009, 2008: RM500,000) of chargeable income	-	*	-
	-	1	32
Under provision of income tax expense in prior years	-	*	*
	-	1	32

\* *negligible*

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.9 Trade and other receivables

	<----- As at 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
<b>Trade</b>			
Third parties	148	177	86
Less: impairment losses	(15)	(15)	-
	133	162	86
<b>Non-trade</b>			
Holding companies			
- Catcha Media Berhad	-	-	31
- Catcha Group Pte. Ltd.	18	-	-
Related companies	-	27	75
Other receivables	8	8	-
Deposits	-	-	-
Prepayments	2	*	4
	28	35	110
	161	197	196

\* *negligible*

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by Catcha Kids range from 30 to 90 days from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amounts owing by holding companies and related companies represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (c) Trade and other receivables are denominated in Ringgit Malaysia.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.10 Cash and cash equivalents

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Cash and bank balances	15	33	39

Cash and cash equivalents are denominated in Ringgit Malaysia.

## 9.3.11 Share capital

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ordinary shares of RM1.00 each:			
Authorised	100	100	100
issued and fully paid	*	*	*

\* represents RM2

The holders of ordinary shares are entitled to receive dividends as and when declared by Catcha Kids and are entitled to one vote per ordinary share at the meetings of Catcha Kids. All ordinary shares rank pari passu with regard to Catcha Kids' residual assets.

## 9.3.12 Retained earning

Effective 1 January 2008, Catcha Kids is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

Catcha Kids does not have any tax credit under Section 108 of the Income Tax Act, 1967 hence it will move to the single tier system and there will be no longer any restriction on Catcha Kids to frank dividends out of its entire retained earnings as at 31 December 2010.



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.13 Trade and other payables

	<----- As at 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
Trade			
Third parties	-	5	-
	-	5	-
Non-trade			
Holding company			
- Catcha Group Pte. Ltd.	-	203	-
Related companies	97	-	123
Other payables	4	6	9
Accruals	137	80	46
	238	289	178
	238	294	178

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to Catcha Kids range from 30 to 90 days from date of invoice.
- (b) Amounts owing to holding and related companies represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (c) The currency exposure profile of trade and other payables are as follows:

	<----- As at 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
Singapore Dollar	-	-	57
Ringgit Malaysia	238	294	121
	238	294	178

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.14 Employee benefits

	<----- FYE 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
Wages and salaries	182	182	190
Contributions to defined contribution plan	25	22	27
Social security contributions	2	8	2
Other benefits	8	1	1
	217	213	220

## 9.3.15 Related party disclosures

## (a) Identities of related parties

Parties are considered to be related to Catcha Kids if Catcha Kids has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Catcha Kids and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Catcha Kids has controlling related party relationship with its holding companies.

## (b) Catcha Kids had the following transactions with related parties during the financial years:

	<-----FYE 31 December----->		
	2008 RM'000	2009 RM'000	2010 RM'000
Holding company, Catcha Group Pte. Ltd.:			
Management overhead expenses paid or payable	-	222	-
Related companies:			
Direct expenses paid or payable	-	-	130
Office expenses paid or payable	-	-	7
Sales	-	-	(126)
Sales commission paid or payable	-	-	25
Staff costs paid or payable	-	-	255

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.15 Related party disclosures (continued)

- (b) Catcha Kids had the following transactions with related parties during the financial years: (continued)

Balances with related parties at the end of reporting period are disclosed in Section 9.3.9 and Section 9.3.13 to this Report.

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

## 9.3.16 Financial instruments

- (a) Categories of financial instruments

	<-----FYE 31 December----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
<b>Financial assets</b>			
<i>Loans and receivables</i>			
Trade and other receivables, excluding prepayments	159	197	192
Cash and cash equivalents	15	33	39
	174	230	231
<b>Financial liabilities</b>			
<i>Other financial liabilities</i>			
Trade and other payables	238	294	178

- (b) Financial risk management objectives and policies

Catcha Kids' financial risk management objective is to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

Catcha Kids operates within clearly defined guidelines and does not trade in derivative financial instruments. The operations of Catcha Kids are subject to a variety of risks, including credit risk as well as liquidity and cash flow risk.

- (i) Credit risk

Credit risk is the risk of financial loss to Catcha Kids if a counter party to a financial instrument fails to perform as contracted. Catcha Kids is mainly exposed to credit risk from credit sales. It is the Catcha Kids' policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that Catcha Kids is exposed to minimal credit risk.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.16 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (i) Credit risk (continued)

*Trade and other receivables*

Catcha Kids' exposure to credit risk arising from trade and other receivables is monitored by management on an ongoing basis.

At 31 December 2010, there were no significant concentrations of credit risk. The maximum exposure of credit risk is represented by the carrying amount of each financial asset.

The following is an ageing analysis of trade receivables as at the end of the financial year:

	Gross RM'000	Impairment losses RM'000	Net RM'000
<b>31.12.2010</b>			
Not past due	68	-	68
Past due 0 - 30 days	16	-	16
Past due 31 - 120 days	2	-	2
	86	-	86
<b>31.12.2009</b>			
Not past due	40	-	40
Past due 0 - 30 days	82	-	82
Past due 31 - 120 days	39	-	39
Past due more than 120 days	16	(15)	1
	177	(15)	162
<b>31.12.2008</b>			
Not past due	72	-	72
Past due 0 - 30 days	30	-	30
Past due 31 - 120 days	-	-	-
Past due more than 120 days	46	(15)	31
	148	(15)	133

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with Catcha Kids.

None of the trade receivables of Catcha Kids that are neither past due nor impaired have been renegotiated during the financial year.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.16 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (i) Credit risk (continued)

*Trade and other receivables (continued)*Receivables that are past due but not impaired

Trade receivables that are past due but not impaired relates to creditworthy debtors who have maintained a long working relationship with Catcha Kids. These customers are consistent revenue contributors to Catcha Kids with consistent payment records.

Receivables that are past due and impaired

Trade receivables of Catcha Kids that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired		
	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Trade receivables, gross	15	15	-
Less: Impairment losses	(15)	(15)	-
	-	-	-

## Movement in impairment losses account:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
At 1 January	-	15	15
Charge for the year	15	-	-
Written off	-	-	(15)
At 31 December	15	15	-

*Cash and cash equivalents*

Bank balances are placed with a reputable financial institution with good standing. The Directors believe that the possibility of a non-performance by the financial institution is remote and the basis of its financial strength.

