***Cost of sales***

The breakdown of our cost of sales is set out as follows:

| | FYE 31 December | | | FPE 30 April | |
|---|---|---|---|---|---|
| | **2008** | **2009** | **2010** | **2010** | **2011** |
| | **(RM'000)** | **(RM'000)** | **(RM'000)** | **(RM'000)** | **(RM'000)** |
| Purchase of software | 1,622 | 1,112 | 782 | 553 | 461 |
| Staff costs | 919 | 1,936 | 2,196 | 600 | 1,101 |
| External consultants | 67 | 54 | 380 | 91 | 23 |
| Licensing fee | 127 | 578 | 612 | 179 | 56 |
| Others | 3 | 23 | 19 | 11 | - |
| | **2,738** | **3,703** | **3,989** | **1,434** | **1,641** |

Staff costs and the cost of purchasing third party software comprise the bulk of our cost of sales, collectively representing approximately 92.80%, 82.31% and 74.66% for the past three (3) financial years up to the FYE 31 December 2010 respectively, and approximately 80.40% and 95.19% for the 4-month FPE 30 April 2010 and 2011 respectively of the total cost of sales incurred by our Group. In addition, we also incur costs for the engagement of external consultants to assist in certain projects and licensing fees paid to third party solutions providers for our third party software systems maintenance projects, as well as for the purchase of IT hardware and hardware solutions.

***Gross profit***

Gross profit generated from our operations has been increasing substantially throughout the financial years under review, in tandem with our revenue. We experienced an average gross profit growth of approximately 49.77% for the past three (3) financial years up to the FYE 31 December 2010. Our gross profit growth had, however, declined by approximately 5.89% for the 4-month FPE 30 April 2011 as compared to the previous financial period.

Gross profit by business activities and products and services

In line with our revenue, the bulk of our gross profit has been contributed by our provision of software solutions, contributing approximately 70.38%, 84.36% and 85.44% for the past three (3) financial years up to the FYE 31 December 2010 respectively, and approximately 87.71% and 88.04% for the 4-month FPE 30 April 2010 and 2011 respectively to our total gross profit.

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The breakdown of our gross profit by business activities and products and services is set out as follows:

| | FYE 31 Dacember | | | | | | FPE 30 April | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | | 2009 | | 2010 | | 2010 | | 2011 | |
| | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) |
| **Software solutiona** | | | | | | | | | | |
| Proprietary and customised | 3,644 | 73.66 | 6,340 | 77.03 | 7,688 | 70.14 | 2,160 | 51.95 | 3,354 | 85.71 |
| Third party | (162) | (3.28) | 603 | 7.33 | 1,677 | 15.30 | 1,487 | 35.76 | 91 | 2.33 |
| **Softwara systems maintenance** | | | | | | | | | | |
| Proprietary and customised | 1,344 | 27.17 | 956 | 11.62 | 937 | 8.55 | 306 | 7.38 | 325 | 8.31 |
| Third party | 77 | 1.56 | 297 | 3.61 | 658 | 6.00 | 204 | 4.91 | 130 | 3.32 |
| **Othar IT products and services** | 44 | 0.89 | 34 | 0.41 | 1 | 0.01 | 1 | 0.02 | 13 | 0.33 |
| | 4,947 | 100.00 | 8,230 | 100.00 | 10,961 | 100.00 | 4,158 | 100.00 | 3,913 | 100.00 |

Gross profit by geographic markets

The breakdown of our gross profit by geographic markets is set out as follows:

| | FYE 31 Dacembar | | | | | | FPE 30 April | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | | 2009 | | 2010 | | 2010 | | 2011 | |
| | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) |
| **Malaysia** | 2,339 | 47.28 | 4,843 | 58.84 | 6,394 | 49.21 | 720 | 17.32 | 3,408 | 87.04 |
| **Oversaaa markets** | 2,608 | 62.72 | 3,387 | 41.16 | 5,567 | 50.79 | 3,438 | 82.68 | 507 | 12.96 |
| China | 948 | 19.16 | 556 | 6.75 | 1,332 | 12.15 | 1,279 | 30.76 | 149 | 3.81 |
| Indonesia | 686 | 13.87 | 1,273 | 15.47 | 1,527 | 13.93 | 1,482 | 35.64 | 12 | 0.31 |
| Philippines | 684 | 13.83 | 316 | 3.84 | 701 | 6.40 | 439 | 10.56 | (2) | (0.05) |
| Singapore | 90 | 1.82 | 957 | 11.63 | 1,784 | 16.28 | 194 | 4.66 | 341 | 8.72 |
| Others | 200 | 4.04 | 285 | 3.47 | 223 | 2.03 | 44 | 1.06 | 7 | 0.17 |
| | 4,947 | 100.00 | 8,230 | 100.00 | 10,961 | 100.00 | 4,158 | 100.00 | 3,913 | 100.00 |

Gross profit from our local and overseas market has been increasing for the past three (3) financial years up to the FYE 31 December 2010, in line with the increase in the revenue from both markets, where we experienced an average gross profit growth of approximately 42.61% and 94.03% respectively during the said period.

We continued to experience a growth of approximately 373.06% in gross profit for our local market for the 4-month FPE 30 April 2011 as compared to the previous corresponding period. However, in line with our lower revenue, the gross profit from our overseas market declined by approximately 85.25% during the same period.

Gross profit by industries

The breakdown of our gross profit by industries is set out as follows:

| | FYE 31 December | | | | | | FPE 30 April | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | | 2009 | | 2010 | | 2010 | | 2011 | |
| | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) | (RM'000) | (%) |
| Semiconductor industry | 3,384 | 68.41 | 6,437 | 78.21 | 6,734 | 61.44 | 3,313 | 79.68 | 2,240 | 57.25 |
| Electronics industry | 1,093 | 22.09 | 470 | 5.71 | 1,239 | 11.30 | 568 | 13.66 | 354 | 9.05 |
| Other manufacturing industries | (39) | (0.79) | 176 | 2.14 | 539 | 4.92 | 197 | 4.74 | 267 | 6.82 |
| Service industries | 509 | 10.29 | 1,147 | 13.94 | 2,449 | 22.34 | 80 | 1.92 | 1,052 | 26.88 |
| | 4,947 | 100.00 | 8,230 | 100.00 | 10,961 | 100.00 | 4,158 | 100.00 | 3,913 | 100.00 |

In line with our revenue, the bulk of our gross profit has been derived from the semiconductor industry, contributing approximately 68.41%, 78.21% and 61.44% for the past three (3) financial years up to the FYE 31 December 2010 respectively, and approximately 79.68% and 57.25% for the 4-month FPE 30 April 2010 and 2011 respectively to our total gross profit.

Also, the fluctuations in the gross profits derived from the respective industries have been in line with the fluctuations in the revenue. There was a gross loss recorded from the other manufacturing industries for the FYE 31 December 2008. This was mainly because we had only two (2) customers which operate in this industry category during the financial year and we had a project with one of these two (2) customers which commenced in 2007 and ended in 2010. During the course of this project, most of the purchases were required to be made during the FYE 31 December 2008, while revenue was recognised throughout the course of the project, thus resulting in a gross loss recorded.

***Gross profit margin***

Our gross profit margins have been in the range of between 64.37% and 74.36% during the financial years and periods under review. Our management is of the opinion that our high gross profit margins were due to the following:

(a) our in-house developed proprietary and customised software solutions incorporate ERP, MES, APS and EA, where all the source codes are our intellectual property, and are applicable in a variety of manufacturing companies. We believe that most of our competitors provide only one or two types of the solutions mentioned, whereas we are able to provide total integrated manufacturing software solutions and position ourselves as a one-stop supplier of software solutions for the manufacturing sector. This capability has enabled us to price our products at a premium; and

(b) our business does not require us to incur high costs, whereby the bulk of the costs mainly comprise of staff costs and cost of purchasing third party software. The staff costs and cost of purchasing third party software as a percentage of revenue were 33.06%, 25.54% and 19.92% for the past three (3) financial years up to the FYE 31 December 2010 respectively, and approximately 20.62% and 28.12% for the 4-month FPE 30 April 2010 and 2011 respectively. It should be noted that based on the past three (3) financial years up to the FYE 31 December 2010, economies of scale can be achieved as our revenue increases as the expenses for staff costs and purchasing of third party software can be absorbed more efficiently by our revenue.

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Gross profit margin by business activities and products and services

The high gross profit margins we have managed to achieve are mainly due to our proprietary and customised products and services which contribute to the bulk of our gross profits. In general, our proprietary and customised products and services command a higher profit margin than our third party products and services, as illustrated in the table below:

| | FYE 31 December | | | FPE 30 April | |
|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 | 2011 |
| | (%) | (%) | (%) | (%) | (%) |
| **Software solutions** | **59.18** | **71.61** | 73.69 | **75.20** | 73.14 |
| Proprietary and customised | 61.77 | 74.84 | 73.92 | 71.15 | 74.48 |
| Third party | * N/A | 49.26 | 72.63 | 81.97 | 43.96 |
| **Software systems maintenance** | **80.92** | **57.45** | **71.56** | **69.58** | **55.97** |
| Proprietary and customised | 85.33 | 71.61 | 86.76 | 86.20 | 59.09 |
| Third party | 42.54 | 35.11 | 57.27 | 53.97 | 49.43 |
| **Other IT products and services** | **97.78** | **59.65** | 8.33 | **11.11** | **41.94** |

*Note:*

* *Not applicable due to the negative revenue recognised.*

For the provision of software solutions, save for the 4-month FPE 30 April 2010, our proprietary and customised software solutions typically command higher gross profit margins as compared to third party software solutions mainly due to our in-house development capabilities to modify, customise, and update our proprietary and customised software solutions expediently and cost effectively. We adopt strict policies in the recruitment of staff for both skilled and semi-skilled positions. Our management ensures that our staff are properly guided and trained to handle our solutions in order to tailor and implement them according to our customers' requirements, while stressing the need to be time- and cost-efficient. Our management also closely monitors costs incurred by our Group to ensure proper cost control.

Such a competitive advantage allows us to command higher margins, compared to the trading nature of our third party solutions. However, it should be noted that the gross profit margin recorded for the provision of third party software solutions for the 4-month FPE 30 April 2010 had exceeded that of the provision of proprietary and customised software solutions, mainly because we sold a third party software solution during the financial period which we were entitled to a special discount in purchasing the third party software from one of our major suppliers. In addition, it should also be noted that the gross profit margin recorded from the provision of our third party software solutions has still been within a healthy range of 43.96% and 72.63% for the financial years and periods under review, save for the FYE 31 December 2008.

For the provision of software systems maintenance, yet again, our proprietary and customised software systems maintenance typically commands higher gross profit margins as compared to third party software systems maintenance. The costs incurred for our proprietary and customised software systems maintenance projects are mainly staff costs, where such projects do not typically require a large staff force and thus, resulted in a healthy gross profit margin recorded of between 71.61% and 86.76% for the financial years and periods under review. The costs incurred for third party software systems maintenance projects mainly relate to licensing fees paid to third party solution providers for our right to utilise such third party software for maintenance projects on an annual basis.

The gross profit margins from our other IT products and services for the past three (3) financial years up to the FYE 31 December 2010 have been in the range of 8.33% to 97.78%. For the FYE 31 December 2008, we managed to record a gross profit margin of 97.78% as the revenue for the financial year was mainly recognised for a training provided to one of our customers, where no cost is typically incurred for such activity. For the FYE 31 December 2009 and 2010, the gross profit margin recorded was 59.65% and 8.33% respectively. The decline for both financial years was mainly attributable to the sales of some IT hardware and anti-virus software, where we only charged a slight premium to the cost of purchasing these products. However, it should be noted that the gross profit contribution from such products and services has been fairly insignificant to our Group, while the costs incurred for our other IT products and services are usually minimal. The costs involved are for the purchase of IT hardware and industrial measuring devices.

<u>Gross profit margin by geographic markets</u>

Our gross profit margins registered from the local and overseas markets are set out as follows:

| | FYE 31 December | | | FPE 30 April | |
|---|---|---|---|---|---|
| | **2008** | **2009** | **2010** | **2010** | **2011** |
| | **(%)** | **(%)** | **(%)** | **(%)** | **(%)** |
| Malaysia | 51.79 | 80.89 | 69.73 | 45.89 | 71.69 |
| Overseas markets | 82.30 | 56.96 | 77.17 | 85.46 | 63.14 |

Our overseas sales have commanded better gross profit margins for the FYE 31 December 2008 and 2010, and therefore also the 4-month FPE 30 April 2010, compared to local sales as we had mainly sold our proprietary software solutions, which are fully developed in-house for overseas markets, and thus only incurring staff costs for such transactions.

Our overseas sales had recorded lower gross profit margins as compared to the local market for the following financial periods:

(a) for the FYE 31 December 2009, as we had also extended abroad our customised software solutions, which incorporate in-house developed modules combined with third party developed software. As such, in addition to staff costs, we had also incurred costs for purchasing third party software, thus affecting our gross profit margins; and

(b) for the 4-month FPE 30 April 2011, as we incurred costs in relation to licensing fee for third party software systems maintenance projects during the financial period for our customers located abroad while billing them progressively throughout the year for the projects.

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Gross profit margin by industries

Our gross profit/loss margins recorded for each of the industry we are serving are set out as follows:

| | FYE 31 December | | | FPE 30 April | |
|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 | 2011 |
| | (%) | (%) | (%) | (%) | (%) |
| Semiconductor industry | 61.37 | 76.03 | 78.94 | 79.13 | 70.89 |
| Electronics industry | 80.43 | 53.78 | 68.87 | 73.01 | 82.90 |
| Other manufacturing industries | (43.82) | 66.92 | 46.55 | 49.13 | 42.45 |
| Service industries | 70.40 | 49.23 | 70.74 | 35.40 | 78.62 |

Our gross profit margin derived from the semiconductor industry ranged between 61.37% and 79.13% for the financial years and periods under review, which were also higher than the gross profit margin recorded for our Group, save for the FYE 31 December 2008. The relatively low gross profit margin recorded during the FYE 31 December 2008 of 61.37% was mainly attributable to a project with one of our major customers operating in the semiconductor industry which commenced during that financial year and is still presently active. Most of the purchases for this project were made during the FYE 31 December 2008 resulting in a lower gross profit margin derived from the semiconductor industry during that financial year.

Our gross profit margin derived from the electronics industry fluctuated between 53.78% and 82.90% during the financial years and periods under review. The relatively low gross profit margin recorded during the FYE 31 December 2009 of 53.78% was mainly due to the higher demands for our third party products and services. Whereas, for the other financial years and periods under review, our customers operating in the electronics industry had a higher demand for our proprietary and customised products and services. For the FYE 31 December 2008 and 4-month FPE 30 April 2011, we managed to achieve a gross profit margin of 80.43% and 82.90% respectively due to the high proportion of proprietary and customised products and services sold of 84.56% and 72.12% respectively as compared to our third party products and services.

Our gross profit margin derived from the other manufacturing industries that we serve had similarly experienced fluctuations during the financial years and periods under review. We had only served two (2) to three (3) customers in these industries during the FYE 31 December 2008 and 2009. The gross loss margin recorded during the FYE 31 December 2008 was, as mentioned earlier, due to the large amount of purchases made during the financial year for the implementation of one of our projects which commenced in 2007 and ended in 2010. We subsequently recorded a gross profit margin of 66.92% for the FYE 31 December 2009 as we did not incur much costs for the above-mentioned project thus improving our gross profit margin. Our gross profit margins subsequently declined to be in the range of between 42.45% and 49.13% for the FYE 31 December 2010, and the 4-month FPE 30 April 2010 and 2011. During these financial years and periods, most of our customers who operate in these industries had demanded for our customised solutions, where purchase of third party solutions were required, and thus resulting in our lower gross profit margin.

For the financial years and periods under review, our gross profit margin derived from the service industries ranged between 35.40% and 78.62%. The relatively low gross profit margin recorded for the FYE 31 December 2009 and 4-month FPE 30 April 2010 were mainly due to the higher revenue derived respectively from our third party products and services and provision of customised software solutions, which involve purchasing of third party software solutions. For the FYE 31 December 2008 and 2010, as well as for the 4-month FPE 30 April 2011, our customers who operate in the service industries have mostly demanded for our proprietary and customised products and services, which contributed to our relatively higher gross profit margins recorded of between 70.40% and 78.62%.

***Other income***

The breakdown of our other income is set out as follows:

| | FYE 31 December | | | FPE 30 April | |
|---|---|---|---|---|---|
| | 2008 (RM'000) | 2009 (RM'000) | 2010 (RM'000) | 2010 (RM'000) | 2011 (RM'000) |
| Interest income | 114 | 32 | 62 | 6 | 24 |
| Gain on foreign exchange | 259 | - | - | - | - |
| Allowance for doubtful debts no longer required | - | 42 | - | - | - |
| Miscellaneous income | 132 | 51 | 242 | 124 | 22 |
| | **505** | **125** | **304** | **130** | **46** |

Our other income comprises the following:

- interest income, which comprise of interest earned from our fixed deposits with licensed banks and repurchase agreements (REPO), as well as interest earned from our loan during the FYE 31 December 2008 to our related party, iDimension Systems Pte Ltd (now known as Paradigm Excellence Pte Ltd);

- gain on foreign exchange;

- allowance for doubtful debts no longer required, as the amount was recovered subsequent to the provision as allowance for doubtful debts in the previous financial year; and

- miscellaneous income, which is made up of commission received from suppliers, reimbursement of expenses from customers and medical claims from insurance companies, and rental income.

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***Administrative expenses***

The breakdown of our administrative expenses is set out as follows:

| | FYE 31 December | | | FPE 30 April | |
|---|---|---|---|---|---|
| | 2008 (RM'000) | 2009 (RM'000) | 2010 (RM'000) | 2010 (RM'000) | 2011 (RM'000) |
| Salary and wages | 448 | 529 | 853 | 286 | 336 |
| Depreciation and amortisetion | 46 | 313 | 465 | 156 | 172 |
| Loss on foreign exchange | - | 153 | 493 | 202 | 45 |
| Office rental | 74 | 102 | 35 | 14 | 10 |
| Travelling | 225 | 76 | 129 | 35 | 25 |
| Utilities | 70 | 71 | 67 | 23 | 21 |
| Professional fees | 97 | 53 | 168 | 7 | 103 |
| Allowance for doubtful debts | 42 | 42 | - | - | - |
| General expenses | 416 | 423 | 520 | 160 | 307 |
| Goodwill written-off | - | - | 6 | - | - |
| | 1,418 | 1,762 | 2,736 | 883 | 1,019 |

Our administrative expenses mainly comprise administrative staff salaries, depreciation and amortisation, office rental and other operating expenses related to our Group. Administrative expenses incurred have been gradually increasing, but these increases however, have been marginal compared to our revenue growth. Our administrative expenses comprised approximately 18.45%, 14.77% and 18.30% of revenue for the past three (3) financial years up to the FYE 31 December 2010 respectively, and approximately 15.79% and 18.35% for the 4-month FPE 30 April 2010 and 2011 respectively.

***Finance costs***

Our finance costs comprise interest charges on our bank borrowings and bank charges incurred. Our bank borrowings comprise our sole overdraft facility granted by Public Bank Berhad and a hire purchase facility.

Our finance costs have been low as our operations are funded adequately by internally-generated funds. The overdraft facility granted by Public Bank Berhad in 2009 was used to finance the acquisitions of our existing properties which are mentioned in Section 7.16.1 of this Prospectus.

***PBT***

Our PBT recorded has been in line with our revenue. We experienced an average PBT growth of approximately 75.58% for the past three (3) financial years up to the FYE 31 December 2010, and a decline of approximately 13.77% for the 4-month FPE 30 April 2011 as compared to the previous financial period. Our PBT margins stood at healthy levels of between 52.65% and 60.64% for the financial years and periods under review.

*Taxation*

Our effective tax rate recorded was approximately 0.00%, 1.31% and 2.83% for the past three (3) financial years up to the FYE 31 December 2010 respectively, and approximately 1.89% and 22.81% for the 4-month FPE 30 April 2010 and 2011 respectively. The effective tax rate recorded for the 4-month FPE 30 April 2011 was substantially higher as iMSC's pioneer status, which grants a financial incentive of 100% exemption from taxable statutory income, had expired on 14 December 2010 and tax has been provided for in iMSC's accounts in the interim. It should be noted that MDeC had, vide its letter dated 14 September 2011, approved the pioneer status of iMSC for another five (5)-year period and iMSC is presently pending formal notification of the approval from MITI.

Nevertheless, it should be noted that the effective tax rates have been substantially lower than statutory tax rates imposed by the Malaysian Government.

*PAT*

Our PAT has largely mirrored the trend of our PBT as taxation incurred by our Group has been minimal, save for the 4-month FPE 30 April 2011. We experienced an average PAT growth of approximately 74.53% for the past three (3) financial years up to the FYE 31 December 2010, and a decline of approximately 32.16% for the 4-month FPE 30 April 2011 as compared to the previous financial period. Our PAT margins recorded were between the range of 40.64% and 59.50% for the financial years and periods under review.

**(b) Review of operations**

**(i) FYE 31 December 2008 vs FYE 31 December 2009**

*Revenue*

We recorded an increase in revenue of approximately RM4.25 million or 55.28% to RM11.93 million for the FYE 31 December 2009 as compared to the previous financial year. This was mainly attributable to the following:

a. the project with the NEC group of companies, which consists of NEC Semiconductors (Malaysia) Sdn Bhd (now known as Renesas Semiconductor KL Sdn Bhd) and NEC Semiconductors Singapore Pte Ltd (collectively known as the "**NEC Group**"), for the implementation of an APS system for a total RM1.55 million. This project was awarded in 2008 but the revenue was recognised only in the FYE 31 December 2009;

b. we had continue to serve our major customer, PT Unisem during the FYE 31 December 2009, which provided us with an additional RM1.55 million of revenue as compared to the previous financial year;

c. the incorporation of iMSC Singapore during the financial year as the marketing arm of our Group, which managed to generate revenue of approximately RM0.91 million for our Group. iMSC Singapore had managed to contribute eight (8) new customers to our Group, including NEC Semiconductors Singapore Pte Ltd as mentioned in item a. above; and

d. we managed to serve an additional 13 customers as compared to the previous financial year.