## (ii) Foreign currency risk

The Company is not exposed to any significant foreign currency risk other than foreign currency exchange rate fluctuations relating to sales and purchases denominated in foreign currencies, arising from the normal course of business.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.16 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (ii) Foreign currency risk (continued)

Foreign exchange exposures in transactional currencies other than functional currency of the Company are monitored closely and kept to an acceptable level.

Currency risk sensitivity analysis

A 10 percent strengthening of the RM against the following currency at the end of the reporting period would have increased equity and post-tax profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity RM'000	Profit RM'000
<b>31.12.2010</b>		
Singapore Dollar	<u>6</u>	<u>6</u>

10 percent weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

## (iii) Liquidity and cash flow risk

Liquidity risk arises from the Catcha Kids' management of working capital. It is the risk that Catcha Kids will encounter difficulty in meeting its financial obligations when due.

Catcha Kids monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows.

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	Carrying amount RM	Undiscounted contractual cashflows RM	Under 1 year RM
<b>31.12.2010</b>			
Trade and other payables	<u>178</u>	<u>178</u>	<u>178</u>
<b>31.12.2009</b>			
Trade and other payables	<u>294</u>	<u>294</u>	<u>294</u>
<b>31.12.2008</b>			
Trade and other payables	<u>238</u>	<u>238</u>	<u>238</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

*Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report*

**9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)****9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)****9.3.16 Financial instruments (continued)****(c) Fair values**

Catcha Kids adopted the amendments to FRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the fair value measurement hierarchy by way of taking references through information obtained from open market or other technique such as discounted cash flow analysis.

As at 31 December 2010, there were no financial instruments that will warrant additional disclosure under the amendments to FRS 7.

The carrying amounts of financial instruments as at 31 December 2010 approximate their fair values due to the short term maturity of these instruments.

**(d) Capital risk management policies and objectives**

Catcha Kids' objectives when managing capital are:

- (i) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholder and other stakeholders; and
- (ii) to provide adequate returns to its shareholder.

Catcha Kids sets the amount of capital in proportion to risk. Catcha Kids manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.17 Comparative figures

Certain comparative figures for the relevant financial years have been reclassified to conform with current year's presentation.

	As restated RM'000	As previously reported RM'000
<b>31 December 2008</b>		
<b>Statement of financial position</b>		
<i>Current assets</i>		
Trade receivables	-	133
Other receivables, deposits and prepayments	-	10
Amount due from ultimate holding company	-	18
Trade and other receivables	161	-
<i>Current liabilities</i>		
Other payables and accruals	-	141
Amount due to holding company	-	67
Amounts due to related companies	-	30
Trade and other payables	238	-
<b>Statement of cash flows</b>		
<i>Cash flows from operating activities</i>		
Decrease in amount due to ultimate holding company	-	(18)
Decrease in amount due to holding company	-	(177)
Increase in amount due to a related company	-	(8)
Net cash from/(used in) operating activities	202	(1)
<i>Cash flows from investing activities</i>		
Net advances to holding company:		
- Catcha Group Pte. Ltd.	(18)	-
Net repayments to holding company:		
- Catcha Lifestyle Publications Sdn. Bhd.	(177)	-
Repayments to related companies	(8)	-
Net cash used in investing activities	(205)	(2)



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.3 Catcha Kids Publications Sdn. Bhd. ("Catcha Kids") (continued)

## 9.3.17 Comparative figures (continued)

	As restated RM'000	As previously reported RM'000
<b>31 December 2009</b>		
<b>Statement of financial position</b>		
<i>Current assets</i>		
Trade receivables	-	162
Other receivables, deposits and prepayments	-	9
Amount due from immediate holding company	-	3
Amounts due from related companies	-	23
Trade and other receivables	197	-
<i>Current liabilities</i>		
Trade payables	-	5
Other payables and accruals	-	86
Amount due to ultimate holding company	-	203
Trade and other payables	294	-
<b>Statement of cash flows</b>		
<i>Cash flows from operating activities</i>		
Increase in amount due to ultimate holding company	-	221
Decrease in amount due to immediate holding company	-	(71)
Increase in amounts due to related companies	-	(53)
Net cash (used in)/from operating activities	(79)	18
<i>Cash flows from investing activities</i>		
Advances to related companies	(27)	-
Net advances from/(repayments to) holding company:		
- Catcha Group Pte. Ltd.	221	-
Repayments to related companies	(97)	-
Net cash from investing activities	97	-

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury")

## 9.4.1 Statements of comprehensive income of Catcha Luxury

The statements of comprehensive income of Catcha Luxury, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Section	FYE 31 December		
		2008 RM'000	2009 RM'000	2010 RM'000
Revenue	9.4.5	4,777	3,611	2,619
Cost of sales	9.4.6	(3,522)	(2,696)	(1,809)
Gross profit		1,255	915	810
Other income		100	466	1,176
Administrative expenses		(1,493)	(1,196)	(1,149)
Other expenses		(51)	(44)	(34)
(Loss)/Profit before tax	9.4.7	(189)	141	803
Taxation	9.4.8	5	(3)	(203)
(Loss)/Profit for the financial year		(184)	138	600
Other comprehensive income		-	-	-
Total comprehensive income for the financial year		(184)	138	600
Number of ordinary shares		100	100	2,364,100
Gross profit margin (%)		26.27	25.34	30.93
Pre-tax (loss)/profit margin (%)		(3.96)	3.90	30.66
(Loss)/Profit after tax margin (%)		(3.85)	3.82	22.91
Effective tax rate (%)		(2.65)	2.13	25.28

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.1 Statements of comprehensive income of Catcha Luxury (continued)

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
<i>(Losses)/Earnings before interest, tax, depreciation and amortisation</i>	(161)	170	614
<i>Gross (losses)/earnings per share</i>	(1.89)	1.41	*
<i>Net (losses)/earnings per share</i>	(1.84)	1.38	*

N/A: not applicable

\* negligible

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.2 Statements of financial position of Catcha Luxury