Revenue by business activities and product and services

For the FYE 31 December 2009, the revenue growth experienced was mainly attributable to both the provision of proprietary and customised as well as third party software solutions, which grew by approximately RM3.81 million or 64.77% to RM9.70 million as compared to the previous financial year.

Our proprietary and customised software solutions recorded an increase in revenue of approximately RM2.57 million or 43.60% to RM8.47 million. This was mainly due to the projects with the NEC Group and PT Unisem, as mentioned above implementing our proprietary and customised software solutions for a total of approximately RM3.84 million.

Our revenue from the provision of third party software solutions increased to approximately RM1.22 million during the FYE 31 December 2009, from a negative figure recorded in the previous year due to a cancellation of a sale.

In addition, our revenue from third party software systems maintenance increased by approximately RM0.67 million or 367.40% to RM0.85 million for the FYE 31 December 2009 as compared to the previous financial year. This was mainly because we managed to double the number of customers during the financial year who required us to perform systems maintenance using third party software.

Revenue by geographic markets

For the FYE 31 December 2009, the revenue growth experienced was attributable to both our local and overseas markets.

Our local market recorded an increase in revenue of approximately RM1.47 million or 32.57% to RM5.99 million, as we managed to serve an additional six (6) customers, including the above-mentioned NEC Semiconductors (Malaysia) Sdn Bhd, during the FYE 31 December 2009 as compared to the previous financial year.

Our overseas markets recorded an increase in revenue of approximately RM2.78 million or 87.63% to RM5.95 million, which was contributed by the following markets:

a. our Singapore market, which recorded an increase in revenue of approximately RM1.59 million or 1,016.03% to RM1.74 million. The increase was due to the following:

   - the above-mentioned project with the NEC Group, which involved NEC Semiconductors Singapore Pte Ltd; and

   - our related party, namely iDimension Systems Pte Ltd (now known as Paradigm Excellence Pte Ltd) ("**iSystems Singapore**"), was able to generate revenue of approximately RM1.38 million for us during the FYE 31 December 2009 as compared to RM0.16 million the previous year;

b. our Indonesia market, where we had implemented our proprietary and customised software solution for our Indonesian customer, PT Unisem for a total of approximately RM2.34 million, representing an increase of approximately RM1.55 million; and

c. we successfully secured a new customer in the United States of America during the financial year, which provided us with revenue amounting to approximately RM0.55 million.

Revenue by industries

For the FYE 31 December 2009, the revenue growth experienced was attributable to the growth in revenue from the following industries:

(a) semiconductor industry, which recorded a revenue growth of RM2.95 million or 53.54% due to the implementation projects for the NEC Group and PT Unisem as mentioned above; and

(b) service industries, which recorded a revenue growth of RM1.61 million or 222.27%, mainly contributed by both our related party, iSystems Singapore and our new customer in the United States of America as mentioned above.

***Cost of sales and gross profit***

Our cost of sales increased by approximately RM0.97 million or 35.24% to RM3.70 million for the FYE 31 December 2009 as compared to the previous financial year, mainly due to an increase in staff costs. The increase in staff costs was mainly due to the following:

a. only 50% of the salaries of our in-house technical professionals involved in R&D were capitalised during the FYE 31 December 2009 as compared to the 100% capitalised during the previous financial year; and

b. an increase in travelling costs incurred during the financial year of approximately RM0.15 million or 70.70% to RM0.37 million.

We managed to record an increase in gross profit of approximately RM3.28 million or 66.36% to RM8.23 million for the FYE 31 December 2009 as compared to the previous financial year, in line with the increase of our revenue. Our gross profit margin improved from 64.37% in the previous financial year to 68.97% for the FYE 31 December 2009 mainly due to the following:

a. the bulk of the increase in our revenue was mainly attributable to the increase in our proprietary and customised software solutions which are typically able to command higher profit margins; and

b. the high gross profit margin recorded for the provision of our third party software solutions during the FYE 31 December 2009 of 49.26% as we had made fewer purchases of third party software solutions as compared to the previous financial year.

***Other income***

Our other income recorded for the FYE 31 December 2009 declined by approximately RM0.38 million or 75.25% to RM0.13 million as compared to the previous financial year. The previous year's numbers were higher primarily due to the receipt of interest income from our related party, iDimension Systems Pte Ltd (now known as Paradigm Excellence Pte Ltd) and foreign exchange gain recognised.

***Administrative expenses***

We recorded an increase in administrative expenses of approximately RM0.34 million or 24.26% to RM1.76 million for the FYE 31 December 2009 as compared to the previous financial year. The increase was mainly due to the following:

a. the additional depreciation of approximately RM0.07 million recognised pursuant to the acquisitions of our properties as set out in Section 7.16.1 of this Prospectus during the financial year;

b. amortisation of approximately RM0.20 million of our development costs capitalised from the salaries of our in-house technical professionals involved in R&D; and

c. realised and unrealised foreign exchange losses amounting to approximately RM0.15 million.

Despite the increase, our administrative expenses-to-revenue ratio continued to improve from 18.45% to 14.77% for the FYE 31 December 2009.

***PBT***

We recorded a PBT increase of approximately RM2.54 million or 63.03% to RM6.58 million for the FYE 31 December 2009 as compared to the previous financial year. This was in line with our revenue and gross profit growth.

Our PBT margin recorded for the financial year improved slightly to 55.10% from 52.48% recorded for the previous financial year. This is in line with the improvement of our gross profit and administrative expenses-to-revenue ratio.

**(ii) FYE 31 December 2009 vs FYE 31 December 2010**

***Revenue***

We recorded an increase in revenue of approximately RM3.02 million or 25.28% to RM14.95 million for the FYE 31 December 2010 as compared to the previous financial year. This was mainly because, during the FYE 31 December 2010, we managed to serve an additional 24 customers as compared to the previous financial year. Many of these customers were new customers, including local and overseas resellers who we appointed in 2010. The sales generated by these resellers collectively contributed approximately RM0.99 million or 6.62% to our revenue for the FYE 31 December 2010.

Revenue by business activities and product and services

For the FYE 31 December 2010, the revenue growth experienced was mainly attributable to both the provision of proprietary and customised and third party software solutions, where we recorded a growth of approximately RM3.01 million or,31.09% to RM12.71 million as compared to the previous financial year.

Our proprietary and customised software solutions recorded an increase in revenue of approximately RM1.93 million or 22.77% to RM10.40 million. The increase was primarily contributed by our new customers, including our newly appointed resellers, as mentioned above, who mainly purchased our proprietary and customised software solutions.

Revenue from our third party software solutions increased by approximately RM1.09 million or 88.64% to RM2.31 million. The increase was mainly attributable to a sale of a third party software solution to one of our existing customers for a total of RM1.68 million.

Revenue by geographic markets

For the FYE 31 December 2010, the revenue growth experienced was attributable to both our local and overseas markets.

Our local market recorded an increase in revenue of approximately RM1.75 million or 29.21% to RM7.74 million, as we managed to serve an additional 12 customers as compared to the previous financial year.

Our overseas markets recorded an increase in revenue of approximately RM1.27 million or 21.33% to RM7.21 million as compared to the previous financial year. This was mainly contributed by the following markets:

a. our China market, where one of our existing customers purchased our proprietary and customised software solutions for a total of approximately RM1.04 million; and

b. our Singapore market, where we managed to serve an additional eight (8) customers as compared to the previous financial year resulting in an increase in revenue of RM0.76 million or 43.65% contributed by this market.

Revenue by industries

For the FYE 31 December 2010, the revenue growth experienced was mainly attributable to the higher revenue generated from our customers that operate in the electronics industry, other manufacturing industries and service industries, collectively recording an increase of RM2.95 million or 85.15%. Most of our new customers as mentioned above are also companies that operate in these industries. This is in line with our plan to serve a wider range of user industries.

***Cost of sales and gross profit***

Our cost of sales during the FYE 31 December 2010 had increased by RM0.29 million or 7.72% to RM3.99 million as compared to the previous financial year, mainly due to the recruitment of more staff for our Group and engaging external consultants to assist in some of our projects.

We managed to record an increase in gross profit of approximately RM2.73 million or 33.18% to RM10.96 million for the FYE 31 December 2010 as compared to the previous financial year, in line with the increase in our revenue. Our gross profit margin improved from 68.97% in the previous financial year to 73.32% for the FYE 31 December 2010, mainly due to the high gross profit margin recorded from the provision of third party software solutions, which improved substantially from 49.26% recorded during the previous financial year to 72.63%. This was a result of the substantial increase in our revenue from the provision of third party software solutions during the FYE 31 December 2010 but our cost involved in purchasing third party software solutions had declined as we were entitled to a special discount in purchasing software from one of our major suppliers during the financial year.

*Other income*

We recorded an increase in other income of approximately RM0.18 million or 143.20% to RM0.30 million during the FYE 31 December 2010 as compared to the previous financial year. This was mainly attributable to the increase in interest income and miscellaneous income totalling approximately RM0.19 million.

*Administrative expenses*

Our administrative expenses incurred during the FYE 31 December 2010 increased by approximately RM0.97 million or 55.28% to RM2.74 million as compared to the previous financial year. The increase was mainly due to the following:

a. the increase in salary and wages paid out to our employees by approximately RM0.32 million or 61.25% to RM0.85 million partly due to additional hires of personnel in our Group;

b. the increase in depreciation and amortisation by approximately RM0.15 million or 48.56% to RM0.47 million;

c. the increase in both realised and unrealised foreign exchange losses by approximately RM0.34 million or 222.22% to RM0.49 million; and

d. the increase in professional fees by approximately RM0.12 million or 216.98% to RM0.17 million in conjunction with our Flotation Exercise, as well as increase in other professional fees such as statutory audit, legal and secretarial fees.

The substantial increase in administrative expenses during the FYE 31 December 2010 had resulted in our administrative expenses-to-revenue ratio increasing to 18.30% from 14.77% recorded for the previous financial year.

*PBT*

We recorded a PBT increase of approximately RM1.91 million or 28.97% to RM8.48 million for the FYE 31 December 2010 as compared to the previous financial year. This is in line with our revenue and gross profit growth.

Our PBT margin recorded for the FYE 31 December 2010 had improved slightly from 55.10% recorded for the previous financial year to 56.72%, in line with the improved gross profit margin.

**(iii) 4-month FPE 30 April 2010 vs 4-month FPE 30 April 2011**

*Revenue*

Our revenue recorded for the 4-month FPE 30 April 2011 was comparable to the previous financial period, albeit slightly lower by approximately RM0.04 million or 0.68%.

Revenue by business activities and product and services

For the 4-month FPE 30 April 2011, our proprietary and customised software solutions recorded an increase in revenue of approximately RM1.66 million or 49.01% to RM5.05 million. The increase was primarily contributed by our new customers, who mainly purchased our proprietary and customised software solutions, collectively contributing approximately RM1.45 million to our revenue.

However, the above-mentioned increase in revenue was offset by a decline in our sales of third party software solutions of approximately RM1.72 million or 78.56% to RM0.47 million for the 4-month FPE 30 April 2011 as compared to the previous financial period. Although we managed to sell our third party software solutions to 8 customers during the 4-month FPE 30 April 2011 as compared to only 4 customers during the previous financial period, the decline in revenue contribution was mainly because the amount generated from sales to these 8 customers during the financial period had not been significant, while we had a sale to one of our customers for a total of RM1.68 million in the previous financial period.

Revenue by geographic markets

For the 4-month FPE 30 April 2011, our local market recorded an increase in revenue of approximately RM3.18 million or 202.80% to RM4.75 million, as we managed to serve an additional 10 customers as compared to the previous financial period.

However, the above-mentioned increase in revenue was offset by a decline in revenue contribution from our overseas market of approximately RM3.22 million or 80.04% as compared to the previous financial period. This was mainly due to reduced spending or no spending by our major customers located overseas, namely Unisem Chengdu Co., Ltd, PT Unisem and Lexmark International (Philippines) Inc, in our software solutions during the financial period.

Revenue by industries

For the 4-month FPE 30 April 2011, we experienced a decline in revenue generated from our customers that operate in the semiconductor industry, which was offset by an increase in revenue generated from our customers that operate in the service industries.

The revenue generated from our customers that operate in the semiconductor industry declined by RM1.03 million or 24.53% to RM3.16 million, mainly due to our major customers, namely Unisem Chengdu Co., Ltd and PT Unisem reducing their spending in our software solutions. Whereas, the revenue generated from our customers that operate in the service industries increased by RM1.11 million or 492.04% to RM1.34 million as we had successfully secured several new customers operating in these industries.

***Cost of sales and gross profit***

Our cost of sales during the 4-month FPE 30 April 2011 had increased by RM0.21 million or 14.44% to RM1.64 million as compared to the previous financial period, mainly due to the recruitment of more staff for our Group to assist in our projects. This, coupled with a slight decline in revenue for the financial period, had resulted in a decline in gross profit of RM0.25 million or 5.89%, as well as a decline in gross profit margin recorded from 74.36% to 70.45% for the financial period.

*Other income*

We recorded a decline in other income of approximately RM0.08 million or 64.62% for the 4-month FPE 30 April 2011 as compared to the previous financial period. This was mainly attributable to the lower commission received from suppliers due to lower sales of our third party software solutions.

*Administrative expenses*

Our administrative expenses incurred during the 4-month FPE 30 April 2011 increased by approximately RM0.14 million or 15.40% to RM1.02 million as compared to the previous financial period. The increase was mainly due to the following:

a. the increase in general expenses by approximately RM0.15 million or 91.88% to RM0.31 million, which includes increases in entertainment expenses; and

b. the increase in professional fees by approximately RM0.10 million or 1,371.43% to RM0.10 million in conjunction with our Flotation Exercise, as well as increase in other professional fees such as statutory audit, legal and secretarial fees.

The increase in administrative expenses during the 4-month 30 April 2011 had resulted in our administrative expenses-to-revenue ratio increasing to 18.35% from 15.79% recorded for the previous financial period.

*PBT*

We recorded a PBT decline of approximately RM0.47 million or 13.77% to RM2.92 million for the 4-month FPE 30 April 2011 as compared to the previous financial period. This is in line with our lower revenue and gross profit.

Also in line with the decline in our gross profit margin, our PBT margin had consequently declined from 60.64% to 52.65% for the financial period.

**(c) Significant factors affecting our profits**

**(i) Competition**

As set out in Section 5.2.1 of this Prospectus, we face constant competition from other local and overseas IT operators involved in software development and provision of software solutions, which provide the same solutions as we do.

However, to differentiate ourselves from our competitors, we are able to provide a one-stop solution centre for our customers, where we are able to provide fully integrated solutions.

**(ii) Dependence on the manufacturing industries especially the semiconductor industry**

As set out in Section 5.3.1 of this Prospectus, we have a strong focus on the semiconductor industry. Our profits will be affected if there is any adverse economic impact in this industry.

However, we plan to develop manufacturing software solutions applicable to other industries to diversify our customer base.

(iii) **Salaries and related costs**

A significant portion of our expenses incurred comprises staff salaries. Hence, in our efforts to retain our existing staff and attract new recruitments with competitive salaries and attractive remuneration packages, any increase in salaries may have a substantial impact on the financial performance of our Group.

(iv) **Tax consideration**

As set out in Section 5.3.5 of this Prospectus, two (2) of our subsidiaries, namely iMSC and OS Solutions, have been granted MSC status by MDeC which accords both companies a 100% exemption from taxable statutory income. If the MSC status and/or pioneer status granted are revoked in either iMSC or OS Solutions, our Group's financial performance, particularly our PAT, will be adversely affected.

Moving forward, iMSC Singapore will be subject to taxation once normal chargeable profits exceeds SGD100,000 or pursuant to three (3) years after incorporation, whichever is earlier. Pursuant thereto, iMSC Singapore will be subject to the statutory tax rate imposed by the Singaporean Government, which may have an impact on the financial performance of our Group.

(d) **Impact of foreign exchange/ interest rates/ commodity prices**

As set out in Section 5.3.8 of this Prospectus, our Group is exposed to foreign currency risks as our sales and purchases are partly denominated in foreign currencies, namely SGD and USD. As such, any appreciation or depreciation of USD or SGD against RM will result in us incurring foreign exchange gains or losses. For the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011, we have generated income or incurred losses on foreign exchange set out as follows:

| | FYE 31 December | | | FPE 30 April |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Gain/(loss) on foreign exchange * | 259 | (153) | (493) | (45) |

*Note:*

* *Inclusive of realised and unrealised gain or loss.*

In view of the above, we are therefore exposed to foreign exchange fluctuations which may have an impact on the financial performance of our Group. Nevertheless, our foreign currency sales and purchases provide a partial natural hedge against the fluctuations in foreign exchange. In addition, we maintain part of our cash and bank balances, as well as fixed deposits, in foreign currency accounts, mainly in USD, to meet our future obligations in foreign currencies.

Our Group has minimal borrowings, and hence, any fluctuation in interest rates does not have any material impact on the financial performance of our Group. Further, we generate interest income from our fixed deposits with licensed banks which are able to provide a partial natural hedge against our interest liabilities.

The principal activities of our Group do not involve commodities, and hence, commodity prices do not have any impact on the financial performance of our Group.

**(e) Impact of inflation**

The financial performance of our Group had not been materially affected by inflation for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011.

**(f) Effect of government/ economic/ fiscal/ monetary policies**

The financial performance of our Group had not been materially affected by any government, economic, fiscal or monetary policies or factors for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011.

**12.3.2 Liquidity and capital resources**

**(a) Liquidity**

**(i) Working capital**

We have been predominantly financing our working capital through internally-generated cash. As at 30 April 2011, we had cash and cash equivalents of approximately RM4 million which consist of our cash and bank balances, and fixed deposits as well as our bank overdraft. It should be highlighted that our bank overdraft is secured by fixed deposits of RM1 million and interest earned on the fixed deposits pledged.

As at 30 April 2011, our consolidated current assets stood at approximately RM14.04 million, while our consolidated current liabilities amounted to approximately RM3.28 million. This translates into a current ratio of 4.28 which is favourable and indicates that we possess enough resources to meet our short-term obligations.

We are of the opinion that, after taking into consideration our current cash flow position together with the proceeds arising from the Public Issue, as well as our capacity to obtain further institutional financing based on our debt-to-equity ratio of 0.08 times (based on our consolidated statements of financial position as at 30 April 2011) we will have sufficient working capital for a period of twelve (12) months from the issue date of this Prospectus.

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### (ii) Cash flow

Our pro forma consolidated cash flow for the past three (3) financial years up to the FYE 31 December 2010 is set out as follows:

| | FYE 31 December | | | FPE 30 April 2011 |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Net cash generated from operating activities | 1,867 | 2,923 | 2,877 | (851) |
| Net cash used for investing activities | (860) | (2,341) | (977) | (373) |
| Net cash used for financing activities | - | (27) | (36) | (12) |
| Net increase in cash and cash equivalents | 1,007 | 555 | 1,864 | (1,236) |
| Effect of foreign exchange translation * | - | (33) | (20) | (24) |
| Cash and cash equivalent at the beginning of the year | 1,887 | 2,894 | 3,416 | 5,260 |
| Cash and cash equivalent at the end of the year | 2,894 | 3,416 | 5,260 | 4,000 |

*Nota:*

* *The affect of converting iMSC Singapore's cash and bank balances to RM.*

We have no legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances.

**Net cash generated from/used for operating activities**

For the FYE 31 December 2008, we recorded PBT of approximately RM4.03 million, while our net cash generated from operating activities amounted to approximately RM1.87 million. This was primarily due to the dividend payout of RM2.40 million to our shareholders during the financial year.

For the FYE 31 December 2009, we recorded PBT of approximately RM6.57 million, while our net cash generated from operating activities amounted to approximately RM2.92 million. This was primarily due to the following:

(a) an increase in our working capital by RM0.91 million. This was mainly due to the increase in receivables of RM2.91 million, of which RM2.30 million was attributable to the increase in trade receivables, and was partially offset by the increase in payables of RM1.74 million, The increase in trade receivables is in line with the increase in our revenue as compared to the previous financial year; and

(b) dividend payout of RM3.05 million to our shareholders during the financial year.

Our net cash generated from operating activities increased for the FYE 31 December 2009 by RM1.06 million as compared to the previous financial year. This was mainly attributable to the increase in cash generated from operations of RM1.98 million, which was partially offset by the increase in tax and dividend paid of RM0.70 million.

For the FYE 31 December 2010, we recorded PBT of approximately RM8.48 million, while our net cash generated from operating activities amounted to approximately RM2.88 million. This was primarily due to the following:

(a) an increase in our working capital by RM1.73 million, which was due to the following:

- the increase in receivables of RM1.27 million, of which RM0.96 million was attributable to the increase in trade receivables, which is in line with the increase in our revenue as compared to the previous financial year; and
- the increase in amount due from customers of RM0.97 million, arising from our long-term projects for the financial year;

(b) dividend payout of RM4.15 million to our shareholders during the financial year.

Our net cash generated from operating activities declined marginally for the FYE 31 December 2010 by RM0.05 million as compared to the previous financial year. This was mainly due to the increase in tax and dividend paid of RM1.22 million.

For the 4-month FPE 30 April 2011, we recorded PBT of approximately RM2.92 million, while our net cash used for operating activities amounted to approximately RM0.85 million. This was a result of the increase in our working capital by RM3.92 million, due to the following:

(a) the increase in receivables of RM3.03 million, of which RM1.64 million was attributable to the increase in other receivables. The increase in other receivables was mainly due to the deposit paid for the acquisition of an eight-storey office unit as mentioned in Section 4.9.3 of this Prospectus and prepayment of listing expenses for a total of approximately RM2.02 million; and

(b) the increase in amount due from customers of RM0.98 million, arising from our long-term projects for the financial period.

**Net cash used for investing activities**

For the FYE 31 December 2009, net cash used for investing activities had increased by approximately RM1.48 million as compared to the previous financial year due to the acquisitions of our properties as set out in Section 7.16.1 of this Prospectus.

Consequently, our net cash used for investing activities had declined by RM1.36 million for the FYE 31 December 2010, partly also due to the disposal of one of our properties as well as receipt of the grant from MDeC.

For the 4-month FPE 30 April 2011, we recorded net cash used for investing activities of approximately RM0.37 million mainly due to development costs incurred, i.e. the capitalisation of salaries of our in-house technical professionals involved in R&D.

**Net cash used for financing activities**

The net cash used for financing activities recorded was mainly for the repayment of hire purchase.

(iii) **Borrowings**

As at 30 April 2011, we had total outstanding local borrowings amounting to approximately RM1.08 million comprising the following:

| | RM'000 |
|---|---|
| **Interest-bearing borrowings:** | |
| Short-term borrowings | 1,010 |
| Long-term borrowings | 69 |
| **Total** | **1,079** |

Our borrowings comprise the following:

- an overdraft facility granted by Public Bank Berhad in 2009 was used to partly finance the acquisition of our properties as set out in Section 7.16.1 of this Prospectus; and

- a hire purchase facility obtained for the acquisition of a company car.

It should be highlighted that the above-mentioned overdraft facility is secured by fixed deposits of RM1 million and interest earned on the fixed deposits pledged.

We do not have any non-interest bearing borrowing or foreign currency borrowing.

We have not defaulted on any payment of interest and/or principal sums throughout the FYE 31 December 2010 and the subsequent financial period up to LPD. As at 30 April 2011, we recorded a gearing ratio of 0.08 times based on our consolidated statements of financial position as at 30 April 2011. It should be noted that we intend to obtain a bank borrowing of RM8.40 million to fund the acquisition of an eight-storey office unit as mentioned in Section 4.9.3 of this Prospectus. For illustrative purpose only, the said bank borrowing would result in an increase in our gearing ratio from 0.08 times to 0.66 times based on our consolidated statements of financial position as at 30 April 2011.

(iv) **Breach of terms and conditions/ covenants associated with credit arrangements or bank loans**

As at LPD, to the best of our Board's knowledge, we are not aware of any breach of terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial position and results or business operations, or the investments by holders of securities of our Company.

(b) **Financial instruments**

As at LPD, the types of financial instruments that we use are as follows:

| Type | Maturity date | Interest rate |
|---|---|---|
| Bank overdraft | Not applicable | 1.5% on top of its fixed deposit rate * |
| Hire purchase | 20 March 2014 | 2.35% |

*Note:*

* *the overdraft is secured back-to-back against an equal amount placed as fixed deposit.*

Please refer to Section 12.3.2(a)(iii) of this Prospectus for further information on the above-mentioned financial instruments.

As at LPD, our Group does not have nor is our Group using any financial instruments for hedging purposes.

We are of the opinion that presently, there is not a need for such instruments as the financial risks that our Group may be exposed to, namely foreign exchange risk and interest rate risk, are partially hedged naturally as mentioned in Section 12.3.1(d) of this Prospectus.

Nevertheless, we may consider adopting certain hedging mechanism in the future if the need arises.

**(c) Material commitments for capital expenditure and contingent liabilities**

We had, on 30 June 2011, entered into a sale and purchase agreement with Sierra Peninsular Development Sdn Bhd to acquire an eight-storey office unit for a total purchase consideration of RM10.50 million as our management is of the opinion that we require additional space to cater for our future growth and that our Group's operations, other than the R&D activities carried out at our offices located at Cyberjaya and Ipoh, should be consolidated within a single building. We intend to allocate RM2.10 million of the total gross proceeds from the Public Issue to fund 20% of the purchase consideration and the remaining 80% or RM8.40 million will be funded via bank borrowing.

Save as disclosed above, as at LPD, our Directors are not aware of any material commitment for capital expenditure or contingent liability incurred or to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial position.

**(d) 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.

**(e) Key financial ratios**

The key financial ratios of our Group are set out as follows:

| | FYE 31 December | | | FPE 30 April 2011* |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | |
| Trade receivables turnover period (days) | 39 | 68 | 77 | 101 |
| Trade payables turnover period (days) | 18 | 9 | 31 | 61 |
| Inventory turnover period (days) | 84 | 21 | 3 | 3 |

*Note:*

* *Annualised.*

***Trade receivables***

The ageing analysis of our trade receivables as at 30 April 2011 is set out as follows:

| | 0-30 days (RM'000) | 31-60 days (RM'000) | 61-90 days (RM'000) | 91-120 days (RM'000) | >120 days (RM'000) | Total (RM'000) |
|---|---|---|---|---|---|---|
| Trade receivables | 1,064 | 1,169 | 449 | 1,136 | 785 | 4,603 |
| Less: Impaired | - | - | - | - | - | - |
| | 1,064 | 1,169 | 449 | 1,136 | 785 | 4,603 |
| Percentage of total trade receivables (%) | 23.12 | 25.40 | 9.75 | 24.68 | 17.05 | 100.00 |
| Subsequent collection as at LPD | 339 | 428 | 19 | 155 | 145 | 1,086 |
| Outstanding balance as at LPD | 725 | 741 | 430 | 981 | 640 | 3,517 |

The normal credit period granted to our trade debtors ranges from 30 to 120 days. Other credit terms are assessed and approved by our management on a case-by-case basis.

Our trade receivables turnover period has been within our normal credit period granted. As at 30 April 2011, approximately RM0.79 million or 17.05% of our outstanding trade receivables have exceeded our normal credit period. However, it should be noted that, approximately RM0.73 million of this amount are due from one of our major customers with whom we have had a long business relationship. Hence, we are confident that with the financial capability of this customer and our relationship with them, the amount are collectible and do not require any provision. The above-mentioned amount due from one of our major customers as at 30 April 2011 that have exceeded our normal credit period had also resulted in the increase in our trade receivables turnover period for the annualised 4-month FPE 30 April 2011 to 101 days as compared to 77 days recorded for the FYE 31 December 2010.

It should be noted that up to LPD, approximately RM0.15 million or 18.47% of the outstanding trade receivables exceeding credit period, i.e. >120 days, have been collected.

***Trade payables***

The ageing analysis of our trade payables as at 30 April 2011 is set out as follows:

| | 0-30 days (RM'000) | 31-60 days (RM'000) | 61-90 days (RM'000) | >90 days (RM'000) | Total (RM'000) |
|---|---|---|---|---|---|
| Trade payables | 172 | 25 | 30 | 44 | 271 |
| Percentage of total trade payables (%) | 63.47 | 9.22 | 11.07 | 16.24 | 100.00 |
| Subsequent payment as at LPD | 164 | 25 | 30 | 9 | 228 |
| Outstanding balance as at LPD | 8 | - | - | 35 | 43 |

The normal credit period granted by our trade creditors ranges from 30 to 90 days.

Our trade payable turnover period recorded for the FYE 31 December 2008 and 2009 were low, at 18 days and 9 days respectively, due to the timing of our purchases, which were mostly made earlier of the year. Our purchases during these financial years were mainly from Microsoft Regional Sales Corporation and Siemens Product Lifecycle Management Software (SG) Pte Ltd, who adopt strict credit policies. This resulted in a low trade payables balance as at 31 December and in turn, a low trade payable turnover period.

The trade payable turnover period subsequently increased to 31 days and 61 days for the FYE 31 December 2010 and 4-month FPE 30 April 2011 respectively, which was within our normal credit period granted.

As at 30 April 2011, approximately RM0.04 million or 16.24% of our outstanding trade payables have exceeded the normal credit period granted to us. It should be noted that up to LPD, approximately RM0.009 million of the outstanding trade payables exceeding normal credit period, i.e. >90 days, have been paid.

***Inventories***

Save for the FYE 31 December 2008, our inventory turnover period for the financial years and period under review has been minimal as we generally do not hold inventories. For the FYE 31 December 2008, we recorded an inventory turnover period of approximately 84 days as our Group had made a bulk purchase of software during the year for the purpose of a project with one of our customers. The bulk purchase had entitled us to a discount but had resulted in us holding the software as inventory until it was sold in 2009 and 2010.

### 12.3.3 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 impact on our financial performance, position and operations, save for those discussed in this section, as well as Sections 5, 7, 8 and 10 of this Prospectus;

(b) material commitment for capital expenditure, save as set out in Section 12.3.2(c) of this Prospectus;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations, save for those discussed in this section and in Section 5 of this Prospectus;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our revenue and/or profits, save for those discussed in this section, as well as Sections 5, 7 and 8 of this Prospectus;

(e) 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 Group's liquidity and capital resources, save for those discussed in this section, as well as Sections 5, 7, 8 and 10 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 the future financial performance and position other than those disclosed in this section and in Section 5 of this Prospectus.

Information on our Group's business and financial prospects, significant trends in sales and costs are set out in this section and Section 7 of this Prospectus. Discussion on the overview of the IT industry, its prospects and outlook are further elaborated in Section 8 of this Prospectus.

**Order book**

As at LPD, our confirmed order book stands at a total of approximately RM12.87 million, based on contracts and purchase orders received thus far. These mainly relate to contracts and purchase orders that are expected to be implemented in 2011. Of our total order book, approximately RM2.75 million of these contracts and purchase orders relate to software systems maintenance work, while the balance of approximately RM10.12 million is for the implementation of software solutions.

Our Board is optimistic about our future prospects in view of the above, the competitive strengths and advantages of our Group as set out in Section 7.3.4 of this Prospectus and our future plans for our Group as set out in Section 7.19 of this Prospectus, as well as the improving conditions of the IT and the overall manufacturing industries as set out in Section 11 of the Independent Assessment of the IT Industry Focusing on the Development and Provision of Manufacturing Software Solutions, particularly for the Semiconductor Industry prepared by Vital Factor as enclosed herein under Section 8 of this Prospectus.

## 12.4 Dividend Policy

Our Company may declare dividends upon the recommendation of our Board and upon approval by 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 having profits and excess funds not required to be retained to fund our business. Our Board will also take into consideration, amongst others, the following factors when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(a) the availability of adequate distributable reserves and cash flows;

(b) our operating cash flow requirements and financing commitments;

(c) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and

(d) any material impact of tax laws and other regulatory requirements.

Any declaration and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

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*(prepared for inclusion in this Prospectus)*

GrantThornton

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION**
**(Prepared for inclusion in this Prospectus)**

Date: 4 October 2011

**SJ Grant Thornton** (AF:0737)
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The Board of Directors
iDimension Consolidated Bhd.
3rd Floor, No. 17, Jalan Ipoh Kecil
50350 Kuala Lumpur

Dear Sirs,

**IDIMENSION CONSOLIDATED BHD. AND ITS SUBSIDIARY COMPANIES**
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the presentation of the Proforma Consolidated Financial Information of iDimension Consolidated Bhd. ("iDimension") and its subsidiary companies, namely iDimension MSC Sdn. Bhd. ("iMSC"), iDimension Systems Sdn. Bhd. ("iSystems"), OS Solutions Sdn. Bhd. ("OS Solutions") and iDimension MSC Pte. Ltd. ("iMSC Singapore") (collectively known as "iDimension Group") for the financial years ended 31 December 2008 to 2010 and for the financial period ended 30 April 2011, together with the notes and assumptions thereto, as set out in this Prospectus, which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of iDimension on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Proforma Consolidated Financial Information has been prepared for illustrative purposes only on the basis of assumptions as set out below and after making certain adjustments to show that:-

i) the financial results of iDimension Group for the financial years ended 31 December 2008 to 2010 and for the financial period ended 30 April 2011 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years/period being reported on;

ii) the financial position of iDimension Group as at 30 April 2011 have been adjusted for Public Issue and Offer for Sales, and Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad; and

iii) the cash flows of iDimension Group for the financial period ended 30 April 2011 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the financial period ended 30 April 2011, adjusted for Public Issue and Offer for Sales, and Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad.

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The Proforma Consolidated Financial Information, because of its nature, may not give a true picture of iDimension Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial position, results and cash flows.

It is the sole responsibility of the Directors of iDimension Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission. Our responsibility is to form an opinion as required by the Prospectus Guidelines on the Proforma Consolidated Financial Information and our report is given to you solely for this, and no other purpose.

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

Our work, which involved no independent examination of any of the underlying financial information, is primarily comparing the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of iDimension Group.

In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

(a) have been properly compiled on a basis of preparation as stated in the notes thereto; such basis is consistent with the accounting policies normally adopted by iDimension Group;

(b) the adjustments are appropriate for the purposes of the Proforma Consolidated Financial Information; and

(c) the financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with the Financial Reporting Standards and in manner consistent with both the format of the financial statements and the accounting policies of the iDimension Group.

GrantThornton

This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,

**SJ GRANT THORNTON**
NO. AF: 0737
CHARTERED ACCOUNTANTS

**DATO' N.K. JASANI**
NO: 708/03/12 (J/PH)
PARTNER OF THE FIRM

**IDIMENSION CONSOLIDATED BHD.**
**(Company No: 925990-A)**
**(Incorporated in Malaysia)**
**AND ITS SUBSIDIARY COMPANIES**

## NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

### 1. INTRODUCTION

The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of iDimension and its subsidiary companies for the financial years ended 31 December 2008 to 2010 and for the financial period ended 30 April 2011 using the bases and the accounting principles consistent with those adopted in the audited financial statements of iDimension Group, after giving effect to the proforma adjustments which are considered appropriate.

### 2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

| | |
|---|---|
| iDimension | iDimension Consolidated Bhd. |
| iMSC | iDimension MSC Sdn. Bhd. |
| iSystems | iDimension Systems Sdn. Bhd. |
| OS Solutions | OS Solutions Sdn. Bhd |
| iMSC Group | iMSC, iSystems and OS Solutions |
| iMSC Singapore | iDimension MSC Pte. Ltd. |
| iDimension Group | iDimension and its subsidiary companies, namely iMSC, iSystems, OS Solutions, and iMSC Singapore |
| FPE | Financial period ended |
| FYE | Financial year ended |
| RM | Ringgit Malaysia |
| USD | US Dollar |

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**IDIMENSION CONSOLIDATED BHD.**
**(Company No: 925990-A)**
**(Incorporated in Malaysia)**
**AND ITS SUBSIDIARY COMPANIES**

## 3. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3.1 The Proforma Consolidated Financial Information have been prepared to illustrate that:-

a) the financial results of iDimension Group for the financial years ended 31 December 2008 to 2010 and for the financial period ended 30 April 2011 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years/ period being reported on;

b) the financial position of iDimension Group as at 30 April 2011 have been adjusted for Public Issue and Offer for Sales, and Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad; and

c) the cash flows of iDimension Group for the financial period ended 30 April 2011 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the financial period ended 30 April 2011, adjusted for Public Issue and Offer for Sales, and Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad.

3.2 For illustrative purposes, it was assumed that the acquisitions of iMSC Group and iMSC Singapore which were completed on 25 February 2011 took place prior to 1 January 2008 in arriving at the proforma consolidated financial results for the financial years ended 31 December 2008 to 2010 and financial period ended 30 April 2011.

3.3 The Proforma Consolidated Financial Information have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial position, results and cash flows of iDimension Group.

3.4 The audited financial statements of iDimension and its subsidiary companies for the financial years ended 31 December 2008 to 2010 and for the financial period ended 30 April 2011 were prepared in accordance with the Financial Reporting Standards in Malaysia.

**IDIMENSION CONSOLIDATED BHD.**
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## (i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The Proforma Consolidated Statements of Comprehensive Income of iDimension Group for the past three (3) financial years ended 31 December 2008 to 2010 and for the financial period ended 30 April 2011 as well as the unaudited comparative information for the financial period ended 30 April 2010 are provided for illustrative purposes based on the audited financial statements of iDimension, iMSC, iSystems, OS Solutions and iMSC Singapore assuming that iDimension Group has been in existence throughout the financial years/ period under review. Adjustments were made to the Proforma Consolidated Statements of Comprehensive Income to account for retrospective effects of the acquisitions of iMSC Group and iMSC Singapore which were completed during the financial period ended 30 April 2011.

| Year/ Period ended | Audited | | | | Unaudited |
|---|---|---|---|---|---|
| | FYE 31/12/2008 RM | FYE 31/12/2009 RM | FYE 31/12/2010 RM | FPE 30/4/2011 RM | FPE 30/4/2010 RM |
| Revenue | 7,684,697 | 11,932,521 | 14,949,638 | 5,554,568 | 5,592,356 |
| Gross profit | 4,946,478 | 8,229,589 | 10,960,740 | 3,913,218 | 4,157,832 |
| Other income | 504,879 | 125,022 | 303,656 | 46,481 | 130,559 |
| Total comprehensive income before amortisation, depreciation, interest expense and taxation ("EBITDA") | 4,079,317 | 6,902,124 | 8,989,585 | 3,111,819 | 3,560,961 |
| Amortisation | - | (200,395) | (292,454) | (115,305) | (97,972) |
| Depreciation | (46,244) | (113,220) | (172,452) | (56,397) | (57,596) |
| Interest expense | - | (13,741) | (44,766) | (15,518) | (14,215) |
| Total comprehensive income before taxation but after amortisation, depreciation and interest expense | 4,033,073 | 6,574,768 | 8,479,913 | 2,924,599 | 3,391,178 |
| Taxation | - | (85,775) | (240,406) | (667,192) | (64,405) |
| Total comprehensive income after taxation | 4,033,073 | 6,488,993 | 8,239,507 | 2,257,407 | 3,326,773 |
| Gross profit margin (%) | 64.37 | 68.97 | 73.32 | 70.45 | 74.35 |
| Pre-tax profit margin (%) | 52.48 | 55.10 | 56.72 | 52.65 | 60.64 |
| Profit after tax margin (%) | 52.48 | 54.38 | 55.12 | 40.64 | 59.49 |
| Number of ordinary shares of RM0.10 each assumed to be issued ('000) # | 103,770 | 103,770 | 103,770 | 103,770 | 103,770 |
| Gross earnings per share ("EPS") (sen) | 3.89 | 6.34 | 8.17 | 2.82 | 3.27 |
| Net EPS (sen) | 3.89 | 6.25 | 7.94 | 2.18 | 3.21 |

**IDIMENSION CONSOLIDATED BHD.**
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(i) **PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)**

1. The Proforma Consolidated Statements of Comprehensive Income have been prepared based on the audited financial statements of iDimension, iMSC, iMSC Singapore, iSystems and OS Solutions for the past three (3) financial years ended 31 December 2008 to 2010 and for the financial period ended 30 April 2011.

2. There were no exceptional items in all the financial years/periods under review.

3. iDimension Group's results have been restated through appropriate consolidation adjustments to eliminate inter-company transactions under the existing group structure.

4. Conversion Rate

The functional currency of iDimension and iMSC Group is Ringgit Malaysia ("RM") while iMSC Singapore is US Dollar ("USD").

In the preparation of this report, we have converted all figures stated in USD to RM for iMSC Singapore. The applied rates of exchange for the Financial Year/ Period Ended under review are as below:-

| | FYE 31/12/2010 | FPE 30/4/2011 |
|---|---|---|
| Statements of Financial Position<br>- at closing rate | USD1:RM3.0835 | USD1:RM2.9735 |
| Statements of Comprehensive Income<br>- at average rate | USD1:RM3.2186 | USD1:RM3.0381 |

The translation from USD into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 12.01 where all financial statements prepared in currency other than RM must be translated into RM.

# As iDimension was only incorporated on 20 December 2010, the number of ordinary shares of RM0.10 each assumed to be issued was computed using the issued and fully paid-up ordinary share capital of iDimension assuming the acquisitions of iMSC Group and iMSC Singapore have been completed on 1 January 2008.

**IDIMENSION CONSOLIDATED BHD.**
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## (ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position of iDimension Group as at 30 April 2011 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 3 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 April 2011.

| | Note | Audited as at 30 April 2011 RM | Proforma I RM | Proforma II RM |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 7 | 1,305,592 | 1,305,592 | 3,405,592 |
| Investment property | 8 | 164,617 | 164,617 | 164,617 |
| Development costs | 9 | 2,483,143 | 2,483,143 | 6,983,143 |
| Total non-current assets | | 3,953,352 | 3,953,352 | 10,553,352 |
| **Current assets** | | | | |
| Inventories | 10 | 36,272 | 36,272 | 36,272 |
| Amount due from customers | 11 | 2,124,620 | 2,124,620 | 2,124,620 |
| Trade and other receivables | 12 | 6,901,947 | 6,901,947 | 5,936,563 |
| Fixed deposits with licensed banks | 13 | 2,981,542 | 2,981,542 | 2,981,542 |
| Cash and bank balances | 14 | 1,992,316 | 16,519,716 | 8,785,100 |
| Total current assets | | 14,036,697 | 28,564,097 | 19,864,097 |
| **TOTAL ASSETS** | | 17,990,049 | 32,517,449 | 30,417,449 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity attributable to the owners of the Company** | | | | |
| Share capital | 15 | 10,377,000 | 14,200,000 | 14,200,000 |
| Share premium | 16 | 15 | 10,704,415 | 9,642,477 |
| Retained earnings | 17 | 3,904,542 | 3,904,542 | 2,866,480 |
| Exchange translation reserve | 18 | (8,900) | (8,900) | (8,900) |
| Total equity | | 14,272,657 | 28,800,057 | 26,700,057 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Government grant | 19 | 340,780 | 340,780 | 340,780 |
| Hire purchase creditor | 20 | 69,334 | 69,334 | 69,334 |
| Deferred taxation | 21 | 28,000 | 28,000 | 28,000 |
| Total non-current liabilities | | 438,114 | 438,114 | 438,114 |

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**IDIMENSION CONSOLIDATED BHD.**
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## (ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

The Proforma Consolidated Statements of Financial Position of iDimension Group as at 30 April 2011 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 3 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 April 2011. (cont'd)

| | Note | Audited as at 30 April 2011 RM | Proforma I RM | Proforma II RM |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| Amount due to customers | 11 | 207,691 | 207,691 | 207,691 |
| Trade and other payables | 22 | 1,403,585 | 1,403,585 | 1,403,585 |
| Bank overdraft | 23 | 973,731 | 973,731 | 973,731 |
| Tax payables | 24 | 694,271 | 694,271 | 694,271 |
| Total current liabilities | | 3,279,278 | 3,279,278 | 3,279,278 |
| **TOTAL EQUITY AND LIABILITIES** | | 17,990,049 | 32,517,449 | 30,417,449 |
| NET ASSETS PER ORDINARY SHARE OF RM0.10 EACH | | 0.14 | 0.20 | 0.19 |

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**IDIMENSION CONSOLIDATED BHD.**
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

1. **INTRODUCTION**

The Proforma Consolidated Statements of Financial Position have been prepared based on the audited financial statements of iDimension, iMSC, iSystems, OS Solutions and iMSC Singapore as at 30 April 2011 and using the purchase method of accounting for iDimension Group.