The statements of financial position of Catcha Luxury, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Section	As at 31 December		
		2008 RM'000	2009 RM'000	2010 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9.4.9	43	14	20
Investment in an associate	9.4.10	-	-	3,981
		43	14	4,001
<b>Current assets</b>				
Trade and other receivables	9.4.11	3,852	4,383	909
Current tax assets		37	55	-
Cash and cash equivalents	9.4.12	127	179	64
		4,016	4,617	973
<b>TOTAL ASSETS</b>		<b>4,059</b>	<b>4,631</b>	<b>4,974</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holder of the company</b>				
Share capital	9.4.13	*	*	2,364
(Accumulated losses)/Retained earnings	9.4.14	(99)	39	639
<b>(DEFICIT IN EQUITY)/TOTAL EQUITY</b>		<b>(99)</b>	<b>39</b>	<b>3,003</b>
<b>Non-current liability</b>				
Deferred tax liability	9.4.15	-	-	-
<b>Current liabilities</b>				
Trade and other payables	9.4.16	4,158	4,592	1,842
Current tax liability		-	-	129
<b>TOTAL LIABILITIES</b>		<b>4,158</b>	<b>4,592</b>	<b>1,971</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,059</b>	<b>4,631</b>	<b>4,974</b>
Net (liabilities)/assets		(99)	39	3,003
Net (liabilities)/assets per ordinary share of RM1.00 each		(0.99)	0.39	**

\* represents RM100

\*\* negligible

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.3 Statements of cash flows of Catcha Luxury

The statements of cash flows of Catcha Luxury, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010 and after appropriate reclassification, are set out below:

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit before tax	(189)	141	803
Adjustments for:			
Accruals no longer required	-	-	(1,150)
Depreciation of property, plant and equipment	28	29	14
Impairment losses on receivables	21	16	8
Loss on disposal of other investment	2	-	-
Impairment losses on receivables no longer required	-	(19)	(5)
Operating (loss)/profit before changes in working capital	(138)	167	(330)
Changes in working capital:			
Trade and other receivables	335	1,115	459
Trade and other payables	(39)	239	(2,223)
Cash generated from/(used in) operations	158	1,521	(2,094)
Tax paid	(20)	(21)	(20)
Net cash from/(used in) operating activities	138	1,500	(2,114)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Repayments to)/Advances from related companies	(60)	195	-
Repayments from a Director	289	-	-
Advances to related companies	(45)	(406)	(553)
Net (advances to)/repayments from holding companies:			
- Catcha Group Pte. Ltd.	(220)	(1,237)	2,579
- Catcha Media Berhad	-	-	(7)
Proceeds from disposal of other investment	4	-	-
Purchase of property, plant and equipment	(14)	-	(20)
Net cash (used in)/from investing activities	(46)	(1,448)	1,999
Net increase/(decrease) in cash and cash equivalents	92	52	(115)
Cash and cash equivalents at beginning of financial year	35	127	179
Cash and cash equivalents at end of financial year (Note 9.3.12)	127	179	64

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.4 Statements of changes in equity of Catcha Luxury

The statements of changes in equity of Catcha Luxury which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010 are set out below:

	Share capital RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
Balance at 1 January 2008	*	85	85
Total comprehensive income for the financial year	-	(184)	(184)
Balance at 31 December 2008	*	(99)	(99)
Total comprehensive income for the financial year	-	138	138
Balance at 31 December 2009	*	39	39
Issuance of ordinary shares	2,364	-	2,364
Total comprehensive income for the financial year	-	600	600
Balance at 31 December 2010	2,364	639	3,003

\* represents RM100

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.5 Revenue

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Publishing revenue	4,777	3,611	2,619

## 9.4.6 Cost of sales

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Agency commission	434	277	256
Design and film	132	184	210
Distribution cost	130	88	74
Materials and printing charges	1,073	603	610
Overseas editorial information	-	-	103
Overseas technical information	321	268	264
Production cost	1,432	1,276	292
	<u>3,522</u>	<u>2,696</u>	<u>1,809</u>

## 9.4.7 (Loss)/Profit before tax

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging:			
Auditors' remuneration			
- current year	6	6	8
- under provision in prior year	-	-	1
Depreciation of property, plant and equipment	28	29	14
Impairment losses on receivables	21	16	8
Loss on disposal of other investment	2	-	-
Realised loss on foreign exchange	-	-	11
Rental of premises	77	73	73
And crediting:			
Accruals no longer required	-	-	1,171
Reversal of impairment losses on receivables	-	19	5
Realised gain on foreign exchange	1	13	-

\* *negligible*

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.8 Taxation

	<----- FYE 31 December ----->		
	2008	2009	2009
	RM'000	RM'000	RM'000
Income tax expense based on profit for the financial years	-	-	203
Under provision in prior years	-	3	-
	-	3	203
Deferred tax:			
Over provision in prior years	(5)	-	-
	(5)	3	203

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25% and 2008: 26% ) of the estimated taxable profits for the fiscal years.

During the FYE 31 December 2008 and FYE 31 December 2009, companies with issued and paid-up share capital not exceeding RM2.5 million enjoyed a lower tax rate of 20% for chargeable income up to RM500,000 and any chargeable income in excess of RM500,000 was taxed at the applicable statutory tax rates.

The numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of Catcha Luxury is as follows:

	<----- FYE 31 December ----->		
	2008	2009	2009
	RM'000	RM'000	RM'000
Tax at Malaysian statutory tax rate of 25% (2009: 25%, 2008: 26%)	(49)	35	201
Tax effects in respect of:			
Non-allowable expenses	2	3	2
Deferred tax assets not recognised during the year	30	-	-
Utilisation of previously unrecognised deferred tax assets	-	(31)	-
Reduction on statutory tax rate on the first RM500,000 (2009, 2008: RM500,000) of chargeable income	12	(7)	-
	(5)	-	203
Under provision of income tax expense in prior years	-	3	-
	(5)	3	203



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.9 Property, plant and equipment

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Carrying amount			
Computers	41	13	14
Furniture and fittings	2	1	6
	43	14	20

## 9.4.10 Investment in an associate

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Unquoted equity shares in Malaysia, at cost	-	-	3,981

The investment in an associate arose on 30 August 2010 as part of an internal group restructuring.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.11 Trade and other receivables

	<----- As at 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
<b>Trade</b>			
Third parties	1,484	1,366	897
Less: Impairment losses	(71)	(68)	(11)
	1,413	1,298	886
<b>Non-trade</b>			
Holding companies			
- Catcha Group Pte. Ltd.	1,343	2,580	-
- Catcha Media Berhad	-	-	7
Related companies	45	451	12
Other receivables	1,036	46	-
Prepayments	15	8	4
	2,439	3,085	23
	3,852	4,383	909

\* *negligible*

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by Catcha Luxury range from 30 to 90 days from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amounts owing by holding companies and related companies represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (c) The currency exposure profile of receivables is as follows:

	<----- As at 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
Australian Dollar	36	-	-
Ringgit Malaysia	1,339	3,819	457
Singapore Dollar	2,477	564	452
	3,852	4,383	909

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.12 Cash and cash equivalents

	<-----As at 31 December----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Cash and bank balances	127	179	64

Cash and cash equivalents are denominated in Ringgit Malaysia.