2. **CONVERSION RATE**

The functional currency of iDimension, iMSC, iSystems and OS Solutions is Ringgit Malaysia ("RM") while iMSC Singapore is US Dollar ("USD").

In the preparation of this report, we have converted all figures stated in USD to RM for iMSC Singapore. The applied rates of exchange for the Financial Year/Period Ended under review are as below:-

| | **FYE 31/12/2010** | **FPE 30/4/2011** |
|---|---|---|
| Statements of Financial Position<br>- at closing rate | USD1:RM3.0835 | USD1:RM2.9735 |
| Statements of Comprehensive Income<br>- at average rate | USD1:RM3.2186 | USD1:RM3.0381 |

The translation from USD into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 12.01 where all financial statements prepared in currency other than RM must be translated into RM.

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**IDIMENSION CONSOLIDATED BHD.**
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3. **EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The Proforma Consolidated Statements of Financial Position together with notes thereon, have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements of iDimension Group to illustrate the Consolidated Statements of Financial Position of iDimension Group assuming that all the transactions mentioned below had taken place on 30 April 2011:-

**Proforma I: Public Issue and Offer for Sale**

Public Issue of 38,230,000 new iDimension Shares at an issue price of RM0.38 per ordinary shares of RM0.10 each in iDimension ("iDimension Shares").

The Public Issue shall be allocated to prospective investors in the following manners:-

(a) General Public

5,000,000 of iDimension Shares representing 3.52% of the enlarged issued and paid-up capital after the Public Issue will be made available for application by the General Public;

(b) Eligible Employees and Business Associates

5,230,000 of iDimension Shares representing 3.68% of the enlarged issued and paid-up eapital after the Publie lssue will be reserved for application by the eligible Employees and Business Associates; and

(c) Private Placement

28,000,000 of iDimension Shares representing 19.72% of the enlarged issued and paid-up capital after the Proposed Public Issue will be made available for application by way of private placement to identified investors.

The Offer for Sale of 7,000,000 of iDimension Shares representing 4.93% of the enlarged issued and paid-up capital after the Proposed Public Issue will be offered for sale to indentified investors.

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**IDIMENSION CONSOLIDATED BHD.**
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**3. EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**Proforma II: Listing and Quotation on the ACE Market of Bursa Securities**

After Proforma I and assumed iDimension seeks a listing and quotation for the entire enlarged issued and paid-up share capital of iDimension comprising 142,000,000 iDimension Shares on the Official List of the ACE Market of Bursa Securities.

The gross proceeds arising from the Public Issue amounting to RM14,527,400 are expected to be fully utilised for the core business of iDimension Group in the following manner:-

| | **RM'000** | **%** |
|---|---|---|
| Business expansions | 5,000 | 34.42 |
| Research and development expenditure | 4,500 | 30.97 |
| Capital expenditure | 2,100 | 14.46 |
| Working capital | 827 | 5.69 |
| Estimated listing expenses | 2,100 | 14.46 |
| | 14,527 | 100.00 |

Listing expenses are estimated at RM2,100,000 of the gross proceeds from the Public Issue and will be set off against the share premium account and recognised in profit or loss.

**IDIMENSION CONSOLIDATED BHD.**
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**4. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL POSITION**

The Proforma Consolidated Statements of Financial Position of the Group have been prepared in accordance with the Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB").

**5. SIGNIFICANT ACCOUNTING POLICIES**

The Proforma Consolidated Statements of Financial Position have been prepared using the bases and the accounting principles consistent with those adopted on the audited financial statements as stated in Section 6.2 of the Accountants' Report.

**6. SCHEME**

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of iDimension on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), iDimension Group undertakes the Flotation Exercise which involves the following:-

**(i) Public Issue and Offer for Sale**

Public Issue of 38,230,000 new iDimension Shares at an issue price of RM0.38 per ordinary shares of RM0.10 each in iDimension ("iDimension Shares").

The Public Issue shall be allocated to prospective investors in the following manners:-

(a) General Public

5,000,000 of iDimension Shares representing 3.52% of the enlarged issued and paid-up capital after the Public Issue will be made available for application by the General Public;

(b) Eligible Employees and Business Associates

5,230,000 of iDimension Shares representing 3.68% of the enlarged issued and paid-up capital after the Public Issue will be reserved for application by the eligible Employees and Business Associates; and

**IDIMENSION CONSOLIDATED BHD.**
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

6. **SCHEME (CONT'D)**

(i) **Public Issue and Offer for Sale (Cont'd)**

(c) Private Placement

28,000,000 of iDimension Shares representing 19.72% of the enlarged issued and paid-up capital after the Proposed Public Issue will be made available for application by way of private placement to identified investors.

The Offer for Sale of 7,000,000 of iDimension Shares representing 4.93% of the enlarged issued and paid-up capital after the Public Issue will be offered for sale to indentified investors.

(ii) **Listing and Quotation on tbe ACE Market of Bursa Securities**

After Proforma I and assumed iDimension seeks a listing and quotation for the entire enlarged issued and paid-up share capital of iDimension comprising 142,000,000 iDimension Shares on the Official List of the ACE Market of Bursa Securities.

The gross proceeds arising from the Public Issue amounting to RM14,527,400 are expected to be fully utilised for the core business of iDimension Group in the following manner:-

| | RM'000 | % |
|---|---|---|
| Business expansions | 5,000 | 34.42 |
| Research and development expenditure | 4,500 | 30.97 |
| Capital expenditure | 2,100 | 14.46 |
| Working capital | 827 | 5.69 |
| Estimated listing expenses | 2,100 | 14.46 |
| | 14,527 | 100.00 |

Listing expenses are estimated at RM2,100,000 of the gross proceeds from the Public Issue and will be set off against the share premium account and recognised in profit or loss.

**IDIMENSION CONSOLIDATED BHD.**
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## (ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

## NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

### 7. PROPERTY, PLANT AND EQUIPMENT

The movement of the property, plant and equipment is as follows:-

| | Buildings RM | Computer equipment and software RM | Furniture and fittings RM | Office equipment and renovation RM | Tele-communication software RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Proforma Group** | | | | | | | |
| **Cost** | | | | | | | |
| At 30 April 2011/ Proforma I | 890,000 | 381,692 | 75,965 | 113,225 | 6,526 | 515,327 | 1,982,735 |
| Utilisation of Proceeds from Public Issue | 2,100,000 | - | - | - | - | - | 2,100,000 |
| Proforma II | 2,990,000 | 381,692 | 75,965 | 113,225 | 6,526 | 515,327 | 4,082,735 |
| **Accumulated depreciation** | | | | | | | |
| At 30 April 2011/ Proforma I to II | 27,395 | 371,038 | 44,519 | 56,729 | 4,888 | 172,574 | 677,143 |
| **Net carrying amount** | | | | | | | |
| At 30 April 2011/ Proforma I | 862,605 | 10,654 | 31,446 | 56,496 | 1,638 | 342,753 | 1,305,592 |
| Utilisation of Proceeds from Public Issue | 2,100,000 | - | - | - | - | - | 2,100,000 |
| Proforma II | 2,962,605 | 10,654 | 31,446 | 56,496 | 1,638 | 342,753 | 3,405,592 |

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**IDIMENSION CONSOLIDATED BHD.**
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

8. **INVESTMENT PROPERTY**

The movement of the investment property is as follows:-

| | RM |
|---|---|
| **Freehold office shoplot** | |
| **Cost** | |
| At 30 April 2011/ Proforma I to II | 170,000 |
| **Accumulated amortisation** | |
| At 30 April 2011/ Proforma I to II | 5,383 |
| **Net carrying amount** | |
| At 30 April 2011/ Proforma I to II | 164,617 |

9. **DEVELOPMENT COSTS**

The movement of the development costs is as follows:-

| | RM |
|---|---|
| **Cost** | |
| At 30 April 2011/ Proforma I | 3,080,648 |
| Utilisation of Proceeds from Public Issue | 4,500,000 |
| Proforma II | 7,580,648 |
| **Accumulated amortisation** | |
| At 30 April 2011/ Proforma I to II | 597,505 |
| **Net carrying amount** | |
| At 30 April 2011/ Proforma I | 2,483,143 |
| Utilisation of Proceeds from Public Issue | 4,500,000 |
| Proforma II | 6,983,143 |

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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**10. INVENTORIES**

The movement of the inventories is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | 36,272 |

**11. AMOUNT DUE FROM/(TO) CUSTOMERS**

The movement of the amount due from/(to) customers is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | 1,916,929 |

| | RM |
|---|---|
| Details:- | |
| Amount due from customers | 2,124,620 |
| Amount due to customers | (207,691) |
| | 1,916,929 |

**12. RECEIVABLES**

The movement of the receivables is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I | 6,901,947 |
| Prepayment of Listing expenses charged to share premium | (965,384) |
| Proforma II | 5,936,563 |
| Details:- | |
| Trade receivables | 4,603,065 |
| Advance billings from supplier | 171,561 |
| Non trade receivables | 34,312 |
| Deposits | 1,108,478 |
| Prepayments | 19,147 |
| Total other receivables | 1,333,498 |
| Total receivables | 5,936,563 |

The normal credit terms granted to the trade receivables ranging from 30 days to 120 days.

**IDIMENSION CONSOLIDATED BHD.**
**(Company No: 925990-A)**
**(Incorporated in Malaysia)**
**AND ITS SUBSIDIARY COMPANIES**

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

13. **FIXED DEPOSITS WITH LICENSED BANKS**

The movement of the fixed deposits with licensed banks is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | 2,981,542 |

The fixed deposit amounting to RM1,025,000 is pledged to a licensed bank for credit facility granted to iMSC.

14. **CASH AND BANK BALANCES**

The movement of the cash and bank balances is as follows:-

| | RM |
|---|---|
| At 30 April 2011 | 1,992,316 |
| Public Issue | 14,527,400 |
| Proforma I | 16,519,716 |
| Utilisation of Proceeds from Public Issue | |
| - Capital expenditure | (2,100,000) |
| - Development costs | (4,500,000) |
| - Estimated listing expenses | (1,134,616) |
| Proforma II | 8,785,100 |

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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**15. SHARE CAPITAL**

The movement of the issued and paid-up share capital of iDimension Group is as follows:-

| | Proforma Group RM |
|---|---|
| At 30 April 2011 | 10,377,000 |
| Public Issue | 3,823,000 |
| Proforma I to Proforma II | 14,200,000 |

**16. SHARE PREMIUM**

The movement of the share premium account is as follows:-

| | RM |
|---|---|
| At 30 April 2011 | 15 |
| Public Issue | 10,704,400 |
| Proforma I | 10,704,415 |
| Estimated listing expenses | (1,061,938) |
| Proforma II | 9,642,477 |

This is non-distributable reserve.

**17. RETAINED EARNINGS**

The movement of the retained earnings account is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I | 3,904,542 |
| Estimated listing expenses | (1,038,062) |
| Proforma II | 2,866,480 |

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**IDIMENSION CONSOLIDATED BHD.**
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**18. EXCHANGE TRANSLATION RESERVE**

The movement of the exchange translation reserve is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | (8,900) |

**19. GOVERNMENT GRANT**

The movement of government grant is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | 340,780 |

**20. HIRE PURCHASE CREDITOR**

The movement of the hire purchase creditor account is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | |
| Minimum instalment payment | |
| - within 1 year | 40,236 |
| - after 1 year but not later than 5 years | 77,089 |
| | 117,325 |
| Interest in suspense | (11,985) |
| | 105,340 |
| Present value | |
| - within 1 year | 36,006 |
| - after 1 year but not later than 5 years | 69,334 |
| At 30 April 2011/ Proforma I to II | 105,340 |

The present value within 1 year is included in payables

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**IDIMENSION CONSOLIDATED BHD.**
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

21. **DEFERRED TAXATION**

The movement of the deferred taxation is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | 28,000 |

22. **PAYABLES**

The movement of the payables is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | 1,403,585 |
| Details:- | |
| Trade payables | 270,928 |
| Non-trade payables | 179,766 |
| Accrual expenses | 451,285 |
| Hire purchase creditor | 36,006 |
| Deposit received | 13,500 |
| Advance billings to customers | 452,100 |
| Total other payables | 1,132,657 |
| Total payables | 1,403,585 |

The normal trade credit terms granted by the trade payables ranging from 30 days to 90 days.

23. **BANK OVERDRAFT**

The movement of the bank overdraft is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | 973,731 |

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**IDIMENSION CONSOLIDATED BHD.**
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## (ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

## NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

### 24. TAX PAYABLES

The movement of the tax payables is as follows:-

| | RM |
|---|---|
| At 30 April 2011/ Proforma I to II | 694,271 |

### 25. NET TANGIBLE ASSETS AND NET ASSETS PER ORDINARY SHARE

Based on the Proforma Consolidated Statements of Financial Position of iDimension Group as at 30 April 2011, the proforma net tangible assets ("NTA") and net assets ("NA") per share is calculated as follows:-

| | RM |
|---|---|
| Proforma NTA as per Proforma Consolidated Statements of Financial Position (RM) | 19,716,914 |
| Proforma NA as per Proforma Consolidated Statements of Financial Position (RM) | 26,700,057 |
| Total number of fully issued and paid-up ordinary share of RM0.10 each | 142,000,000 |
| Proforma NTA per ordinary share of RM0.10 each (sen) | 0.14 |
| Proforma NA per ordinary share of RM0.10 each (sen) | 0.19 |

**IDIMENSION CONSOLIDATED BHD.**
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## (iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The following is the Proforma Consolidated Statement of Cash Flows of iDimension Group prepared for illustrative purpose based on the audited financial statements of iDimension group for the financial period ended 30 April 2011.

| | RM |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Profit before taxation | 2,924,599 |
| **Adjustments for:-** | |
| Amortisation of development costs | 114,172 |
| Amortisation of investment properties | 1,133 |
| Depreciation | 56,397 |
| Interest expense | 15,518 |
| Unrealised loss on foreign exchange | 24,883 |
| Interest income | (24,133) |
| Operating profit before working capital changes | 3,112,569 |
| Changes in working capital:- | |
| Amount due from/to customers | (978,743) |
| Receivables | (3,025,518) |
| Payables | 80,832 |
| Cash used in operations | (810,860) |
| Interest income | 24,133 |
| Interest paid | (15,518) |
| Tax paid | (48,255) |
| Net cash used in operating activities | (850,500) |

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(iii) **PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

The following is the Proforma Consolidated Statement of Cash Flows of iDimension Group prepared for illustrative purpose based on the audited financial statements of iDimension group for the financial period ended 30 April 2011. (cont'd)

| | RM |
|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of property, plant and equipment | |
| - by working capital | (12,082) |
| - by listing proceeds | (2,100,000) |
| Payment for development costs | |
| - by working capital | (361,402) |
| - by listing proceeds | (4,500,000) |
| Net cash used in investing activities | (6,973,484) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Repayment of hire purchase creditor | (12,002) |
| Proceeds from Public Issue | 14,527,400 |
| Payment of estimated listing expenses | (1,134,616) |
| Net cash from financing activities | 13,380,782 |
| **CASH AND CASH EQUIVALENTS** | |
| Net increase | 5,556,798 |
| Effect of foreign exchange translation | (24,123) |
| Brought forward | 5,260,236 |
| Carried forward | 10,792,911 |

**NOTE TO THE PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

| **CASH AND CASH EQUIVALENTS** | |
|---|---|
| Bank overdraft | (973,731) |
| Cash and bank balances | 8,785,100 |
| Fixed deposits with licensed banks * | 2,981,542 |
| | 10,792,911 |

* The fixed deposit amounting to RM1,025,000 is pledged to a licensed bank for credit facility granted to iMSC.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of iDimension Group.

End of report

*(prepared for inclusion in this Prospectus)*

GrantThornton

*(PREPARED FOR INCLUSION IN THIS PROSPECTUS)*

Date: 4 October 2011

The Board of Directors
iDimension Consolidated Bhd.
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Dear Sirs,

**ACCOUNTANTS' REPORT**
**IDIMENSION CONSOLIDATED BHD. ("IDIMENSION") AND ITS SUBSIDIARY COMPANIES ("IDIMENSION GROUP" OR "THE GROUP")**

## 1. INTRODUCTION

This report has been prepared by us, an Approved Company Auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of iDimension on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on the official list of Bursa Securities and should not be relied upon for any other purposes.

## 2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

| | |
|---|---|
| iDimension | iDimension Consolidated Bhd. |
| iMSC | iDimension MSC Sdn. Bhd. |
| iSystems | iDimension Systems Sdn. Bhd. |
| OS Solutions | OS Solutions Sdn. Bhd. |
| iMSC Group | iMSC, iSystems and OS Solutions |
| iMSC Singapore | iDimension MSC Pte. Ltd. |
| iDimension Group | iDimension and its subsidiary companies, namely iMSC, iSystems, OS Solutions and iMSC Singapore |
| FPE | Financial period ended |
| FYE | Financial year ended |
| RM | Ringgit Malaysia |
| USD | US Dollar |

3. **GENERAL INFORMATION**

3.1 **Background of iDimension**

The Company was incorporated on 20 December 2010 and domiciled in Malaysia under the Companies Act, 1965, as a public limited liability company under the name of iDimension Consolidated Bhd..

3.1.1 **Flotation Exercise**

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of iDimension, iDimension undertook the Flotation Exercise which was approved by the Securities Commission on 10 August 2011. The Floatation Exercise involves the following:-

(i) Initial public offering in conjunction with the listing of iDimension on the ACE Market of Bursa Securities which involves:-

(a) Public Issue

Public Issue of 38,230,000 new iDimension Shares at an issue price of RM0.38 per ordinary shares of RM0.10 each in iDimension ("iDimension Shares").

The Public Issue shall be allocated to prospective investors in the following manner:-

(i) General Public

5,000,000 of iDimension Shares representing 3.52% of the enlarged issued and paid-up capital after the Public Issue will be made available for application by the General Public;

(ii) Eligible Employees and Business Associates

5,230,000 of iDimension Shares representing 3.68% of the enlarged issued and paid-up capital after the Public Issue will be reserved for application by the eligible Employees and Business Associates; and

(iii) Private Placement

28,000,000 of iDimension Shares representing 19.72% of the enlarged issued and paid-up capital after the Public Issue will be made available for application by way of private placement to identified investors.

(b) Offer for Sale

The Offer for Sale of 7,000,000 of iDimension Shares representing 4.93% of the enlarged issued and paid-up capital after the Public Issue will be offered for sale to indentified investors.

(ii) **Listing and Quotation on the ACE Market of Bursa Securities**

In conjunction with the Flotation Exercise, iDimension seeks the admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of iDimension comprising 142,000,000 iDimension Shares on the Official List of the ACE Market of Bursa Securities.

3. **GENERAL INFORMATION (CONT'D)**

3.1 **Background of iDimension (cont'd)**

3.1.1 **Flotation Exercise (cont'd)**

(ii) **Listing and Quotation on the ACE Market of Bursa Securities (cont'd)**

The gross proceeds arising from the Public Issue amounting to RM14,527,400 are expected to be fully utilised for the core business of iDimension Group in the following manner:-

| | RM'000 | % |
|---|---|---|
| Business expansions | 5,000 | 34.42 |
| Research and development expenditure | 4,500 | 30.97 |
| Capital expenditure | 2,100 | 14.46 |
| Working capital | 827 | 5.69 |
| Estimated listing expenses | 2,100 | 14.46 |
| | 14,527 | 100.00 |

Listing expenses are estimated at RM2,100,000 of the gross proceeds from the Public Issue and will be set off against the share premium account and recognised in profit or loss.

3.2 **Share Capital**

The changes in the Company's authorised share capital since its date of incorporation were as follows:-

| Date of creation | Number of ordinary shares | Par value (RM) | Cumulative total (RM) |
|---|---|---|---|
| 20 December 2010 | 500,000,000 | 0.10 | 50,000,000 |

The changes in the Company's issued and fully paid-up share capital since its date of incorporation were as follows:-

| Date of allotment | Number of ordinary shares | Par value (RM) | Consideration | Cumulative total (RM) | Cumulative total No. of ordinary shares |
|---|---|---|---|---|---|
| 20 December 2010 | 20 | 0.10 | Subscribers' shares | 2 | 20 |
| 21 February 2011 | 101,636,730 | 0.10 | Total purchase consideration for the acquisition of iMSC | 10,163,675 | 101,636,750 |
| 25 February 2011 | 2,133,250 | 0.10 | Total purchase consideration for the acquisition of iMSC Singapore | 10,377,000 | 103,770,000 |

## 3. GENERAL INFORMATION (CONT'D)

### 3.3 Principal Activity

The principal activity of the Company is that of investment holding.

The subsidiary companies are as follows:-

| Name of company | Effective ownership | Principal activities | Date and place of incorporation |
|---|---|---|---|
| iMSC | 100% | #1 | 14 March 2005, Malaysia |
| iSystems | 100% | #2 | 10 April 2001, Malaysia |
| OS Solutions | 100% | #1 | 2 July 2004, Malaysia |
| iMSC Singapore | 100% | #2 | 12 January 2009, Republic of Singapore |

#1 Developing and provision of computer software
#2 Provision and marketing of computer software

### 3.4 Share Capital History of Subsidiary Companies

(i) **iMSC**

The changes in iMSC's authorised share capital since its date of incorporation were as follows:-

| Date of creation | Number of ordinary shares | Par value (RM) | ← Cumulative total → (RM) | No. of ordinary shares |
|---|---|---|---|---|
| 14 March 2005 | 100,000 | 1.00 | 100,000 | 100,000 |

The changes in iMSC's issued and fully paid-up share capital since its date of incorporation were as follows:-

| Date of allotment | Number of ordinary shares | Par value (RM) | Consideration | ← Cumulative total → (RM) | No. of ordinary shares |
|---|---|---|---|---|---|
| 14 March 2005 | 2 | 1.00 | Cash | 2 | 2 |
| 28 December 2006 | 85,000 | 1.00 | Bonus issue | 85,002 | 85,002 |

GrantThornton

3. **GENERAL INFORMATION (CONT'D)**

3.4 **Share Capital History of Subsidiary Companies (cont'd)**

(ii) **iSystems**

The changes in iSystem's authorised share capital since its date of incorporation were as follows:-

| Date of creation | Number of ordinary shares | Par value (RM) | Cumulative total (RM) | Cumulative total No. of ordinary shares |
|---|---|---|---|---|
| 10 April 2001 | 100,000 | 1.00 | 100,000 | 100,000 |

The changes in iSystems's issued and fully paid-up share capital since its date of incorporation were as follows:-

| Date of allotment | Number of ordinary shares | Par value (RM) | Consideration | Cumulative total (RM) | Cumulative total No. of ordinary shares |
|---|---|---|---|---|---|
| 10 April 2001 | 2 | 1.00 | Cash | 2 | 2 |
| 27 November 2002 | 85,000 | 1.00 | Cash | 85,002 | 85,002 |

(iii) **OS Solutions**

The changes in OS Solutions's authorised share capital since its date of incorporation were as follows:-

| Date of creation | Number of ordinary shares | Par value (RM) | Cumulative total (RM) | Cumulative total No. of ordinary shares |
|---|---|---|---|---|
| 2 July 2004 | 100,000 | 1.00 | 100,000 | 100,000 |

The changes in OS Solutions's issued and fully paid-up share capital since its date of incorporation were as follows:-

| Date of allotment | Number of ordinary shares | Par value (RM) | Consideration | Cumulative total (RM) | Cumulative total No. of ordinary shares |
|---|---|---|---|---|---|
| 2 July 2004 | 2 | 1.00 | Cash | 2 | 2 |
| 20 July 2004 | 99,998 | 1.00 | Cash | 100,000 | 100,000 |

3. **GENERAL INFORMATION (CONT'D)**

3.4 **Share Capital History of Subsidiary Companies (cont'd)**

(iv) **iMSC Singapore**

The changes in the iMSC Singapore's issued and paid-up share capital since its date of incorporation were as follows:-

| Date of allotment | Value (SGD) | Consideration | ← Cumulative total (SGD) | No. of ordinary shares → |
|---|---|---|---|---|
| 12 January 2009 | 100 | Cash | 100 | 100 |

4. **FINANCIAL STATEMENTS AND AUDITORS**

The auditors of iDimension group for the relevant financial years/period are as follows:

| Company | FYE/FPE | Name of Auditors | Auditors' Report |
|---|---|---|---|
| iDimension | FPE 31 December 2010 | SJ Grant Thornton | Appendix I |
| | FPE 30 April 2011 | SJ Grant Thornton | Appendix II |
| iMSC | FYE 31 December 2008 | SJ Grant Thornton | Appendix III |
| | FYE 31 December 2009 | SJ Grant Thornton | Appendix IV |
| | FYE 31 December 2010 | SJ Grant Thornton | Appendix V |
| | FPE 30 April 2011 | SJ Grant Thornton | Appendix VI |
| iSystems | FYE 31 December 2008 | SJ Grant Thornton | Appendix VII |
| | FYE 31 December 2009 | SJ Grant Thornton | Appendix VIII |
| | FYE 31 December 2010 | SJ Grant Thornton | Appendix IX |
| | FPE 30 April 2011 | SJ Grant Thornton | Appendix X |
| OS Solutions | FYE 31 December 2008 | SJ Grant Thornton | Appendix XI |
| | FYE 31 December 2009 | SJ Grant Thornton | Appendix XII |
| | FYE 31 December 2010 | SJ Grant Thornton | Appendix XIII |
| | FPE 30 April 2011 | SJ Grant Thornton | Appendix XIV |
| iMSC Singapore | FPE 31 December 2009 | Ken Tan & Co. | Appendix XV |
| | FYE 31 December 2010 | Ken Tan & Co. | Appendix XVI |
| | FPE 30 April 2011 | Ken Tan & Co. | Appendix XVII |

These financial statements are prepared on a basis consistent with the Group accounting policies adopted by iDimension and its subsidiary companies as disclosed in Note 6 of this report and comply with Financial Reporting Standards in Malaysia.

All the respective financial statements in this report were reported without any audit qualification.

Grant Thornton

## 5. CONVERSION RATE

In the preparation of our report, we have converted all figures stated in US Dollar ("USD") to Ringgit Malaysia ("RM"). The applied rate of exchange for the financial period/year under review as extracted from Bank Negara Malaysia's website www.bnm.gov.my are as below:-

| | Statement of financial position | Statement of comprehensive income |
|---|---|---|
| FPE 31 December 2009 | USD1:RM3.4245 | USD1:RM3.5193 |
| FPE 30 April 2010 | USD1:RM3.1905 | USD1:RM3.3232 |
| FYE 31 December 2010 | USD1:RM3.0835 | USD1:RM3.2186 |
| FPE 30 April 2011 | USD1:RM2.9735 | USD1:RM3.0381 |

## 6. ACCOUNTING POLICIES AND STANDARDS

### 6.1 Basis of Preparation of the Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with thc Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB") in Malaysia for FYE 31 December 2008, 2009, 2010 and for FPE 30 April 2011.

Adoption of New and Revised Financial Reporting Standards ("FRSs")

The following FRSs and IC Interpretations which are effective for financial period beginning on or after 1 January 2011:-

Applicable to the Group's and the Company's operations:-

| | | |
|---|---|---|
| 1) | FRS 3 | - Business Combinations (Revised) |
| 2) | Amendments to FRS 3 | - Business Combinations |
| 3) | Amendments to FRS 7 | - Financial Instruments: Disclosures |
| 4) | Amendments to FRS 5 | - Non-Current Assets Held for Sale and Discontinued Operations |
| 5) | Amendments to FRS 101 | - Presentation of Financial Statements |
| 6) | Amendments to FRS 121 | - The Effects of Changes in Foreign Exchange Rates |
| 7) | FRS 127 | - Consolidated and separate Financial Statements |
| 8) | Amendments to FRS 132 | - Financial Instruments: Presentation |
| 9) | Amendments to FRS 132 | - Financial Instruments |
| 10) | Amendments to FRS 138 | - Intangible Assets |
| 11) | Amendments to FRS 139 | - Financial Instruments: Recognition and Measurement |
| 12) | IC Interpretation 17 | - Distribution of Non-Cash Assets to Owners |

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.1 **Basis of Preparation of the Financial Statements (cont'd)**

Adoption of New and Revised Financial Reporting Standards ("FRSs") (cont'd)

The following FRSs and IC Interpretations which are effective for financial period beginning on or after 1 January 2011 (cont'd):-

Not applicable to the Group's and the Company's operations:-

| | | | |
|---|---|---|---|
| 1) | FRS 1 | - | First-time Adoption of Financial Reporting Standards (Revised) |
| 2) | Amendment to FRS 1 | - | First-time Adoption of Financial Reporting Standards |
| 3) | Amendment to FRS 2 | - | Share-Based Payment |
| 4) | Amendment to FRS 2 | - | Share-Based Payment. Group Cash-settled Share-based Payment Transactions |
| 5) | Amendment to FRS 128 | - | Investment in Associates |
| 6) | Amendment to FRS 131 | - | Interest in Joint Venture |
| 7) | Amendments to FRS 134 | - | Interim Financial Reporting |
| 8) | IC Interpretation 4 | - | Determining Whether an Arrangements contains a Lease |
| 9) | Amendments to IC Interpretation 9 | - | Reassessment of Embedded Derivatives |
| 10) | IC Interpretation 12 | - | Service Concession Arrangements |
| 11) | Amendments to IC Interpretation 13 | - | Customer Loyalty Programmes |
| 12) | IC Interpretation 16 | - | Hedges of Net Investment in a Foreign Operation |

The existing FRS 1, 3 and 127 will be withdrawn upon the adoption of the new requirements. IC Interpretation 8 will be withdrawn upon the application of Amendments to FRS 2 – Group Cash-settled Share-based Payment Transactions.

The adoption of above FRSs and IC Interpretations do not have material impact to the Group and the Company except for those discussed below:-

**IC Interpretation 17 Distributions of Non-cash Assets to Owners**

This interpretation provides guidance on accounting for arrangements whereby an entity distributes no-cash assets to shareholders either as a distribution of reserves or as dividends. The Company should measure the dividend payable at the fair value of the assets to be distributed when the dividend is appropriately authorised and is no longer at the discretion of the Company. On settlement of the dividend, the difference between the dividend paid and the carrying amount of the assets distributed is recognised in profit or loss. If the dividend remains unpaid at the end of the financial period end, the carrying amount of dividend payable is reviewed with any changes recognised in equity.

## 6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

### 6.1 Basis of Preparation of the Financial Statements (cont'd)

The following FRS and IC Interpretation are not yet effective and have not been early adopted by the Group and the Company:-

| | | | Effective date |
|---|---|---|---|
| 1) | FRS 124 | - Related Party Disclosures | 1 January 2012 |
| 2) | Amendment to IC Interpretation 14 | - Prepayments of a Minimum Funding Requirement | 1 July 2011 |
| 3) | Amendment to IC Interpretation 15 | - Agreements for the Construction of Real Estate | 1 January 2012 |
| 4) | IC Interpretation 18 | - Transfers of Assets from Customers | 1 July 2011 |
| 5) | IC Interpretation 19 | - Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |

The existing FRS 124 will be withdrawn upon the adoption of the new requirement. IC Interpretation 15 will replace FRS $201_{2004}$.

Other than FRS 124, all the above IC Interpretations and FRSs are not applicable to the Group's and the Company's operations and the adoption of FRS 124 does not have material impact to the Group and the Company.

### 6.2 Significant Accounting Policies

(a) Accounting convention

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

(b) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and experience assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(b) Significant accounting estimates and judgements (cont'd)

The information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Key sources of estimation uncertainty

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

**Income taxes/Deferred tax liabilities**

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

**Depreciation of property, plant and equipment, investment properties and amortisation of development cost**

Property, plant and equipment, investment properties and development cost are depreciated and amortised on a straight-line basis over their useful life. Management estimated the useful life of property, plant and equipment to be within 2 to 50 years, investment properties to be within 50 years and development cost to be within 3 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation and amortisation charges could be revised.

**Impairment of development cost**

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit to which the development cost is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generated unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Impairment of receivables**

The management reviews for impairment of receivables based on an assessment of the recoverability of receivables. Allowances for impairment are made to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where the expectation is different from the original estimates, such difference will impact the carrying value of receivables.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(b) Significant accounting estimates and judgements (cont'd)

Significant management judgement in applying accounting policies

**Contract revenue**

The Group recognised contract revenue and contracts costs by using the stage of completion method. The stage of completion is measured by reference to the proportion of the expenses incurred to date to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. In making the judgement, the Group evaluates based on past experience and by relying on the judgement of the expertise.

**Internally generated software and research costs**

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets are based on the same data.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

(c) Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

Acquisition of subsidiary companies is accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(c) Basis of consolidation (cont'd)

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 6.2(e).

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised or unimpaired balance of goodwill on acquisition and exchange differences.

(d) Subsidiary companies

A subsidiary company is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiary companies is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

(e) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the statement of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(e) Goodwill (cont'd)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:-

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill shall not be reversed in subsequent period.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed off in these circumstances is measured based on the relative values of the operations disposed off and portion of the cash-generating unit retained.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation on property, plant and equipment is computed on the straight line method so as to write off the cost of the assets over the estimated useful lives of the property, plant and equipment concerned.

The principal annual depreciation rate used is as follow:-

| | |
|---|---|
| Freehold office shoplots | 2% |
| Computer equipment and software | 50% |
| Furniture and fittings | 20% |
| Office equipment | 20% |
| Renovation | 20% |
| Motor vehicles | 20% |

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (cont'd)**

(f) Property, plant and equipment (cont'd)

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful lives and depreciation method are reviewed at the end of 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

(g) Investment property

Investment property consists of freehold shoplot held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment property is treated as long-term investments and is measured initially at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment property is stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of 50 years for building.

Investment property is derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the financial year of retirement or disposal.

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6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(h) Assets acquired under lease arrangements

Assets acquired under hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to profit or loss over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase liabilities.

(i) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Research and development cost are expensed in the period in which they are incurred except when the cost incurred on development project are recognised as development assets to the extent that such expenditure is expected to generates future economic benefits.

Development cost initially recognised as an expense is not recognised as an asset in subsequent periods.

Capitalised development cost is amortised on a systematic basis over their expected useful lives which is 3 years and assessed for impairment whenever there is an indication that the development cost may be impaired.

The amortisation period and the amortisation mcthod for the development cost with a finite useful life are reviewed at least once at each financial year end.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for deteriorated, obsolete and slow moving inventories.

Cost of inventories consists of purchase price and is determined on first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(k) Financial instruments

The financial instruments are described as below:-

(i) Financial assets

Financial assets which are under the scope of FRS 139, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash flows from the instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective impairment. If any such evidence exists, impairment loss is determined and recognised.

Other than loans and receivables, the Group does not have any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Trade and other receivables

Receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Financial liabilities

The Group's financial liabilities include trade payables, other payables and borrowings are measured at amortised cost using the effective interest method. Financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument. All interest related charges are recognised as "finance costs" in profit or loss.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.1 **Significant Accounting Policies (Cont'd)**

(k) Financial instruments (cont'd)

(ii) Financial liabilities (cont'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Payables

Payables are stated at cost which is fair value of the consideration to be paid in the future for goods and services received.

(l) Contracts

Where the outcome of a contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of the costs incurred to date to the total estimated costs.

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceeds cost incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(m) Foreign currencies translation and balances

Item included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements of the Group are presented in RM ("the presentation currency").

Monetary assets and liabilities in foreign currencies are translated into the functional currency at rates of exchange closely approximately those ruling at reporting date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(m) Foreign currencies translation and balances (cont'd)

Financial statements of foreign subsidiary company are translated at year-end exchange rates with respect to assets and liabilities. All resulting translation differences are included in the exchange fluctuation reserve in shareholders' equity. Operating results are translated to Ringgit Malaysia at average exchange rates during the financial period.

On disposal of a foreign entity, the cumulative amount exchange differences deferred in equity relating to that foreign entity is recognised in profit or loss as a component of gain or loss on disposal. All other foreign exchange differences are taken to the income statement in the financial year in which they arise.

(n) Provision

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, 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. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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 economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discouting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants relating to expenditure on software development are credited to profit or loss on the straight line basis over the expected lives of the related developed software.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(p) Revenue recognition

Revenue from sale of goods or services is recognised when the risks and rewards of ownership of the goods or services have been transferred.

Revenue from customisation, maintenance and other services rendered are recognised on the provision of assessment and development services which is based on accrual basis.

Revenue from long term contracts is recognised on the percentage of completion method as disclosed in Note 6.2(l).

Interest income is recognised based on accrual basis.

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

Sales between companies within the Group are excluded from revenue of the Group.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, fixed deposits pledged to financial institutions, bank overdraft and short term demand deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Non-current assets and liabilities classified as held for sale and Discontinued operations

Non-current assets are deemed to be held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

A component of the Group is classifies as discontinued operations when the criteria to be classifies as held for sale have been meet or it has disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinate major line of the business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification of the asset as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of the classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(r) Non-current assets and liabilities classified as held for sale and Discontinued operations (cont'd)

Liabilities are classifies as held for sale and presented as such in the Statement of Financial Position if they are directly associated with a disposal group.

Upon classification as held for a sale, non-current assets and disposals group are measured at the lower of the carrying amount and fair value less costs to sell and are not depreciated. Any differences are recognised in profit or loss.

(s) Impairment of financial assets

At each reporting date, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication of impairment. Asset is tested for impairment annually at financial year end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash generating unit is less than its carrying amount. Recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in profit and loss immediately.

In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

## 6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

### 6.2 Significant Accounting Policies (Cont'd)

(t) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively 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 reversal is recognised in profit or loss.

(u) Income tax

(i) Current tax

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax for current and prior periods is recognised in the statement of financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(u) Income tax (cont'd)

(ii) Deferred tax

Deferred tax liabilities and assets are provided for under the liability method in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statements of financial position and its tax base including unused tax losses and capital allowances.

Deferred tax liabilities are recognised for all temporary differences, except:-

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised except:-

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 profit will be available to allow all or part of the 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 profit will be available, such reductions will be reversed to the extent of the taxable profit. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(u) Income tax (cont'd)

(ii) Deferred tax (cont'd)

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a lcgally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(v) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in profit or loss as incurred. As required by law, the Group made such contributions to the Employees Provident Fund ("EPF").

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6. **ACCOUNTING POLICIES AND STANDARDS (CONT'D)**

6.2 **Significant Accounting Policies (Cont'd)**

(w) Equity, reserves and dividend payments

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

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Foreign currency translation differences arising on the translation of the Group's foreign entity are included in the exchange translation reverse.

Final dividends proposed by the directors are not accounted for in shareholder's equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognsied as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

All transactions with owners of the Company are recorded separately within equity.

(x) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow or economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs such that outflow is probable and can be measured reliably, they will then be recognised as a provision.

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## 7. HISTORICAL FINANCIAL INFORMATION

### 7.1 iDimension group

### 7.1.1 Summarised statement of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of iDimension group for the FPE 30 April 2011 as iDimension group was only in existence in the FPE 2011:-

| Period ended | Note | 30/4/2011 RM |
|---|---|---|
| Revenue | 7.1.5 | 2,784,723 |
| Gross profit | | 1,808,523 |
| Profit before interest, depreciation, amortisation and taxation ("EBITDA") | | 4,707,432 |
| Interest expense | | (7,275) |
| Depreciation | | (27,658) |
| Amortisation | | (48,954) |
| Profit before taxation but after interest, depreciation and amortisation ("PBT") | 7.1.6 | 4,623,545 |
| Taxation | 7.1.7 | (667,192) |
| Profit after taxation ("PAT") | | 3,956,353 |
| Gross profit margin (%) | | 64.94 |
| PBT margin (%) | | 166.03 |
| PAT margin (%) | | 142.07 |
| Effective tax rate (%) | | 14.43 |
| Weighted average number of ordinary shares issued | | 58,731,900 |
| Gross earnings per share ("EPS") (sen) # | | 7.87 |
| Net EPS (sen) # | | 6.74 |

Notes:-

(i) There were no exceptional items in all the financial period under review except there is an amount of RM3,403,361 for excess of net fair value acquired over cost of business combination arising from the acquisition of subsidiary companies.

(ii) There were no accounting policies which are peculiar to iDimension due to the nature of business or industry it is involved in and that would affect the determination of iDimension's income or financial position.