## 9.4.13 Share capital

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ordinary shares of RM1.00 each:			
Authorised:			
Balance as at 1 January	100	100	100
Increased during the financial year	-	-	4,900
Balance as at 31 December	100	100	5,000
Issued and fully paid:			
Balance as at 1 January	*	*	*
Issued during the financial year	-	-	2,364
Balance as at 31 December	*	*	2,364

\* represents RM100

During the FYE 31 December 2010, the Company increased its authorised share capital from 100,000 ordinary shares of RM1.00 each to 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Catcha Luxury was increased from RM100 to RM2,364,100 by way of issuance of 2,364,000 new ordinary shares of RM1.00 per share by way of capitalisation of intercompany balances pursuant to an internal group restructuring.

The holders of ordinary shares are entitled to receive dividends as and when declared by Catcha Luxury and are entitled to one vote per ordinary share at the meetings of Catcha Luxury. All ordinary shares rank pari passu with regard to Catcha Luxury' residual assets.

## 9.4.14 Retained earnings

Effective 1 January 2008, Catcha Luxury is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

The Company has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends of up to RM156,300 out of its retained earnings as at 31 December 2010.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.15 Deferred tax

(a) The deferred tax liability is made up of the following:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Balance as at 1 January	5	-	-
Recognised in profit or loss	(5)	-	-
Balance as at 31 December	-	-	-

(b) The amounts of temporary differences for which no deferred tax assets have been recognised in the balance sheets are as follows:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Taxable temporary differences	(36)	-	-
Unused tax losses	148	-	-
Unabsorbed capital allowances	36	-	-
	148	-	-

Deferred tax assets have not been recognised in respect of these items as it is not probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

The unused tax losses and unabsorbed capital allowances do not expire under the current tax legislation.

## 9.4.16 Trade and other payables

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Trade			
Third parties	563	486	588
Related companies	1,272	1,908	-
	1,835	2,394	588

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.16 Trade and other payables (continued)

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
<b>Non-trade</b>			
Related companies	330	525	1,150
Other payables	1,954	1,551	13
Accruals	39	122	91
	<u>2,323</u>	<u>2,198</u>	<u>1,254</u>
	<u>4,158</u>	<u>4,592</u>	<u>1,842</u>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to Catcha Luxury range from 30 to 90 days from date of invoice.
- (b) Amounts owing to related companies represent trade transactions, advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (c) The currency exposure profile of payables is as follows:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ringgit Malaysia	4,136	4,386	1,532
Singapore Dollar	-	206	310
United States Dollar	22	-	-
	<u>4,158</u>	<u>4,592</u>	<u>1,842</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.17 Employee benefits

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Wages and salaries	785	622	708
Contributions to defined contribution plan	112	95	83
Social security contributions	9	7	6
Other benefits	202	115	57
	1,108	839	854

## 9.4.18 Related party disclosures

## (a) Identities of related parties

Parties are considered to be related to Catcha Luxury if Catcha Luxury has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Catcha Luxury and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Catcha Luxury has controlling related party relationship with its holding company.

## (b) Catcha Luxury had the following transactions with related parties during the financial years:

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Related companies:			
Direct operating cost and administrative expenses paid or payable	636	636	77
Office expenses paid or payable	-	-	8
Rental expenses paid or payable	73	73	73
Staff costs paid or payable	-	-	60
Staff costs recoverable	-	-	(2)
Office expenses recoverable	-	-	(3)

Balances with related parties at reporting dates are disclosed in Section 9.4.11 and Section 9.4.16 to this Report.

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.19 Financial instruments

## (a) Categories of financial instruments

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
<b>Financial assets</b>			
<i>Loans and receivables</i>			
Trade and other receivables, excluding prepayments	3,837	4,375	905
Cash and cash equivalents	127	179	64
	3,964	4,554	969
<b>Financial liabilities</b>			
<i>Other financial liabilities</i>			
Trade and other payables	4,158	4,592	1,842

## (b) Financial risk management objectives and policies

Catcha Luxury's financial risk management objective is to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

Catcha Luxury operates within clearly defined guidelines and does not trade in derivative financial instruments. The operations of Catcha Luxury are subject to a variety of risks, including credit risk as well as liquidity and cash flow risk.

## (i) Credit risk

Credit risk is the risk of financial loss to Catcha Luxury if a counter party to a financial instrument fails to perform as contracted. Catcha Luxury is mainly exposed to credit risk from credit sales. It is the Catcha Luxury's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that Catcha Luxury is exposed to minimal credit risk.

*Trade and other receivables*

Catcha Luxury's exposure to credit risk arising from trade and other receivables is monitored by management on an ongoing basis.

At 31 December 2010, there were no significant concentrations of credit risk. The maximum exposure of credit risk is represented by the carrying amount of each financial asset.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.19 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (i) Credit risk (continued)

*Trade and other receivables (continued)*

The following is an ageing analysis of trade receivables as at the end of the financial year:

	Gross RM'000	Impairment losses RM'000	Net RM'000
<b>31.12.2010</b>			
Not past due	398	-	398
Past due 0 - 30 days	208	-	208
Past due 31-120 days	195	-	195
Past due more than 120 days	96	(11)	85
	<u>897</u>	<u>(11)</u>	<u>886</u>
<b>31.12.2009</b>			
Not past due	382	-	382
Past due 0 - 30 days	240	-	240
Past due 31-120 days	384	-	384
Past due more than 120 days	360	(68)	292
	<u>1,366</u>	<u>(68)</u>	<u>1,298</u>
<b>31.12.2008</b>			
Not past due	497	-	497
Past due 0 - 30 days	298	-	298
Past due 31-120 days	375	-	375
Past due more than 120 days	314	(71)	243
	<u>1,484</u>	<u>(71)</u>	<u>1,413</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with Catcha Luxury.

None of the trade receivables of Catcha Luxury that are neither past due nor impaired have been renegotiated during the financial year.



## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.19 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (ii) Credit risk (continued)

*Trade and other receivables (continued)*Receivables that are past due but not impaired

Trade receivables that are past due but not impaired relates to creditworthy debtors who have maintained a long working relationship with Catcha Luxury. These customers are consistent revenue contributors to Catcha Luxury with consistent payment records.

Receivables that are past due and impaired

Trade receivables of Catcha Luxury that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired		
	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Trade receivables, gross	71	68	11
Less: Impairment losses	(71)	(68)	(11)
	-	-	-

## Movement in impairment losses account:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
At 1 January	50	71	68
Charge for the year	21	16	8
Written off	-	-	(60)
Reversal	-	(19)	(5)
At 31 December	71	68	11

*Cash and cash equivalents*

Bank balances are placed with a reputable financial institution with good standing. The Directors believe that the possibility of a non-performance by the financial institution is remote and the basis of its financial strength.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.19 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (ii) Foreign currency risk

Catcha Luxury is not exposed to any significant foreign currency risk other than foreign currency exchange rate fluctuations relating to sales and purchases denominated in foreign currencies, arising from the normal course of business.

Foreign exchange exposures in transactional currencies other than functional currency of Catcha Luxury are monitored closely and kept to an acceptable level.

*Currency risk sensitivity analysis*

A 10 percent strengthening of the RM against the following currencies at the end of the reporting period would have (decreased)/increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity RM'000	Profit/ (Loss) RM'000
<b>31.12.2010</b>		
Singapore Dollar	(14)	(14)
<b>31.12.2009</b>		
Singapore Dollar	36	36
<b>31.12.2008</b>		
Australian Dollar	4	4
Singapore Dollar	248	248
United States Dollar	(3)	(3)
	<u>249</u>	<u>249</u>

10 percent weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

## (iii) Liquidity and cash flow risk

Liquidity risk arises from Catcha Luxury's management of working capital. It is the risk that Catcha Luxury will encounter difficulty in meeting its financial obligations when due.

Catcha Luxury monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.19 Financial Instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (iii) Liquidity and cash flow risk (continued)

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	Carrying amount RM'000	Undiscounted contractual cashflows RM'000	Under 1 year RM'000
<b>31.12.2010</b>			
Trade and other payables	1,842	1,842	1,842
<b>31.12.2009</b>			
Trade and other payables	4,592	4,592	4,592
<b>31.12.2008</b>			
Trade and other payables	4,158	4,158	4,158

## (c) Fair values

Catcha Luxury adopted the amendments to FRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the fair value measurement hierarchy by way of taking references through information obtained from open market or other technique such as discounted cash flow analysis.

As at 31 December 2010, there were no financial instruments that will warrant additional disclosure under the amendments to FRS 7.

The carrying amounts of financial instruments as at 31 August 2010 approximate their fair values due to the short term maturity of these instruments.

It is not practical to estimate the fair value of Catcha Luxury's investment in unquoted equity shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.19 Financial instruments (continued)

## (d) Capital risk management policies and objectives

Catcha Luxury's objectives when managing capital are:

- (i) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholder and other stakeholders; and
- (ii) to provide adequate returns to its shareholder.

Catcha Luxury sets the amount of capital in proportion to risk. Catcha Luxury manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

## 9.4.20 Comparative figures

Certain comparative figures for the relevant financial years have been reclassified to conform with current year's presentation.

	As restated RM'000	As previously reported RM'000
<b>31 December 2008</b>		
<b>Statement of financial position</b>		
<i>Current assets</i>		
Trade receivables	-	1,414
Other receivables, deposits and prepayments	-	2,227
Amount owing by holding company	-	1,343
Trade and other receivables	3,852	-
<i>Current liabilities</i>		
Trade payables	-	1,488
Other payables and accruals	-	3,265
Amount owing to related companies	-	537
Trade and other payables	4,158	-
<b>Statement of cash flows</b>		
<i>Cash flows from operating activities</i>		
Increase in receivables	-	(772)
Increase in payables	-	1,032
Trade and other receivables	335	-
Trade and other payables	(39)	-
Net cash from operating activities	138	102
<i>Cash flows from investing activities</i>		
Advances to related companies	(45)	-
Net advances to holding company:		
- Catcha Group Pte. Ltd.	(220)	-
Repayments from a Director	289	-
Repayments to related companies	(60)	-
Net cash used in investing activities	(46)	(10)

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.4 Catcha Luxury Publications Sdn. Bhd. ("Catcha Luxury") (continued)

## 9.4.20 Comparative figures (continued)

	As restated RM'000	As previously reported RM'000
<b>31 December 2009</b>		
<b>Statement of financial position</b>		
<b>Current assets</b>		
Trade receivables	-	1,285
Other receivables, deposits and prepayments	-	54
Amounts owing by related companies	-	451
Amount owing by holding company	-	2,579
Trade and other receivables	4,383	-
<b>Current liabilities</b>		
Trade payables	-	1,411
Other payables and accruals	-	1,659
Amounts owing to related companies	-	1,508
Trade and other payables	4,592	-
<b>Statement of cash flows</b>		
<b>Cash flows from operating activities</b>		
Increase in receivables	-	(514)
Increase in payables	-	420
Trade and other receivables	1,115	-
Trade and other payables	239	-
Cash generated from operations	1,520	71
Net cash from operating activities	1,500	52
<b>Cash flows from investing activities</b>		
Advances from related companies	195	-
Advances to related companies	(406)	-
Net advances from holding company:		
- Catcha Group Pte. Ltd.	(1,237)	-
Net cash used in investing activities	(1,448)	-

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle")

## 9.5.1 Statements of comprehensive income of Catcha Lifestyle

The statements of comprehensive income of Catcha Lifestyle, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Section	FYE 31 December		
		2008 RM'000	2009 RM'000	2010 RM'000
Revenue	9.5.5	7,143	6,365	6,484
Cost of sales	9.5.6	(3,797)	(2,763)	(2,796)
Gross profit		3,346	3,602	3,688
Other income		1	10	1,572
Administrative expenses		(3,293)	(3,257)	(3,674)
Other expenses		(150)	(15)	(92)
(Loss)/Profit before tax	9.5.7	(96)	340	1,494
Tax expense	9.5.8	-	-	(339)
(Loss)/Profit for the financial year		(96)	340	1,155
Other comprehensive income		-	-	-
Total comprehensive income for the financial year		(96)	340	1,155
Number of ordinary shares ('000)		1,000	1,000	8,523
Gross profit margin (%)		46.84	56.59	56.88
Pre-tax (loss)/profit margin (%)		(1.34)	5.34	23.04
(Loss)/Profit after tax margin (%)		(1.34)	5.34	17.81
Effective tax rate (%)		N/A	N/A	22.69
(Losses)/Earnings before interest, tax, depreciation and amortisation (RM'000)		(10)	379	1,531
Gross (losses)/earnings per share (RM)		(0.10)	0.34	0.18
Net (losses)/earnings per share (RM)		(0.10)	0.34	0.14