\# Based on weighted average number of ordinary shares issued during the financial period.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.1 iDimension group (cont'd)

### 7.1.2 Summarised statement of financial position

The following table sets out the summary of the financial position on the audited financial statements of iDimension group for the FPE 30 April 2011 as iDimension group was only in existence in the FPE 2011:-

| Period ended | Note | 30/4/2011<br>RM |
|---|---|---|
| **ASSETS** | | |
| Non-current assets | | |
| Property, plant and equipment | 7.1.8 | 1,305,592 |
| Investment property | 7.1.9 | 164,617 |
| Development costs | 7.1.10 | 2,483,143 |
| Total non-current assets | | 3,953,352 |
| Current assets | | |
| Inventories | 7.1.11 | 36,272 |
| Amount due from customers | 7.1.12 | 2,124,620 |
| Trade receivables | 7.1.13 | 4,603,065 |
| Other receivables | 7.1.14 | 2,298,882 |
| Fixed deposits with licensed banks | 7.1.15 | 2,981,542 |
| Cash and bank balances | 7.1.16 | 1,992,316 |
| Total current assets | | 14,036,697 |
| **TOTAL ASSSETS** | | 17,990,049 |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| Equity attributable to the owners of the Company | | |
| Share capital | 7.1.17 | 10,377,000 |
| Share premium | 7.1.17 | 15 |
| Retained earnings | | 3,904,542 |
| Exchange translation reserve | 7.1.18 | (8,900) |
| Total equity | | 14,272,657 |
| **LIABILITIES** | | |
| Non-current liabilities | | |
| Hire purchase creditor | 7.1.19 | 69,334 |
| Government grant | 7.1.20 | 340,780 |
| Deferred tax liabilities | 7.1.21 | 28,000 |
| Total non-current liabilities | | 438,114 |
| Current liabilities | | |
| Amount due to customers | 7.1.12 | 207,691 |
| Trade payables | 7.1.22 | 270,928 |
| Other payables | 7.1.23 | 1,132,657 |
| Bank overdraft | 7.1.24 | 973,731 |
| Tax payable | | 694,271 |
| Total current liabilities | | 3,279,278 |
| **TOTAL EQUITY AND LIABILITIES** | | 17,990,049 |
| Net tangible asset ("NTA") | | 11,789,514 |
| Number of ordinary shares | | 103,770,000 |
| NTA per share ("RM") | | 0.11 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.1 iDimension group (cont'd)

### 7.1.3 Summarised statement of cash flows

The following table sets out the summary of cash flows on the audited financial statements of iDimension group for the FPE 30 April 2011 as iDimension group was only in existence in the FPE 2011:-

| Period ended | 30/4/2011<br>RM |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Profit before taxation | 4,623,545 |
| **Adjustments for:-** | |
| Amortisation of development costs | 48,388 |
| Amortisation of investment property | 566 |
| Depreciation | 27,658 |
| Interest expense | 7,275 |
| Unrealised loss on foreign exchange | 24,883 |
| Excess of net fair value acquired over cost of business combination | (3,403,361) |
| Interest income | (6,951) |
| Operating profit before working capital changes | 1,322,003 |
| Changes in working capital:- | |
| Amount due from/to customer | (70,628) |
| Receivables | (2,677,118) |
| Payables | (185,494) |
| Cash used in operating activities | (1,611,237) |
| Tax paid | (27,856) |
| Interest received | (7,275) |
| Interest paid | 6,951 |
| Net cash used in operating activities | (1,639,417) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Acquisition of subsidiary companies, net of cash and cash equivalent acquired | 5,802,856 |
| Purchase of property, plant and equipment | (12,082) |
| Development cost incurred | (136,332) |
| Net cash from investing activities | 5,654,442 |
| **CASH FLOWS FROM FINANCING ACTIVITY** | |
| Payment of hire purchase | (6,000) |
| Net cash used in financing activity | (6,000) |
| **CASH AND CASH EQUIVALENTS** | |
| Net increase | 4,009,025 |
| Effect of exchange rate changes | (8,900) |
| Brought forward | 2 |
| Carried forward | 4,000,127 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.1 iDimension group (cont'd)

### 7.1.3 Summarised statement of cash flows (cont'd)

The following table sets out the summary of cash flows on the audited financial statements of iDimension group for the FPE 30 April 2011 as iDimension group was only in existence in the FPE 2011 (cont'd):-

| Period ended | 30/4/2011<br>RM |
|---|---|
| **CASH AND CASH EQUIVALENTS** | |
| Fixed deposits with licensed banks | 2,981,542 |
| Cash and bank balances | 1,992,316 |
| Bank overdraft | (973,731) |
| | 4,000,127 |

### 7.1.4 Summarised statement of changes in equity

The following table sets out the summary of changes in equity on the audited financial statements of iDimension group for the FPE 30 April 2011 as iDimension group was only in existence in the FPE 2011:-

| | Attributable to the owners of the Company | | | | |
|---|---|---|---|---|---|
| | | Non-distributable | | Distributable | |
| | Share capital | Share Premium | Exchange translation reserve | Retained earnings | Total |
| | RM | RM | RM | RM | RM |
| At the date of incorporation | 2 | - | - | - | 2 |
| Total comprehensive loss | - | - | - | (51,811) | (51,811) |
| At 31 December 2010 | 2 | - | - | (51,811) | (51,809) |
| Currency translation differences | - | - | (8,900) | - | (8,900) |
| Total comprehensive income | - | - | - | 3,956,353 | 3,956,353 |
| Transaction with owners<br>- Shares issued for acquisition of subsidiary companies | 10,376,998 | 15 | - | - | 10,377,013 |
| At 30 April 2011 | 10,377,000 | 15 | (8,900) | 3,904,542 | 14,272,657 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.1 iDimension group (cont'd)

### 7.1.5 Revenue

| Period ended | 30/4/2011 RM |
|---|---|
| Sales of software and hardware products | 685,421 |
| Customisation, maintenance and other services | 836,330 |
| Contract revenue | 1,262,972 |
| | 2,784,723 |

### 7.1.6 Profit before taxation

Profit before taxation has been determined after charging/(crediting), amongst other items, the following:-

| Period ended | 30/4/2011 RM |
|---|---|
| Auditors' remuneration | |
| - statutory audit | 10,530 |
| - others | 57,000 |
| Amortisation of development costs | 48,388 |
| Amortisation of investment property | 566 |
| Depreciation | 27,658 |
| Rental expense | |
| - Direct charged to profit or loss | 25,990 |
| - Capitalised under development cost | 3,495 |
| Interest expense | 7,275 |
| Interest income | (6,951) |
| Realised loss on foreign exchange | 19,501 |
| Rental income | (6,844) |
| Unrealised loss on foreign exchange | 24,883 |
| Excess of net fair value acquired over cost of business combination | (3,403,361) |

### 7.1.7 Taxation

| Period ended | 30/4/2011 RM |
|---|---|
| Current period's taxation | 676,000 |
| Under provision in prior year | 7,192 |
| Deferred tax liabilities | (16,000) |
| | 667,192 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.1 iDimension group (cont'd)

#### 7.1.7 Taxation (cont'd)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the iDimcnsion group is as follows:

| Period ended | 30/4/2011<br>RM |
|---|---|
| Profit before taxation | 4,623,545 |
| Taxation at Malaysian statutory tax rate of 25% | 1,155,886 |
| Tax effects in respect of:- | |
| Income not subject to tax | (465,984) |
| Movement of unrecognised deferred tax | (55,480) |
| Expenses not deductible for tax purposes | 37,463 |
| Under provision in prior year | 7,192 |
| Under recognised of deferred tax liabilities in prior year | (11,885) |
| | 667,192 |

On 15 December 2005 and 29 June 2006, two of the subsidiary companies namely, Idimension MSC Sdn. Bhd. and OS Solutions Sdn. Bhd. respectively have been awarded the Multimedia Super Corridor ("MSC") status under which the income derived from their prescribed activities are exempted from Malaysia income tax. The pioneer status has cxpired on 14 December 2010 and 28 June 2011 for Idimension MSC Sdn. Bhd. and OS Solutions Sdn. Bhd. respectively. Both subsidiary companies are still pcnding the approval from the Multimedia Development Corporation Sdn. Bhd. ("MDeC") for the extensions of another 5 years of pioneer period as at to date.

#### 7.1.8 Property, plant and equipment

| Period ended | 30/4/2011<br>RM |
|---|---|
| **Net carrying amount** | |
| Freehold office shoplot | 862,605 |
| Computer equipment and software | 10,654 |
| Furniture and fittings | 31,446 |
| Office equipment | 56,496 |
| Renovation | 1,638 |
| Motor vehicles | 342,753 |
| | 1,305,592 |

The net carrying amounts of motor vehicle amounting to RM127,266 is held through hire purchase arrangement.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.1 iDimension group (cont'd)

### 7.1.9 Investment property

| Period ended | 30/4/2011<br>RM |
|---|---|
| **Freehold office shoplot** | |
| Net carrying amount | 164,617 |
| At fair value | 322,000 |

Fair value is estimated by reference to the published selling price for property in vicinity locations.

The rental income earned by the iDimension group from its investment property, which leased out under operating leases, amounted to RM4,000 for the financial period cnded. Direct operating expenses arising on the investment property that leased out under operating lease amounted to RM4,490 for the financial period ended.

### 7.1.10 Development costs

| Period ended | 30/4/2011<br>RM |
|---|---|
| **Net carrying amount:** | |
| Development costs | 2,483,143 |

The development costs were incurred for developing new products and cnhancement of the existing products.

### 7.1.11 Inventories

| Priod ended | 30/4/2011<br>RM |
|---|---|
| At cost: | |
| Software | 36,272 |

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 iDimension group (cont'd)

7.1.12 **Amount due from/to customers**

| Period ended | 30/4/2011<br>RM |
|---|---|
| Cost incurred to date | 2,519,011 |
| Add: Attributable profit to date | 9,329,579 |
| | 11,848,590 |
| Less: Progress billings to date | (9,931,661) |
| Amount due from/ (to) customers | 1,916,929 |
| Amount due from customers | 2,124,620 |
| Amount due to customers | (207,691) |
| | 1,916,929 |

7.1.13 **Trade receivables**

| Period ended | 30/4/2011<br>RM |
|---|---|
| Trade receivables: | |
| - Third parties | 4,603,065 |

The normal credit term granted to trade receivables ranged from 30 days to 120 days. Other credit terms are assessed and approved by the management on case-by-case basis.

Currency exposure profile of trade receivables is as follows:-

| Period ended | 30/4/2011<br>RM |
|---|---|
| US Dollar | 1,600,616 |
| Singapore Dollar | 433,750 |

7.1.14 **Other receivables**

| Period ended | 30/4/2011<br>RM |
|---|---|
| Other receivables | 34,312 |
| Advance billings from suppliers | 171,561 |
| Deposits | 1,108,478 |
| Prepayments | 19,147 |
| Prepayment of listing expenses | 965,384 |
| | 2,298,882 |

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 iDimension group (cont'd)

7.1.14 **Other receivables (cont'd)**

Included in deposits is an amount of RM1,050,000 being deposit paid for acquisition of landed property as detailed in Note 10(b).

7.1.15 **Fixed deposits with licensed banks**

| Period ended | 30/4/2011 RM |
|---|---|
| Encumbered * | 1,025,000 |
| Unencumbered | 1,956,542 |
| | 2,981,542 |

* The fixed deposit is pledged to a licensed bank for banking facilities granted to iMSC.

Currency exposure profile of fixed deposits is as follows:-

| Period ended | 30/4/2011 RM |
|---|---|
| US Dollar | 356,542 |

7.1.16 **Cash and bank balances**

Currency exposure profile of cash and bank balances is as follows:-

| Period ended | 30/4/2011 RM |
|---|---|
| Singapore Dollar | 479,602 |
| US Dollar | 301,425 |
| Indonesian Rupiah | 1,153 |

7.1.17 **Share capital and share premium**

**Share capital**

| Period ended | 30/4/2011 RM |
|---|---|
| Authorised:- | |
| 500,000,000 ordinary shares of RM0.10 each | |
| Brought forward/ carried forward | 50,000,000 |

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 iDimension group (cont'd)

7.1.17 Share capital and share premium (cont'd)

**Share capital (cont'd)**

| Period ended | 30/4/2011 RM |
|---|---|
| Issued and fully paid:- | |
| 20 ordinary shares of RM0.10 each at beginning of the financial period | 2 |
| 103,769,980 ordinary shares of RM0.10 each issued for acquisition of subsidiary companies | 10,376,998 |
| 103,770,000 ordinary shares of RM0.10 at end of the financial period | 10,377,000 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

**Share premium**

| Period ended | 30/4/2011 RM |
|---|---|
| Arising from acquisition of subsidiary companies/ Carried forward | 15 |

7.1.18 **Exchange translation reserve**

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiary company whose functional currency is different from that of the Group's presentation currency.

7.1.19 **Hire purchase creditor**

| Period ended | 30/4/2011 RM |
|---|---|
| **Minimum lease payments** | |
| - not later than 1 year | 40,236 |
| - later than 1 year but not later than 5 years | 77,089 |
| | 117,325 |
| Less: Future finance charges on hire purchase | (11,985) |
| Present value of hire purchase liabilities | 105,340 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.1 iDimension group (cont'd)

#### 7.1.19 Hire purchase creditor (cont'd)

| Period ended | 30/4/2011<br>RM |
|---|---|
| **Present value of hire purchase liabilities** | |
| - not later than 1 year | 36,006 |
| - later than 1 year but not later than 5 years | 69,334 |
| Present value of hire purchase liabilities | 105,340 |

The amount payable within 1 year has been included in the other payables.

The hire purchase interest is charged at 2.35% per annum.

#### 7.1.20 Government grant

| Period ended | 30/4/2011<br>RM |
|---|---|
| At cost:- | |
| Acquisition through acquisition of subsidiary companies/ Carried forward | 340,780 |

The government grant was received in relation to a software development and will be recognised as income in the period in which the related development expenditure are being incurred and amortised by iMSC.

#### 7.1.21 Deferred tax liabilities

The recognised deferred tax liabilities is made up of temporary differences arising from:

| Period ended | 30/4/2011<br>RM |
|---|---|
| Property, plant and equipment | 7,000 |
| Unrealised gain on foreign exchange | 21,000 |
| | 28,000 |

The unrecognised deferred tax liabilities/(assets) are as follows:

| Period ended | 30/4/2011<br>RM |
|---|---|
| Property, plant and equipment | 99,500 |
| Development costs | 2,483,000 |
| Unabsorbed tax loss | (35,000) |
| Unabsorbed capital allowances | (3,000) |
| | 2,544,500 |

No deferred tax liabilities have been provided for the taxable temporary differences on the assumption that the two wholly owned subsidiary companies will be able to obtain the approval from MDeC for the extension of its pioneer status as detailed in Note 7.1.7.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.1 iDimension group (cont'd)

### 7.1.22 Trade payables

| Period ended | 30/4/2011 RM |
|---|---|
| Trade payables: | |
| - Third parties | 270,928 |

The normal credit terms granted by the suppliers ranged from 30 days to 90 days.

Currency exposure profile of trade payables is as follows:-

| Period ended | 30/4/2011 RM |
|---|---|
| US Dollar | 109,296 |

### 7.1.23 Other payables

| Period ended | 30/4/2011 RM |
|---|---|
| Other payables | 179,766 |
| Hire purchase creditor | 36,006 |
| Accrual of expenses | 451,285 |
| Advance billings to customers | 452,100 |
| Deposits received | 13,500 |
| | 1,132,657 |

### 7.1.24 Bank overdraft

| Year ended | 30/4/2011 RM |
|---|---|
| Secured: | |
| Bank overdraft | 973,731 |

Interest is charged at 1.5% above the fixed deposits rate per annum.

The bank overdraft is secured by the following:
(a) Fixed deposits of RM1,000,000;
(b) Letter of set-off; and
(c) Interest earned on fixed deposit pledged.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.2 iDimension

#### 7.2.1 Summarised statement of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of iDimension for the past two (2) FPE 31 December 2010 and 30 April 2011 as iDimension was only in existence in the FPE 2010:-

| Period ended | Note | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|
| Revenue | | - | - |
| Gross profit | | - | - |
| Loss before interest, depreciation, amortisation and taxation ("EBITDA") | | (51,811) | (18,888) |
| Interest expense | | - | - |
| Depreciation | | - | - |
| Amortisation | | - | - |
| Loss before taxation but after interest, depreciation and amortisation ("LBT") | 7.2.5 | (51,811) | (18,888) |
| Taxation | 7.2.6 | - | - |
| Loss after taxation ("LAT") | | (51,811) | (18,888) |
| Gross loss margin (%) | | - | - |
| LBT margin (%) | | - | - |
| LAT margin (%) | | - | - |
| Effective tax rate (%) | | - | - |
| Weighted average number of ordinary shares issued | | 20 | 58,731,900 |
| Gross loss per share ("LPS") (sen) # | | (259,055) | (0.03) |
| Net LPS (sen) # | | (259,055) | (0.03) |

Notes:-

(i) There were no exceptional items in all the financial period under review.

(ii) There were no accounting policies which are peculiar to iDimension due to the nature of business or industry it is involved in and that would affect the determination of iDimension's income or financial position.

\# Based on weighted average number of ordinary shares issued during the financial period.

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7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.2 **iDimension (cont'd)**

7.2.2 **Summarised statements of financial position**

The following table sets out the summary of the financial position on the audited financial statements of iDimension for the past two (2) FPE 31 December 2010 and 30 April 2011 as iDimension was only in existence in the FPE 2010:-

| Period ended | Note | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current asset | | | |
| Investment in subsidiary companies | 7.2.7 | - | 12,272,578 |
| Total non-current asset | | - | 12,272,578 |
| Current assets | | | |
| Other receivables | 7.2.8 | - | 2,015,384 |
| Cash in hand | | 2 | 1,987 |
| Total current assets | | 2 | 2,017,371 |
| **TOTAL ASSETS** | | 2 | 14,289,949 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity attributable to the owners of the Company | | | |
| Share capital | 7.2.9 | 2 | 10,377,000 |
| Share premium | 7.2.9 | - | 15 |
| Accumulated loss | | (51,811) | (70,699) |
| Total equity | | (51,809) | 10,306,316 |
| **LIABILITIES** | | | |
| Current liabilities | | | |
| Other payables | 7.2.10 | 5,000 | 24,473 |
| Amount due to subsidiary companies | 7.2.7 | 46,811 | 3,959,160 |
| Total current liabilities | | 51,811 | 3,983,633 |
| **TOTAL EQUITY AND LIABILITIES** | | 2 | 14,289,949 |
| Net tangible liability/ Net tangible asset ["(NTL)"/ "NTA"] | | (51,809) | 10,306,316 |
| Number of ordinary shares | | 20 | 103,770,000 |
| (NTL)/ NTA per share (RM) | | (2,590.45) | 0.10 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.2 iDimension (cont'd)

### 7.2.3 Summarised statement of cash flows

The following table sets out the summary of cash flows on the audited financial statements of iDimension for the past two (2) FPE 31 December 2010 and 30 April 2011 as iDimension was only in existence in the FPE 2010:-

| Period ended | 31/12/2010<br>RM | 30/4/2011<br>RM |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss before taxation and changes in working capital | (51,811) | (18,888) |
| Changes in working capital:- | | |
| Receivables | - | (2,015,384) |
| Payables | 5,000 | (27,338) |
| Subsidiary companies | 46,811 | 3,959,160 |
| Net cash from operating activities | - | 1,897,550 |
| **CASH FLOWS FROM INVESTING ACTIVITY** | | |
| Acquisition of subsidiary companies | - | (1,895,565) |
| **CASH AND CASH EQUIVALENTS** | | |
| Net increase | - | 1,985 |
| At date of incorporation/Brought forward | 2 | 2 |
| Carried forward | 2 | 1,987 |
| **CASH AND CASH EQUIVALENTS** | | |
| Cash and bank balances | 2 | 1,987 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.2 iDimension (cont'd)

### 7.2.4 Summarised statement of changes in equity

The following table sets out the summary of changes in equity on the audited financial statements of iDimension for the past two (2) FPE 31 December 2010 and 30 April 2011 as iDimension was only in existence in the FPE 2010:-

| | | **Non-distributable** | **Distributable** | |
|---|---|---|---|---|
| | Share capital<br>RM | Share premium<br>RM | Retained earnings<br>RM | Total<br>RM |
| At the date of incorporation | 2 | - | - | 2 |
| Total comprehensive loss | - | - | (51,811) | (51,811) |
| At 31 December 2010 | 2 | - | (51,811) | (51,809) |
| Total comprehensive loss | - | - | (18,888) | (18,888) |
| Transaction with owners<br>- Share issued for acquisition of subsidiary companies | 10,376,998 | 15 | - | 10,377,013 |
| At 30 April 2011 | 10,377,000 | 15 | (70,699) | 10,306,316 |

# 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## 7.2 iDimension (cont'd)

### 7.2.5 Loss before taxation

Loss before taxation has been determined after charging the following:-

| Period ended | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|
| Auditors' remuneration | | |
| - statutory audit | 5,000 | - |
| - special audit | - | 18,000 |
| Preliminary expenses | 46,811 | - |

### 7.2.6 Taxation

There is no provision for taxation and a reconciliation of the statutory income tax rate to the effective income tax rate of iDimension has been presented as iDimension has no chargeable income.

### 7.2.7 Investment in subsidiary companies

| Period ended | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|
| **Unquoted shares at cost:** | | |
| - iSystems | - | 531,917 |
| - OS Solutions | - | 1,363,648 |
| - iMSC | - | 10,163,688 |
| - iMSC Singapore | - | 213,325 |
| | - | 12,272,578 |

Amount due to subsidiary companies is unsecured, bears no interest and repayable on demand.

### 7.2.8 Other receivables

| Period ended | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|
| Deposits for acquisition of landed property | - | 1,050,000 |
| Prepayment of listing expenses | - | 965,384 |
| | - | 2,015,384 |

# 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## 7.2 iDimension (cont'd)

### 7.2.9 Share capital and share premium

**Share capital**

| Period ended | 31/12/2010<br>RM | 30/4/2011<br>RM |
|---|---|---|
| **Authorised:-** | | |
| 500,000,000 ordinary shares of RM0.10 each<br>Brought forward/ carried forward | 50,000,000 | 50,000,000 |
| **Issued and fully paid:-** | | |
| 20 ordinary shares of RM0.10 each at beginning of the financial period | 2 | 2 |
| 103,769,980 ordinary shares of RM0.10 each issued for acquisition of subsidiary companies | - | 10,376,998 |
| 103,770,000 ordinary shares of RM0.10 at end of the financial period | 2 | 10,377,000 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

**Share premium**

| Period ended | 31/12/2010<br>RM | 30/4/2011<br>RM |
|---|---|---|
| Arising from acquisition of subsidiary companies | - | 15 |

### 7.2.10 Other payables

| Period ended | 31/12/2010<br>RM | 30/4/2011<br>RM |
|---|---|---|
| Other payables | - | 1,473 |
| Accrual of expenses | 5,000 | 23,000 |
| | 5,000 | 24,473 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.3 iMSC group

### 7.3.1 Summarised statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of iMSC group for the past three (3) FYE 31 December 2008 to 2010. No financial statcmcnts of iMSC group have been prepared for the FPE 30 April 2011 as iMSC has disposed off all the subsidiary companies in the FPE 2011.

| Year ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|---|
| Revenue | 7.3.5 | 6,925,138 | 11,846,796 | 14,316,321 |
| Gross profit | | 4,474,079 | 8,148,039 | 10,572,076 |
| Profit before interest, depreciation, amortisation and taxation ("EBITDA") | | 4,021,035 | 6,847,001 | 8,338,664 |
| Interest expense | | - | (13,741) | (44,766) |
| Depreciation | | (46,243) | (113,220) | (172,452) |
| Amortisation | | - | (200,395) | (292,454) |
| Profit before taxation but after interest, depreciation and amortisation ("PBT") | 7.3.6 | 3,974,792 | 6,519,645 | 7,828,992 |
| Taxation | 7.3.7 | - | (85,775) | (231,227) |
| Profit after taxation ("PAT") | | 3,974,792 | 6,433,870 | 7,597,765 |
| Gross profit margin (%) | | 64.61 | 68.78 | 73.85 |
| PBT margin (%) | | 57.40 | 55.03 | 54.69 |
| PAT margin (%) | | 57.40 | 54.31 | 53.07 |
| Effective tax rate (%) | | - | 1.32 | 2.95 |
| Weighted average number of ordinary shares issued | | 85,002 | 85,002 | 85,002 |
| Gross earnings per share ("EPS") (sen) # | | 4,676 | 7,670 | 9,210 |
| Net EPS (sen) # | | 4,676 | 7,569 | 8,938 |

Notes:-

(i) There were no exceptional items in all the financial years under review.

(ii) There were no accounting policies which are peculiar to iMSC group due to the nature of business or industry it is involved in and that would affect the determination of iMSC group's income or financial position.

\# Based on weighted average number of ordinary shares issued during the financial years.

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# 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## 7.3 iMSC group (cont'd)

### 7.3.2 Summarised statements of financial position

The following table sets out the summary of the financial position prepared based on the audited financial statements of iMSC group for the past three (3) FYE 31 December 2008 to 2010. No financial statements of iMSC group have been prepared for the FPE 30 April 2011 as iMSC has disposed off all the subsidiary companies in the FPE 2011.

| Year ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 7.3.8 | 111,494 | 1,184,360 | 1,179,617 |
| Investment properties | 7.3.9 | - | 517,466 | 165,750 |
| Goodwill | 7.3.10 | 6,088 | 6,088 | - |
| Development costs | 7.3.11 | 592,648 | 1,172,473 | 2,070,929 |
| Total non-current assets | | 710,230 | 2,880,387 | 3,416,296 |
| Current assets | | | | |
| Inventories | 7.3.12 | 628,699 | 210,199 | - |
| Amount due from customers | 7.3.13 | - | - | 1,192,371 |
| Trade receivables | 7.3.14 | 826,660 | 2,981,412 | 998,155 |
| Other receivables | 7.3.15 | 61,879 | 382,479 | 438,144 |
| Fixed deposits with licensed banks | 7.3.16 | 1,216,227 | 2,709,722 | 2,425,000 |
| Cash and bank balances | 7.3.17 | 1,677,965 | 811,953 | 776,636 |
| Total current assets | | 4,411,430 | 7,095,765 | 5,830,306 |
| Assets included in disposal group classified as held for sale | 7.3.18 | - | - | 5,061,247 |
| **TOTAL ASSETS** | | 5,121,660 | 9,976,152 | 14,307,849 |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Equity attributable to the owners of the Company | | | | |
| Share capital | 7.3.19 | 85,002 | 85,002 | 85,002 |
| Retained earnings | | 4,442,400 | 7,826,245 | 11,274,010 |
| Total equity | | 4,527,402 | 7,911,247 | 11,359,012 |
| **LIABILITIES** | | | | |
| Non-current liabilities | | | | |
| Hire purchase creditor | 7.3.20 | - | 117,342 | 81,336 |
| Government grant | 7.3.21 | - | - | 340,780 |
| Total non-current liabilities | | - | 117,342 | 422,116 |
| Current liabilities | | | | |
| Amount due to customers | 7.3.13 | - | 28,358 | 5,097 |
| Trade payables | 7.3.22 | 136,568 | 55,051 | 11,058 |
| Other payables | 7.3.23 | 264,181 | 858,515 | 539,153 |
| Amount due to a Director | 7.3.24 | 185,002 | - | - |
| Bank overdraft | 7.3.25 | - | 968,899 | 989,684 |
| Tax payable | | 8,507 | 36,740 | 16,050 |
| Total current liabilities | | 594,258 | 1,947,563 | 1,561,042 |
| Liabilities directly associated with assets classified as held for sale | 7.3.18 | - | - | 965,679 |
| **TOTAL EQUITY AND LIABILITIES** | | 5,121,660 | 9,976,152 | 14,307,849 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.3 iMSC group (cont'd)

### 7.3.2 Summarised statements of financial position (cont'd)

The following table sets out the summary of the financial position prepared based on the audited financial statements of iMSC group for the past three (3) FYE 31 December 2008 to 2010. No financial statements of iMSC group have been prepared for the FPE 30 April 2011 as the iMSC has disposed off all the subsidiary companies in the FPE 2011 (cont'd).

| Year ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|---|
| Net tangible asset ("NTA") | | 3,928,666 | 6,732,686 | 9,288,083 |
| Number of ordinary shares | | 85,002 | 85,002 | 85,002 |
| NTA per share (RM) | | 46.22 | 79.21 | 109.27 |

### 7.3.3 Summarised statements of cash flows

The following table sets out the summary of the cash flows prepared based on the audited financial statements of iMSC group for the past three (3) FYE 31 December 2008 to 2010. No financial statements of iMSC group have been prepared for the FPE 30 April 2011 as the iMSC has disposed off all the subsidiary companies in the FPE 2011.

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | 3,974,792 | 6,519,645 | 7,828,992 |
| **Adjustments for:-** | | | |
| Impairment on receivables | 42,098 | - | - |
| Amortisation of development costs | - | 197,201 | 286,132 |
| Amortisation of investment properties | - | 3,194 | 6,322 |
| Bad debt written off | - | 42,098 | - |
| Depreciation | 46,243 | 113,220 | 172,452 |
| Development costs written off | - | 37,380 | 3,600 |
| Goodwill written off | - | - | 6,088 |
| Impairment loss on assets under disposal group | - | - | 350,988 |
| Interest expense | - | 13,741 | 44,766 |
| Property, plant and equipment | - | - | 1,575 |
| Reversal of impairment on receivables | - | (42,098) | - |
| Gain on disposal of investment property | - | - | (29,606) |
| Excess of net fair value acquired over cost of business combination | (236,192) | - | - |
| Unrealised (gain)/loss on foreign exchange | (11,369) | 9,917 | - |
| Interest income | (108,066) | (32,319) | (61,516) |
| | 3,707,506 | 6,861,979 | 8,609,793 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.3 iMSC group (cont'd)

### 7.3.3 Summarised statements of cash flows (cont'd)

The following table sets out the summary of the cash flows prepared based on the audited financial statements of iMSC group for the past three (3) FYE 31 December 2008 to 2010. No financial statements of iMSC group have been prepared for the FPE 30 April 2011 as the iMSC has disposed off all the subsidiary companies in the FPE 2011 (cont'd).

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Changes in working capital:- | | | |
| Inventories | (628,699) | 418,500 | 173,927 |
| Amount due from/to customers | - | 28,358 | (966,544) |
| Receivables | 2,870,368 | (2,475,352) | (647,889) |
| Payables | (970,518) | 476,811 | 248,405 |
| Director | (817,285) | (185,002) | - |
| Cash generated from operating activities | 4,161,372 | 5,125,294 | 7,417,692 |
| Tax paid | (2,519) | (57,542) | (173,666) |
| Dividend paid | (2,159,050) | (3,050,025) | (4,150,000) |
| Interest received | 108,066 | 32,319 | 61,516 |
| Interest paid | - | (13,741) | (44,766) |
| Net cash from operating activities | 2,107,869 | 2,036,305 | 3,110,776 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from government grant | - | - | 340,780 |
| Proceeds from investment property | - | - | 375,000 |
| Purchase of investment properties | - | (520,660) | - |
| Purchase of property, plant and equipment | (71,006) | (1,006,086) | (339,574) |
| Acquisition of subsidiaries, net of cash and cash equivalent acquired | 1,344,071 | - | - |
| Development cost incurred | (592,648) | (814,406) | (1,353,172) |
| Net cash from/(used in) investing activities | 680,417 | (2,341,152) | (976,966) |
| **CASH FLOWS FROM FINANCING ACTIVITY** | | | |
| Payment of hire purchase | - | (26,652) | (36,006) |
| Net cash used in financing activity | - | (26,652) | (36,006) |
| **CASH AND CASH EQUIVALENTS** | | | |
| Net increase/(decrease) | 2,788,286 | (331,499) | 2,097,804 |
| Effect of exchange rate changes | - | (9,917) | - |
| Brought forward | 105,906 | 2,894,192 | 2,552,776 |
| Carried forward | 2,894,192 | 2,552,776 | 4,650,580 |
| **CASH AND CASH EQUIVALENTS** | | | |
| Fixed deposits with licensed banks | 1,216,227 | 2,709,722 | 2,425,000 |
| Cash and bank balances | 1,677,965 | 811,953 | 776,636 |
| Bank overdraft | - | (968,899) | (989,684) |
| | 2,894,192 | 2,552,776 | 2,211,952 |
| Cash and bank balances classified as assets held for sale | - | - | 2,438,628 |
| | 2,894,192 | 2,552,776 | 4,650,580 |

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7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.3 **iMSC group (cont'd)**

### 7.3.4 Summarised statements of changes in equity

The following table sets out the summary of the changes in equity prepared based on the audited financial statements of iMSC group for the past three (3) FYE 31 December 2008 to 2010. No financial statements of iMSC group have been prepared for the FPE 30 April 2011 as the iMSC has disposed off all the subsidiary companies in the FPE 2011.

| | | Distributable | |
|---|---|---|---|
| | Share capital RM | Retained earnings RM | Total RM |
| At 1 January 2008 | 85,002 | 2,626,658 | 2,711,660 |
| Total comprehensive income | - | 3,974,792 | 3,974,792 |
| Dividends | - | (2,159,050) | (2,159,050) |
| At 31 December 2008 | 85,002 | 4,442,400 | 4,527,402 |
| Total comprehensive income | - | 6,433,870 | 6,433,870 |
| Dividends | - | (3,050,025) | (3,050,025) |
| At 31 December 2009 | 85,002 | 7,826,245 | 7,911,247 |
| Total comprehensive income | - | 7,597,765 | 7,597,765 |
| Dividends | - | (4,150,000) | (4,150,000) |
| At 31 December 2010 | 85,002 | 11,274,010 | 11,359,012 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.3 iMSC group (cont'd)

### 7.3.5 Revenue

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Sales of products | 3,782,297 | 5,353,411 | 4,918,702 |
| Maintenance and other services rendered | 3,142,841 | 3,023,987 | 2,318,299 |
| Contract revenue | - | 3,469,398 | 7,079,320 |
| | 6,925,138 | 11,846,796 | 14,316,321 |

### 7.3.6 Profit before taxation

Profit before taxation has been determined after charging/(crediting), amongst other items, the following:-

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Auditors' remuneration | | | |
| - statutory audit | 25,000 | 35,000 | 49,000 |
| - others | - | - | 48,000 |
| Impairment on receivables | 42,098 | - | - |
| Amortisation of development costs | - | 197,201 | 286,132 |
| Amortisation of investment properties | - | 3,194 | 6,322 |
| Bad debts written off | - | 42,098 | - |
| Depreciation | 46,243 | 113,220 | 172,452 |
| Development costs written off | - | 37,380 | 3,600 |
| Goodwill written off | - | - | 6,088 |
| Property, plant and equipment written off | - | - | 1,575 |
| Rental expenses | | | |
| - Direct charged to profit or loss | 120,465 | 147,704 | 80,762 |
| - Capitalised under development cost | - | - | 19,222 |
| Impairment loss on assets under disposal group | - | - | 350,988 |
| Interest expense | - | 13,741 | 44,766 |
| Gain on disposal of investment property | - | - | (29,606) |
| Reversal of impairment on receivables | - | (42,098) | - |
| Interest income | (108,066) | (32,319) | (61,516) |
| Realised (gain)/loss on foreign exchange | (223,371) | 125,197 | 503,758 |
| Rental income | - | (3,000) | (12,000) |
| Unrealised (gain)/loss on foreign exchange | (11,369) | 9,917 | - |
| Excess of net fair value acquired over cost of business combination | (236,192) | - | - |

### 7.3.7 Taxation

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Current year's taxation | - | 88,000 | 182,550 |
| (Over)/Under provision in prior years | - | (2,225) | 4,677 |
| Deferred tax liabilities | - | - | 44,000 |
| | - | 85,775 | 231,227 |

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.3 **iMSC group (cont'd)**

7.3.7 **Taxation (cont'd)**

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the iMSC group is as follows:

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Profit before taxation | 3,974,792 | 6,519,645 | 7,828,992 |
| Taxation at Malaysian statutory tax rate of 26% (2008)/25% (2009 & 2010) | 1,033,446 | 1,629,911 | 1,957,248 |
| Tax effects in respect of:- | | | |
| Income not subject to tax | (1,013,236) | (1,267,556) | (1,484,131) |
| Movement of unrecognised deferred tax assets | (61,714) | (181,505) | (274,447) |
| Expenses not deductible for tax purposes | 41,504 | 27,543 | 63,935 |
| Utilisation of unabsorbed business loss brought forward | - | (92,721) | - |
| Utilisation of unabsorbed capital allowances | - | (5,712) | (5,888) |
| (Over)/Underprovision in prior years | - | (2,225) | 4,677 |
| Change in tax rate for the first tranche of chargeable income | - | (21,960) | (30,167) |
| | - | 85,775 | 231,227 |

The Company and one of the subsidiary company have pioneer status for income derived from Multimedia Super Corridor Project which can be extended for another 5 years after the expiry. The pioneer status of the Company and the subsidiary company have expired on 14 December 2010 and 28 June 2011 respectively. The Group and the Company are still pending the approval from Multimedia Development Corporation Sdn. Bhd. ("MDeC") for the extension of another 5 years pioneer period.

The unrecognised deferred tax liabilities/ (assets) are as follows:

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Property, plant and equipment | 32,000 | 136,000 | 166,500 |
| Development cost | 592,000 | 1,172,000 | 2,112,500 |
| Unrealised gain in foreign exchange | 12,000 | - | - |
| Unabsorbed business loss | (372,000) | - | - |
| Unutilised capital allowances | (24,000) | - | - |
| | 240,000 | 1,308,000 | 2,279,000 |

No deferred tax liabilities have been provided for the taxable temporary differences on the assumption that the Group and the Company will be able to obtain the approval from MDeC for the extension of its pioneer status.

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.3 **iMSC group (cont'd)**

7.3.8 **Property, plant and equipment**

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| **Net carrying amount** | | | |
| Freehold office shoplots | - | 885,708 | 868,538 |
| Computer equipment | 49,686 | 58,256 | 9,762 |
| Furniture and fittings | 11,241 | 8,027 | 29,281 |
| Office equipment and renovation | 25,675 | 28,632 | 52,381 |
| Telecommunication software | 892 | 581 | - |
| Motor vehicle | 24,000 | 203,156 | 219,655 |
| | 111,494 | 1,184,360 | 1,179,617 |

The net carrying amounts of motor vehiele amounting to RM Nil (31.12.2008), RM187,156 (31.12.2009) and RM142,239 (31.12.2010) for thc respective financial years ended are held through hire purchase arrangement.

7.3.9 **Investment properties**

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| **Freehold office shoplots** | | | |
| Net carrying amount | - | 517,466 | 165,750 |
| At fair values | - | 555,000 | 320,000 |

Fair value is estimated by reference to the published selling price for properties in vicinity locations.

The rental income earned by the iMSC group from its investment properties, all of which leased out under operating leases, amounted to RM Nil (31.12.2008), RM3,000 (31.12.2009) and RM12,000 (31.12.2010) for the respective financial years ended. Direct operating expenses arising on the investment properties that leased out under operating lease amounted to RM Nil (31.12.2008), RM1,689 (31.12.2009) and RM5,721 (31.12.2010) for the respective financial years ended.

7.3.10 **Goodwill**

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Brought forward | 6,088 | 6,088 | 6,088 |
| Written off | - | - | (6,088) |
| Carried forward | 6,088 | 6,088 | - |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.3 iMSC group (cont'd)

#### 7.3.11 Development costs

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| **Net carrying amount:** | | | |
| Development costs | 592,648 | 1,172,473 | 2,070,929 |

The development costs were incurred for developing new products and enhancement of the existing products.

#### 7.3.12 Inventories

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| **At cost:** | | | |
| Software | 628,699 | 210,199 | - |

#### 7.3.13 Amount due from/to customers

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Cost incurred to date | - | 332,421 | 1,739,830 |
| Add: Attributable profit to date | - | 3,136,976 | 7,585,139 |
| | - | 3,469,397 | 9,324,969 |
| Less: Progress billings to date | - | (3,497,755) | (8,386,783) |
| | - | (28,358) | 938,186 |
| Less: Assets included in disposal group classified as held for sale | - | - | (26,580) |
| Add: Liabilities directly associated with assets classifies as held for sale | - | - | 275,668 |
| Amount due from/ (to) customers | - | (28,358) | 1,187,274 |
| Amount due from customers | - | - | 1,192,371 |
| Amount due to customers | - | (28,358) | (5,097) |
| | - | (28,358) | 1,187,274 |

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# 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## 7.3 iMSC group (cont'd)

### 7.3.14 Trade receivables

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Trade receivables: | | | |
| - Third parties | 868,758 | 1,579,291 | 109,217 |
| - Due from companies in which Directors have interest | - | 1,402,121 | 888,938 |
| | 868,758 | 2,981,412 | 998,155 |
| Less : Impairment on receivables | (42,098) | - | - |
| | 826,660 | 2,981,412 | 998,155 |

The normal credit term granted to trade receivables ranged from 30 days to 120 days. Other credit terms are assessed and approved by the management on case-by-case basis.

Currency exposure profile of trade receivables is as follows:-

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| US Dollar | 598,140 | 1,939,236 | 142,566 |
| Singapore Dollar | 184,720 | 910,627 | 855,589 |

### 7.3.15 Other receivables

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Other receivables | - | - | 3,000 |
| Due from companies in which Directors have interest | - | - | 46,811 |
| Advance billings from suppliers | - | 173,783 | - |
| Deposits | 30,232 | 26,197 | 13,618 |
| Prepayments | 31,647 | - | 5,515 |
| Prepayment of listing expenses | - | 182,499 | 369,200 |
| | 61,879 | 382,479 | 438,144 |

### 7.3.16 Fixed deposits with licensed banks

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Encumbered * | - | 1,000,000 | 1,025,000 |
| Unencumbered | 1,216,227 | 1,709,722 | 1,400,000 |
| | 1,216,227 | 2,709,722 | 2,425,000 |

* The fixed deposit is pledged to a licensed bank for banking facilities granted to iMSC.

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.3 **iMSC group (cont'd)**

7.3.16 **Fixed deposits with licensed banks (cont'd)**

Currency exposure profile of fixed deposits is as follows:-

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| US Dollar | 416,227 | 409,722 | - |

7.3.17 **Cash and bank balances**

Currency exposure profile of cash and bank balances is as follows:-

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| US Dollar | 62,368 | 131,004 | 144,743 |

7.3.18 **Disposal group classified as held for sale**

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Assets of disposal group classified as held for sale | - | - | 5,412,235 |
| Less: Impairment loss on assets under disposal group | - | - | (350,988) |
| | - | - | 5,061,247 |
| Liabilities of disposal group classified as held for sale | - | - | (965,679) |
| Net assets associated with disposal group classified as held for sale | - | - | 4,095,568 |

7.3.19 **Share capital**

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| **Authorised:-** | | | |
| 100,000 ordinary shares of RM1 each | | | |
| Brought forward/ carried forward | 100,000 | 100,000 | 100,000 |
| **Issued and fully paid:-** | | | |
| 85,002 ordinary shares of RM1 each | | | |
| Brought forward/ carried forward | 85,002 | 85,002 | 85,002 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

# 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## 7.3 iMSC group (cont'd)

### 7.3.20 Hire purchase creditor

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| **Minimum lease payments** | | | |
| - not later than 1 year | - | 40,236 | 40,236 |
| - later than 1 year but not later than 5 years | - | 130,737 | 90,501 |
| | - | 170,973 | 130,737 |
| Less: Future finance charges on hire purchase | - | (17,625) | (13,395) |
| Present value of hire purchase liabilities | - | 153,348 | 117,342 |
| **Present value of hire purchase liabilities** | | | |
| - not later than 1 year | - | 36,006 | 36,006 |
| - later than 1 year but not later than 5 years | - | 117,342 | 81,336 |
| Present value of hire purchase liabilities | - | 153,348 | 117,342 |

The amount payable within 1 year has been included in the other payables.

The hire purchase interest is charged at 2.35% per annum.

### 7.3.21 Government grant

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| At cost | - | - | 340,780 |

The government grant was received in relation to a software development and will be recognised as income in the period in which the related development expenditure are being incurred and amortised by iMSC.

### 7.3.22 Trade payables

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Trade payables: | | | |
| - Third parties | 136,568 | 55,051 | 10,820 |
| - Due from companies in which Directors have interest | - | - | 238 |
| | 136,568 | 55,051 | 11,058 |

The normal credit terms granted by the suppliers ranged from 30 days to 60 days.

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 iMSC group (cont'd)

### 7.3.22 Trade payables (cont'd)

Currency exposure profile of trade payables is as follows:-

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| US Dollar | 120,512 | 52,201 | - |
| Singapore Dollar | 16,056 | - | - |

### 7.3.23 Other payables

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Other payables | - | - | 10,750 |
| Hire purchase creditor | - | 36,006 | 36,006 |
| Accruals of expenses | 264,181 | 340,174 | 344,541 |
| Advance billings to customers | - | 482,335 | 134,356 |
| Deposits received | - | - | 13,500 |
| | 264,181 | 858,515 | 539,153 |

### 7.3.24 Amount due to a Directors

Amount due to a Director was unsecured, bear no interest and repayment on demand.

### 7.3.25 Bank overdraft

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM |
|---|---|---|---|
| Secured: | | | |
| Bank overdraft | - | 968,899 | 989,684 |

Interest is charged at 1.5% above the fixed deposits rate per annum.

The bank overdraft is secured by the following:
(a) Fixed deposits of RM1,000,000;
(b) Letter of set-off; and
(c) Interest earned on fixed deposit pledged.