N/A: not applicable

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.2 Statements of financial position of Catcha Lifestyle

The statements of financial position of Catcha Lifestyle, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Section	As at 31 December		
		2008 RM'000	2009 RM'000	2010 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9.5.9	68	48	130
Investments in subsidiaries	9.5.10	*	-	-
Intangible asset	9.5.11	-	-	2,000
		68	48	2,130
<b>Current assets</b>				
Trade and other receivables	9.5.12	3,744	3,286	4,148
Cash and cash equivalents	9.5.13	64	280	101
		3,808	3,566	4,249
<b>TOTAL ASSETS</b>		3,876	3,614	6,379
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holder of the company</b>				
Share capital	9.5.14	1,000	1,000	8,523
Accumulated losses		(7,588)	(7,248)	(6,093)
<b>(DEFICIT IN EQUITY)/TOTAL EQUITY</b>		(6,588)	(6,248)	2,430
<b>Non-current</b>				
Deferred tax liability	9.5.15	-	-	84
<b>Current liabilities</b>				
Trade and other payables	9.5.16	10,464	9,862	3,610
Current tax liability		-	-	255
		10,464	9,862	3,865
<b>TOTAL LIABILITIES</b>		10,464	9,862	3,949
<b>TOTAL EQUITY AND LIABILITIES</b>		3,876	3,614	6,379
Net (liabilities)/assets		(6,588)	(6,248)	2,430
Net (liabilities)/assets per ordinary share of RM1.00 each (RM)		(6.59)	(6.25)	0.29

\* represent RM53

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.3 Statements of cash flows of Catcha Lifestyle

The statements of cash flows of Catcha Lifestyle, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010 and after appropriate reclassification, are set out below:

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit before tax	(96)	340	1,494
Adjustments for:			
Accruals no longer required	-	-	(526)
Bad debts written off	111	-	-
Depreciation of property, plant and equipment	86	39	37
Impairment losses on receivables	38	15	52
Impairment losses on receivables no longer required	-	(10)	(39)
Loss on disposal of other investments	2	-	-
Share-based payment	-	-	980
Waiver of debts	-	-	(980)
Operating profit before changes in working capital	141	384	1,018
Changes in working capital:			
Trade and other receivables	(264)	832	(659)
Trade and other payables	121	(902)	(58)
Net cash (used in)/from operating activities	(2)	314	301
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Repayments to Directors	(88)	-	-
Advances from/(Repayments to) a subsidiary	14	(32)	-
Advances from/(Repayments to) related companies	269	332	(44)
Advances to corporate shareholders	-	-	(210)
(Advances to)/Repayments from Directors	(150)	(1)	151
(Advances to)/Repayments from related companies	96	(497)	(614)
Net (advances to)/repayments from holding companies:			
- Catcha Group Pte. Ltd.	(457)	51	496
- Catcha Media Berhad	-	-	(39)
Advances from holding company:			
- Catcha Group Pte. Ltd.	-	-	1,900
Proceeds from disposal of other investments	4	-	-
Proceeds from disposal of a subsidiary	-	*	-
Purchase of intangible asset	-	-	(2,000)
Purchase of property, plant and equipment	(13)	(19)	(120)
Repayments from a subsidiary	176	68	-
Net cash used in investing activities	(149)	(98)	(480)

\* represent RM53



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publication Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.3 Statements of cash flows of Catcha Lifestyle

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
Net (decrease)/increase in cash and cash equivalents	(151)	216	(179)
Cash and cash equivalents at beginning of financial year	215	64	280
Cash and cash equivalents at end of financial year (Note 9.5.13)	64	280	101

## 9.5.4 Statements of changes in equity of Catcha Lifestyle

The statements of changes in equity of Catcha Lifestyle, which are extracted from the audited financial statements for the FYE 31 December 2008, FYE 31 December 2009 and FYE 31 December 2010, are set out below:

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance at 1 January 2008	1,000	(7,492)	(6,492)
Total comprehensive income for the financial year	-	(96)	(96)
Balance at 31 December 2008	1,000	(7,588)	(6,588)
Total comprehensive income for the financial year	-	340	340
Balance at 31 December 2009	1,000	(7,248)	(6,248)
Issuance of ordinary shares	7,523	-	7,523
Total comprehensive income for the financial year	-	1,155	1,155
Balance at 31 December 2010	8,523	(6,093)	2,430

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.5 Revenue

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Publishing revenue	7,143	6,365	6,484

## 9.5.6 Cost of sales

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Commission	720	687	665
Event costs	214	82	146
Magazine costs	2,863	1,994	1,985
	<u>3,797</u>	<u>2,763</u>	<u>2,796</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)  
 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)  
 9.5.7 (Loss)/Profit before tax

	<----- FYE 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
(Loss)/Profit before tax is arrived at after charging:			
Auditors' remuneration	5	5	13
Bad debts written off	111	-	-
Depreciation of property, plant and equipment	86	39	37
Directors remuneration	-	-	21
Impairment losses on receivables	38	15	52
Loss on disposal of other investments	2	-	-
Realised loss on foreign exchange	-	-	3
Rental of equipment	22	14	7
Rental of premises	135	108	74
And crediting:			
Accruals no longer required	-	-	526
Realised gain on foreign exchange	1	*	-
Reversal of impairment losses for doubtful debt	-	10	39
Waiver of debts	-	-	980

\* *negligible*

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
Accountants' Report

## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.8 Tax expense

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Income tax expense based on profit for the financial year	-	-	217
Deferred tax: Relating to origination and reversal of temporary differences	-	-	122
	-	-	339

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25% and 2008: 26% ) of the estimated taxable profits for the fiscal years.

During the FYE 31 December 2008 and FYE 31 December 2009, companies with issued and paid-up share capital not exceeding RM2.5 million enjoyed a lower tax rate of 20% for chargeable income up to RM500,000 and any chargeable income in excess of RM500,000 was taxed at the applicable statutory tax rates.

The numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of Catcha Lifestyle is as follows:

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Tax at Malaysian statutory tax rate of 25% (2009: 25%, 2008: 26%)	(25)	85	373
Tax effects in respect of:			
Non-allowable expenses	24	13	4
Non-taxable income	-	-	-
Utilisation of previously unrecognised deferred tax assets	(5)	(81)	(38)
Reduction on statutory tax rate on the first RM500,000 (2009, 2008: RM500,000) of chargeable income	6	(17)	-
	-	-	339

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.9 Property, plant and equipment

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Carrying amount			
Computers	42	31	103
Office equipment	26	17	27
	68	48	130

## 9.5.10 Investments in subsidiaries

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Unquoted equity shares in Malaysia, at cost	*	-	-

\* represent RM53

On 14 December 2009, Catcha Lifestyle disposed its entire equity interest in a subsidiary, Looque Agency Sdn. Bhd..

## 9.5.11 Intangible asset

	<----- As at 31 December ----->		
	2008	2009	2009
	RM'000	RM'000	RM'000
Brand and trademark	-	-	2,000

In November 2010, Catcha Lifestyle acquired the brand and trademark of 'Juice' from Catcha Group Pte. Ltd., the ultimate holding company, for a cash consideration of RM2,000,000.

The useful life of the intangible asset has been assessed by the Directors to be indefinite as there is no foreseeable limit to the period over which the intangible asset is expected to generate cash inflows to the Company. The recoverable amount of the intangible asset has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. Based on the Directors' assessment, there is no indication of impairment on the intangible asset.

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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.12 Trade and other receivables

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
<b>Trade</b>			
Third parties	2,910	2,033	2,375
Corporate shareholder	-	-	47
Less: Impairment losses	(324)	(329)	(48)
	2,586	1,704	2,374
<b>Non-trade</b>			
Holding companies			
- Catcha Group Pte. Ltd.	547	496	-
- Catcha Media Berhad	-	-	39
Subsidiary	68	-	-
Related companies	231	251	865
Corporate shareholders	-	477	687
Directors	150	151	-
Other receivables	24	52	5
Deposits	124	124	128
Prepayments	14	31	50
	1,158	1,582	1,774
	3,744	3,286	4,148

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by Catcha Lifestyle range from 30 to 90 days from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amounts owing by holding companies, a subsidiary, related companies, corporate shareholders and Directors represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (c) The currency exposure profile of receivables is as follows:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ringgit Malaysia	3,674	3,286	4,018
Singapore Dollar	-	-	130
Australian Dollar	70	-	-
	3,744	3,286	4,148

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.13 Cash and cash equivalents

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Cash and bank balances	64	280	101

Cash and cash equivalents are denominated in Ringgit Malaysia.

## 9.5.14 Share capital

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ordinary shares of RM1.00 each:			
Authorised:			
Balance as at 1 January	1,000	1,000	1,000
Increased during the financial year	-	-	9,000
Balance as at 31 December	1,000	1,000	10,000
Issued and fully paid:			
Balance as at 1 January	1,000	1,000	1,000
Issued during the financial year	-	-	7,523
Balance as at 31 December	1,000	1,000	8,523

During the FYE 31 December 2010, the Company increased its authorised share capital from 1,000,000 ordinary shares of RM1.00 each to 10,000,000 ordinary shares of RM1.00 each.

During the FYE 31 December 2010, the issued and paid-up share capital of Catcha Lifestyle was increased from RM1,000,000 to RM8,522,926 by way of issuance of 7,522,926 new ordinary shares of RM1.00 per share by way of capitalisation of amounts owing to related companies pursuant to an internal group restructuring.

The holders of ordinary shares are entitled to receive dividends as and when declared by Catcha Lifestyle and are entitled to one vote per ordinary share at the meetings of Catcha Lifestyle. All ordinary shares rank pari passu with regard to Catcha Lifestyle's residual assets.

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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.15 Deferred tax

- (a) The deferred tax liability is made up of the following:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Balance as at 1 January	.	-	-
Recognised in profit or loss	.	-	84
Balance as at 31 December	.	-	84

- (b) The component of deferred tax liability as at end of reporting period comprise the tax effects of:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Property, plant and equipment	.	-	84

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the balance sheets are as follows:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Taxable temporary differences	-	(254)	.
Unused tax losses	668	408	.
Unabsorbed capital allowances	229	.	.
	897	154	.

Deferred tax assets have not been recognised in respect of these items as it is not probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

The unused tax losses and unabsorbed capital allowances do not expire under the current tax legislation.



## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.16 Trade and other payables

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
<b>Trade</b>			
Third parties	2,100	1,545	1,026
	<u>2,100</u>	<u>1,545</u>	<u>1,026</u>
<b>Non-trade</b>			
Subsidiary	32	-	-
Corporate shareholders	-	648	-
Related companies	7,235	6,919	-
Directors	-	-	-
Holding company			
· Catcha Group Pte. Ltd.	-	-	1,900
Other payables	148	111	173
Accruals	949	639	511
	<u>8,364</u>	<u>8,317</u>	<u>2,584</u>
	<u>10,464</u>	<u>9,862</u>	<u>3,610</u>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to Catcha Lifestyle range from 30 to 90 days from date of invoice.
- (b) Amounts owing to a subsidiary, corporate shareholders, related companies, Directors and holding company represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (c) Trade and other payables are denominated in Ringgit Malaysia.