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 iMSC

7.4.1 Summarised statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited finaneial statements of iMSC for the past three (3) FYE 31 Deeember 2008 to 2010 and the FPE 30 April 2011 as well as the unaudited comparative period for the FPE 30 April 2010:-

| Year/Period ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|---|
| Revenue | 7.4.5 | 4,136,544 | 8,520,047 | 10,003,277 | 4,091,152 | 3,734,769 |
| Gross profit | | 4,015,919 | 6,426,203 | 7,504,524 | 3,132,654 | 3,047,359 |
| Profit before interest, depreciation, amortisation and taxation ("EBITDA") | | 3,930,697 | 5,991,664 | 6,823,419 | 4,592,022 | 2,871,361 |
| Interest expense | | - | (13,741) | (44,766) | (15,518) | (14,748) |
| Depreciation | | (22,831) | (89,425) | (145,693) | (42,496) | (49,175) |
| Amortisation | | - | (113,176) | (191,421) | (81,627) | (64,294) |
| Profit before taxation but after interests, depreciation and amortisation ("PBT") | 7.4.6 | 3,907,866 | 5,775,322 | 6,441,539 | 4,452,381 | 2,743,144 |
| Taxation | 7.4.7 | - | (4,135) | (23,300) | (629,000) | - |
| Profit after taxation ("PAT") | | 3,907,866 | 5,771,187 | 6,418,239 | 3,823,381 | 2,743,144 |
| Gross profit margin (%) | | 97.08 | 75.42 | 75.02 | 76.57 | 81.59 |
| PBT margin (%) | | 94.47 | 67.79 | 64.39 | 108.83 | 73.45 |
| PAT margin (%) | | 94.47 | 67.74 | 64.16 | 93.45 | 73.45 |
| Effective tax rate (%) | | - | 0.07 | 0.36 | 14.13 | - |
| Weighted average number of ordinary shares issued | | 85,002 | 85,002 | 85,002 | 85,002 | 85,002 |
| Gross earnings per share ("EPS") (sen) # | | 4,597 | 6,794 | 7,578 | 5,238 | 3,227 |
| Net EPS (sen) # | | 4,597 | 6,789 | 7,551 | 4,498 | 3,227 |

Notes:-

(i) There were no exceptional items in all the financial years/periods under review.

(ii) There were no accounting policies which are peculiar to iMSC due to the nature of business or industry it is involved in and that would affect the determination of iMSC's income or financial position.

\# Based on weighted average number of ordinary shares issued during the financial years/periods.

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.4 iMSC (cont'd)

### 7.4.2 Summarised statements of financial position

The following table sets out the summary of financial position prepared based on the audited financial statements of iMSC for the three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011:-

| Year/Period ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 7.4.8 | 64,796 | 1,154,049 | 1,179,617 | 1,147,708 |
| Investment properties | 7.4.9 | - | 517,466 | 165,750 | 164,617 |
| Investment in subsidiary companies | 7.4.10 | 185,002 | 185,002 | - | - |
| Development costs | 7.4.11 | 328,348 | 956,593 | 2,070,929 | 2,332,692 |
| Total non-current assets | | 578,146 | 2,813,110 | 3,416,296 | 3,645,017 |
| Current assets | | | | | |
| Amount due from customers | 7.4.12 | - | 91,497 | 1,003,371 | 1,718,750 |
| Trade receivables | 7.4.13 | 409,902 | 1,037,160 | 998,155 | 1,048,093 |
| Other receivables | 7.4.14 | 7,965 | 187,465 | 476,825 | 27,611 |
| Amount due from a subsidiary company | 7.4.15 | 3,088,640 | 2,996,304 | 2,615,279 | - |
| Amount due from related companies | 7.4.15 | - | - | - | 4,271,602 |
| Amount due from holding company | 7.4.15 | - | - | - | 2,859,160 |
| Fixed deposits with licensed banks | 7.4.16 | 500,000 | 1,500,000 | 2,425,000 | 2,425,000 |
| Cash and bank balances | 7.4.17 | 156,412 | 252,644 | 776,636 | 466,072 |
| Total current assets | | 4,162,919 | 6,065,070 | 8,295,266 | 12,816,288 |
| Assets classified as held for sale | 7.4.18 | - | - | 185,002 | - |
| **TOTAL ASSETS** | | 4,741,065 | 8,878,180 | 11,896,564 | 16,461,305 |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Equity attributable to the owners of the Company | | | | | |
| Share capital | 7.4.19 | 85,002 | 85,002 | 85,002 | 85,002 |
| Retained earnings | 7.4.20 | 4,375,474 | 7,096,636 | 9,364,875 | 13,188,256 |
| Total equity | | 4,460,476 | 7,181,638 | 9,449,877 | 13,273,258 |
| **LIABILITIES** | | | | | |
| Non-current liabilities | | | | | |
| Hire purchase creditor | 7.4.21 | - | 117,342 | 81,336 | 69,334 |
| Government grant | 7.4.22 | - | - | 340,780 | 340,780 |
| Total non-current liabilities | | - | 117,342 | 422,116 | 410,114 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.4 iMSC (cont'd)

### 7.4.2 Summarised statements of financial position (cont'd)

The following table sets out the summary of financial position prepared based on the audited financial statements of iMSC for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011 (cont'd):-

| Year/Period ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|---|
| Current liabilities | | | | | |
| Amount due to customers | 7.4.12 | - | - | 14,669 | - |
| Trade payables | 7.4.23 | - | - | 11,058 | 12,455 |
| Other payables | 7.4.24 | 95,587 | 352,701 | 539,153 | 616,737 |
| Amount due to a Director | 7.4.25 | 185,002 | - | - | - |
| Amount due to a subsidiary company | 7.4.15 | - | 254,600 | 453,957 | - |
| Amount due to a related company | 7.4.15 | - | - | - | 530,960 |
| Bank overdraft | 7.4.26 | - | 968,899 | 989,684 | 973,731 |
| Tax payable | | - | 3,000 | 16,050 | 644,050 |
| Total current liabilities | | 280,589 | 1,579,200 | 2,024,571 | 2,777,933 |
| **TOTAL EQUITY AND LIABILITIES** | | 4,741,065 | 8,878,180 | 11,896,564 | 16,461,305 |
| Net tangible asset ("NTA") | | 4,132,128 | 6,225,045 | 7,378,948 | 10,940,566 |
| Number of ordinary shares | | 85,002 | 85,002 | 85,002 | 85,002 |
| NTA per share ("RM") | | 48.61 | 73.23 | 86.81 | 128.71 |

### 7.4.3 Summarised statements of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of iMSC for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before taxation | 3,907,866 | 5,775,322 | 6,441,539 | 4,452,381 |
| **Adjustments for:-** | | | | |
| Amortisation of developments costs | - | 109,982 | 185,099 | 80,494 |
| Amortisation of investment properties | | 3,194 | 6,322 | 1,133 |
| Depreciation | 22,831 | 89,425 | 145,693 | 42,496 |
| Development costs written off | - | 37,380 | 3,600 | - |
| Interest expense | - | 13,741 | 44,766 | 15,518 |
| Property, plant and equipment written off | - | - | 1,574 | - |
| Dividend income | (127,480) | - | - | - |
| Gain on disposal of investment in subsidiary companies | - | - | - | (1,710,563) |
| Gain on disposal of investment property | - | - | (29,606) | - |
| Unrealised (gain)/ loss on foreign exchange | (11,369) | - | 77,069 | 110,852 |
| Interest income | (5,674) | (11,267) | (38,837) | (12,062) |
| | 3,786,174 | 6,017,777 | 6,837,219 | 2,980,249 |

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# 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## 7.4 iMSC (cont'd)

### 7.4.3 Summarised statements of cash flows (cont'd)

The following table sets out the summary of cash flows prepared based on the audited financial statements of iMSC for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011 (cont'd):-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Change in working capital:- | | | | |
| Amount due from/to customers | - | (91,497) | (897,205) | (730,048) |
| Receivables | (170,608) | (806,758) | (250,355) | (539,473) |
| Payables | 79,843 | 221,108 | 197,510 | 79,219 |
| Director | 185,002 | (185,002) | - | - |
| Subsidiary companies | (755,640) | 346,936 | 503,313 | - |
| Related companies | - | - | - | (801,472) |
| Holding companies | - | - | - | (2,809,349) |
| Cash generated from/(used in) operating activities | 3,124,771 | 5,502,564 | 6,390,482 | (1,820,874) |
| Tax paid | - | (1,135) | (10,250) | (1,000) |
| Dividend paid | (2,159,050) | (3,050,025) | (4,150,000) | - |
| Dividend received | 127,480 | - | - | - |
| Interest received | 5,674 | 11,267 | 38,837 | 12,062 |
| Interest paid | - | (13,741) | (44,766) | (15,518) |
| Net cash from/(used in) operating activities | 1,098,875 | 2,448,930 | 2,224,303 | (1,825,330) |
| **CASH FLOWS FROM INVESTING ACTIVITY** | | | | |
| Proceeds from disposal of investment property | - | - | 375,000 | - |
| Proceeds from government grant | - | - | 340,780 | - |
| Purchase of investment properties | - | (520,660) | - | - |
| Proceeds of investment in subsidiaries | - | - | - | 1,895,565 |
| Purchase of property, plant and equipment | (35,019) | (998,678) | (172,835) | (10,587) |
| Acquisition of subsidiary companies | (185,002) | - | - | - |
| Development cost incurred | (328,348) | (775,607) | (1,303,035) | (342,257) |
| Net cash (used in)/ from investing activities | (548,369) | (2,294,945) | (760,090) | 1,542,721 |
| **CASH FLOWS FROM FINANCING ACTIVITY** | | | | |
| Payment for hire purchase | - | (26,652) | (36,006) | (12,002) |
| Net cash used in financing activity | - | (26,652) | (36,006) | (12,002) |
| **CASH AND CASH EQUIVALENTS** | | | | |
| Net increase/(decrease) | 550,506 | 127,333 | 1,428,207 | (294,611) |
| Brought forward | 105,906 | 656,412 | 783,745 | 2,211,952 |
| Carried forward | 656,412 | 783,745 | 2,211,952 | 1,917,341 |
| **CASH AND CASH EQUIVALENTS** | | | | |
| Fixed deposits with licensed banks | 500,000 | 1,500,000 | 2,425,000 | 2,425,000 |
| Cash and bank balances | 156,412 | 252,644 | 776,636 | 466,072 |
| Bank overdraft | - | (968,899) | (989,684) | (973,731) |
| | 656,412 | 783,745 | 2,211,952 | 1,917,341 |

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7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.4 **iMSC (cont'd)**

### 7.4.4 Summarised statements of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of iMSC for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011:-

| | | Distributable | |
|---|---|---|---|
| | Share capital RM | Retained earnings RM | Total RM |
| At 1 January 2008 | 85,002 | 2,626,658 | 2,711,660 |
| Total comprehensive income | - | 3,907,866 | 3,907,866 |
| Interim dividends | - | (2,159,050) | (2,159,050) |
| At 31 December 2008 | 85,002 | 4,375,474 | 4,460,476 |
| Total comprehensive income | - | 5,771,187 | 5,771,187 |
| Interim dividends | - | (3,050,025) | (3,050,025) |
| At 31 December 2009 | 85,002 | 7,096,636 | 7,181,638 |
| Total comprehensive income | - | 6,418,239 | 6,418,239 |
| Interim dividends | - | (4,150,000) | (4,150,000) |
| At 31 December 2010 | 85,002 | 9,364,875 | 9,449,877 |
| Total comprehensive income | - | 3,823,381 | 3,823,381 |
| At 30 April 2011 | 85,002 | 13,188,256 | 13,273,258 |

### 7.4.5 Revenue

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Sales of software and hardware products | 2,956,378 | 3,659,147 | 4,121,952 | 1,857,490 | 2,564,776 |
| Customisation, maintenance and other service rendered | 1,180,166 | 1,820,415 | 1,042,947 | 498,950 | 416,987 |
| Contract revenue | - | 3,040,485 | 4,838,378 | 1,734,712 | 753,006 |
| | 4,136,544 | 8,520,047 | 10,003,277 | 4,091,152 | 3,734,769 |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.4 iMSC (cont'd)

### 7.4.6 Profit before taxation

Profit before taxation has been determined after charging/(crediting), amongst other items, the following:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Auditors' remuneration | | | | | |
| - statutory audit | 6,000 | 15,000 | 25,000 | 8,333 | - |
| - others | - | - | 22,000 | 16,000 | - |
| Amortisation of development costs | - | 109,982 | 185,099 | 80,494 | 61,699 |
| Amortisation of investment properties | - | 3,194 | 6,322 | 1,133 | 2,595 |
| Depreciation | 22,831 | 89,425 | 145,693 | 42,496 | 49,175 |
| Development costs written off | - | 37,380 | 3,600 | - | - |
| Property, plant and equipment writen off | - | - | 1,574 | - | - |
| Rental expenses | | | | | |
| - direct charged to profit or loss | 20,970 | 22,720 | 1,748 | - | - |
| - capitalised under development cost | - | - | 19,222 | 6,990 | - |
| Dividend income from subsidiary company | (127,480) | - | - | - | - |
| Interest expense | - | 13,741 | 44,766 | 15,518 | 14,748 |
| Gain on disposal of investment property | - | - | (29,606) | - | - |
| Gain on disposal of subsidiary companies | - | - | - | (1,710,563) | - |
| Interest income | (5,674) | (11,267) | (38,837) | (12,062) | (1,985) |
| Realised loss on foreign exchange | - | 94,908 | 139,955 | (4,364) | - |
| Rental income | - | (3,000) | (66,000) | (22,000) | (22,000) |
| Unrealise (gain)/ loss on foreign exchange | (11,369) | - | 77,069 | 110,852 | (20,191) |

### 7.4.7 Taxation

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Current year's taxation | - | 3,000 | 23,550 | 629,000 | - |
| Under/ (over) provision in prior years | - | 1,135 | (250) | - | - |
| | - | 4,135 | 23,300 | 629,000 | - |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.4 **iMSC (cont'd)**

7.4.7 **Taxation (cont'd)**

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the Company is as follows:

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Profit before taxation | 3,907,866 | 5,775,322 | 6,441,539 | 4,452,381 | 2,743,144 |
| Taxation at Malaysian statutory tax rate of 26% (2008)/25% (2009, 2010 and 2011) | 1,016,045 | 1,443,831 | 1,610,385 | 1,113,095 | 685,786 |
| Tax effects in respect of:- | | | | | |
| Income not subject to tax | (947,598) | (1,258,546) | (1,319,966) | (427,641) | (656,786) |
| Movement of unrecognised deferred tax liabilities | (90,396) | (197,906) | (289,500) | (69,750) | (29,000) |
| Expenses not deductible for tax purposes | 21,949 | 16,334 | 33,686 | 13,296 | - |
| Utilisation of unabsorbed capital allowances | - | - | (5,888) | - | - |
| Under/ (Over) provision in prior year | - | 1,135 | (250) | - | - |
| Change in tax rate for the first tranche of chargeable income | - | (713) | (5,167) | - | - |
| | - | 4,135 | 23,300 | 629,000 | - |

On 15 December 2005, the Company has been awarded the Multimedia Super Corridor ("MSC") status under which the income derived from its prescribed activities is exempted from Malaysia income tax. The pioneer status has expired on 14 December 2010 and the Company is still pending the approval from Multimedia Development Corporation Sdn. Bhd. ("MDeC") for another 5 years of pioneer period.

The unrecognised deferred tax liabilities are as follows:

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Property, plant and equipment | 20,000 | 124,000 | 167,000 | 98,000 | 124,000 |
| Development cost | 328,000 | 956,000 | 2,071,000 | 2,333,000 | 1,072,000 |
| Unrealised gain in foreign exchange | 12,000 | - | - | - | - |
| | 360,000 | 1,080,000 | 2,238,000 | 2,431,000 | 1,196,000 |

No deferred tax liabilities have been provided for the taxable temporary differences on the assumption that the Company will be able to obtain the approval from MDeC for the extension of its pioneer status period.

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 iMSC (cont'd)

7.4.8 Property, plant and equipment

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Net carrying amount** | | | | |
| Freehold office shoplots | - | 885,708 | 868,538 | 862,605 |
| Computer equipment | 23,756 | 44,836 | 9,762 | 9,973 |
| Furniture and fittings | - | - | 29,281 | 26,885 |
| Office equipment | 6,748 | 6,019 | 9,743 | 12,779 |
| Renovation | 10,292 | 14,330 | 42,638 | 39,117 |
| Motor vehicles | 24,000 | 203,156 | 219,655 | 196,349 |
| | 64,796 | 1,154,049 | 1,179,617 | 1,147,708 |

The net carrying amounts of motor vehicle amounting to RM Nil (31.12.2008), RM187,156 (31.12.2009), RM142,239 (31.12.2010) and RM127,266 (30.04.2011) for respective years/period ended are held through hire purchase arrangement.

7.4.9 Investment properties

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Freehold office shoplots** | | | | |
| Net carrying amount | - | 517,466 | 165,750 | 164,617 |
| At fair values | - | 555,000 | 320,000 | 322,000 |

Fair value is estimated by reference to the published selling price for properties in vicinity locations.

The rental income earned by the Company from its investment properties, all of which leased out under operating leases, amounted to RM Nil (31.12.2008), RM3,000 (31.12.2009), RM12,000 (31.12.2010) and RM4,000 (30.4.2011) for the respective years/period ended. Direct operating expenses arising on the investment properties leased out under operating lease amounted to RM Nil (31.12.2008), RM1,689 (31.12.2009), RM5,721 (31.12.2010) and RM4,490 (30.4.2011) for the respective years/period ended.

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 iMSC (cont'd)

**7.4.10 Investment in subsidiary companies**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Unquoted shares:-** | | | | |
| At cost | | | | |
| - iSystems | 85,002 | 85,002 | 85,002 | - |
| - OS Solutions | 100,000 | 100,000 | 100,000 | - |
| | 185,002 | 185,002 | 185,002 | - |
| Transferred to assets held for sale | - | - | (185,002) | - |
| | 185,002 | 185,002 | - | - |

**7.4.11 Development costs**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Net carrying amount:-** | | | | |
| Development costs | 328,348 | 956,593 | 2,070,929 | 2,332,692 |

The development costs were incurred for developing new products and enhancement of the existing products.

**7.4.12 Amount due from/to customers**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Cost incurred to date | - | 582,026 | 1,922,061 | 2,465,839 |
| Add: Attributable profit to date | - | 2,458,458 | 5,888,802 | 6,787,567 |
| | - | 3,040,484 | 7,810,863 | 9,253,406 |
| Less: Progress billings to date | - | (2,948,987) | (6,822,161) | (7,534,656) |
| | - | 91,497 | 988,702 | 1,718,750 |
| Amount due from customers | - | 91,497 | 1,003,371 | 1,718,750 |
| Amount due to customers | - | - | (14,669) | - |
| | - | 91,497 | 988,702 | 1,718,750 |

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.4 **iMSC (cont'd)**

7.4.13 **Trade receivables**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Trade receivables: | | | | |
| - Third parties | 409,902 | 107,235 | 109,217 | 1,048,093 |
| - Due from companies in which Directors have interest | - | 929,925 | 888,938 | - |
| | 409,902 | 1,037,160 | 998,155 | 1,048,093 |

The normal credit term granted to trade receivables ranged from 30 days to 120 days. Other credit terms are assessed and approved by the management on case-by-case basis.

Currency exposure profile of trade receivables is as follows:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| US Dollar | - | 130,142 | 142,566 | - |
| Singapore Dollar | 409,902 | 907,018 | 855,589 | - |

7.4.14 **Other receivables**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Advance billings from suppliers | - | - | 38,681 | 7,736 |
| Deposits | 6,218 | 3,218 | 13,618 | 14,818 |
| Prepayments | 1,747 | 1,747 | 5,515 | 4,057 |
| Prepayments of listing expenses | - | 182,500 | 369,200 | - |
| Other receivables: | | | | |
| - Third party | - | - | - | 1,000 |
| - Due from companies in which Directors have interest | - | - | 49,811 | - |
| | 7,965 | 187,465 | 476,825 | 27,611 |

7.4.15 **Amount due from/to subsidiary companies, related companies and holding company**

Amount due from/to subsidiary companies, related companies and holding company are unsecured, bear no interest and repayable on demand.

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 iMSC (cont'd)

### 7.4.16 Fixed deposits with licensed banks

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Encumbered * | - | 1,000,000 | 1,025,000 | 1,025,000 |
| Unencumbered | 500,000 | 500,000 | 1,400,000 | 1,400,000 |
| | 500,000 | 1,500,000 | 2,425,000 | 2,425,000 |

* The fixed deposit is pledged to a licensed bank for banking facilities granted to the Company.

### 7.4.17 Cash and bank balances

Currency exposure profile of cash and bank balances is as follows:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| US Dollar | - | 69,119 | 144,743 | 138,985 |

### 7.4.18 Disposal group classified as held for sale

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Investment in subsidiary companies | - | - | 185,002 | - |

### 7.4.19 Share capital

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Authorised:** | | | | |
| 100,000 ordinary shares of RM1 each | | | | |
| Brought forward/ carried forward | 100,000 | 100,000 | 100,000 | 100,000 |
| **Issued and paid up:** | | | | |
| 85,002 ordinary shares of RM1 each | | | | |
| Brought forward/ carried forward | 85,002 | 85,002 | 85,002 | 85,002 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.4 **iMSC (cont'd)**

7.4.20 **Retained earnings**

The Company has no tax credit under Section 108 of the Income Tax Act, 1967. As such, the Company automatically adopted the Single Tier Income Tax System in which the Company may frank the payment of dividends out of its entire retained earnings

7.4.21 **Hire purchase creditor**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Minimum lease payments** | | | | |
| - not later than 1 year | - | 40,236 | 40,236 | 40,236 |
| - later than 1 year but not later than 5 years | - | 130,737 | 90,501 | 77,089 |
| | - | 170,973 | 130,737 | 117,325 |
| Less: Future finance charges on hire purchase | - | (17,625) | (13,395) | (11,985) |
| Present value of hire purchase liabilities | - | 153,348 | 117,342 | 105,340 |
| Present value of hire purchase liabilities | | | | |
| - not later than 1 year | - | 36,006 | 36,006 | 36,006 |