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.17 Employee benefits

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Wages and salaries	1,768	1,838	1,891
Contributions to defined contribution plan	244	263	245
Social security contributions	28	22	20
Share-based payment	-	-	980
Other benefits	302	351	4
	2,342	2,474	3,140

## 9.5.18 Non-cancellable operating lease commitments

*The Company as lessee*

The Company had entered into non-cancellable lease arrangements for office lots for a term of two years, with an option to renew the leases. None of the leases include contingent rentals. The future minimum lease commitments as at the end of reporting period are as follows:

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Less than one year	271	202	197
Between one and five years	136	307	99
	407	509	296

## 9.5.19 Related party disclosures

## (a) Identities of related parties

Parties are considered to be related to Catcha Lifestyle if Catcha Lifestyle has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Catcha Lifestyle and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Catcha Lifestyle has controlling related party relationship with its holding companies.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.19 Related party disclosures (continued)

- (b) Catcha Lifestyle had the following transactions with related parties during the financial years:

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Ultimate holding company:			
Purchase of intangible asset	-	-	2,000
Corporate shareholders:			
Administrative expenses recoverable	-	-	(77)
Advertising income	-	-	(28)
Corporate expenses recoverable	-	-	*
Direct operating cost and administrative expenses recoverable	-	-	(9)
Event income	-	-	(6)
Office expenses recoverable	-	-	(15)
Rental recoverable	-	-	(121)
Sales commission paid or payable	-	-	2
Staff costs paid or payable	-	-	5
Staff costs recoverable	-	-	(187)
Staff recruitment fees recoverable	-	-	(1)
Staff recruitment fees paid or payable	-	-	*
Magazine revenue sharing	-	-	(45)
Related companies:			
Direct expenses recoverable	-	-	(130)
Management overhead expenses paid or payable	270	575	-
Office expenses recoverable	-	-	(7)
Newsstand costs	-	-	126
Sales commissions recoverable	-	-	(25)
Staff expenses recoverable	-	-	(255)

\* negligible

Balances with related parties at reporting dates are disclosed in Section 9.5.12 and Section 9.5.16 to this Report. These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

## (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity directly and indirectly, including any Director (whether executive or otherwise) of Catcha Lifestyle. The remuneration of a Director during the financial years were as follows:

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Short term employee benefits	-	-	21

## 13. ACCOUNTANTS' REPORT (Cont'd)



Catcha Media Berhad (Company No. 916943 - W)  
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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.20 Financial instruments

## (a) Categories of financial instruments

	<----- FYE 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
<b>Financial assets</b>			
<i>Loans and receivables</i>			
Trade and other receivables, excluding prepayments	3,730	3,255	4,099
Cash and cash equivalents	64	280	101
	3,794	3,535	4,200
<b>Financial liabilities</b>			
<i>Other financial liabilities</i>			
Trade and other payables	10,464	9,862	3,610

## (b) Financial risk management objectives and policies

Catcha Lifestyle's financial risk management objective is to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

Catcha Lifestyle operates within clearly defined guidelines and does not trade in derivative financial instruments. The operations of Catcha Lifestyle are subject to a variety of risks, including credit risk, foreign currency risk as well as liquidity and cash flow risk.

## (i) Credit risk

Credit risk is the risk of financial loss to Catcha Lifestyle if a counter party to a financial instrument fails to perform as contracted. Catcha Lifestyle is mainly exposed to credit risk from credit sales. It is Catcha Lifestyle's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that Catcha Lifestyle is exposed to minimal credit risk.

*Trade and other receivables*

Catcha Lifestyle's exposure to credit risk arising from trade and other receivables is monitored by management on an ongoing basis.

At 31 December 2010, there were no significant concentrations of credit risk except for amounts owing by related companies, holding company and corporate shareholders amounting to RM865,000, RM39,000 and RM734,000 respectively. The maximum exposure of credit risk is represented by carrying amount of each financial asset.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.20 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (i) Credit risk (continued)

*Trade and other receivables (continued)*

The following is an ageing analysis of trade receivables as at the end of the financial year:

	Gross RM'000	Impairment losses RM'000	Net RM'000
<b>31.12.2010</b>			
Not past due	1,664	-	1,664
Past due 0 - 30 days	430	-	430
Past due 31-120 days	193	-	193
Past due more than 120 days	135	(48)	87
	<u>2,422</u>	<u>(48)</u>	<u>2,374</u>
<b>31.12.2009</b>			
Not past due	612	-	612
Past due 0 - 30 days	352	-	352
Past due 31-120 days	322	-	322
Past due more than 120 days	747	(329)	418
	<u>2,033</u>	<u>(329)</u>	<u>1,704</u>
<b>31.12.2008</b>			
Not past due	778	-	778
Past due 0 - 30 days	574	-	574
Past due 31-120 days	605	-	605
Past due more than 120 days	953	(324)	629
	<u>2,910</u>	<u>(324)</u>	<u>2,586</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with Catcha Lifestyle.

None of the trade receivables of Catcha Lifestyle that are neither past due nor impaired have been renegotiated during the financial year.

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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.20 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (i) Credit risk (continued)

*Trade and other receivables (continued)*Receivables that are past due but not impaired

Trade receivables that are past due but not impaired relates to creditworthy debtors who have maintained a long working relationship with the Catcha Lifestyle. These customers are consistent revenue contributors to Catcha Lifestyle with consistent payment records.

Receivables that are past due and impaired

Trade receivables of Catcha Lifestyle that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired		
	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
Trade receivables, gross	324	329	48
Less: Impairment losses	(324)	(329)	(48)
	-	-	-

## Movement in impairment losses account:

	<----- As at 31 December ----->		
	2008	2009	2010
	RM'000	RM'000	RM'000
At 1 January	286	324	329
Charge for the year	38	15	52
Written off	-	-	(294)
Reversal	-	(10)	(39)
At 31 December	324	329	48

*Cash and cash equivalents*

Bank balances are placed with a reputable financial institution with good standing. The Directors believe that the possibility of a non-performance by the financial institution is remote and the basis of its financial strength.

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## 9. FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (continued)

## 9.5 Catcha Lifestyle Publications Sdn. Bhd. ("Catcha Lifestyle") (continued)

## 9.5.20 Financial instruments (continued)

## (b) Financial risk management objectives and policies (continued)

## (ii) Foreign currency risk

Catcha Lifestyle is not exposed to any significant foreign currency risk other than foreign currency exchange rate fluctuations relating to sales and purchases denominated in foreign currencies, arising from the normal course of business.

Foreign exchange exposures in transactional currencies other than functional currency of Catcha Lifestyle are monitored closely and kept to an acceptable level.

**Currency risk sensitivity analysis**

A 10 percent strengthening of the RM against the following currencies at the end of the reporting period would have (decreased)/increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity RM'000	Profit/ (Loss) RM'000
<b>31.12.2010</b>		
Singapore Dollar	(13)	(13)
<b>31.12.2008</b>		
Australian Dollar	7	7
Singapore Dollar	(17)	(17)
	(10)	(10)

10 percent weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

## (iii) Liquidity and cash flow risk

Liquidity risk arises from Catcha Lifestyle's management of working capital. It is the risk that Catcha Lifestyle will encounter difficulty in meeting its financial obligations when due.

Catcha Lifestyle monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows.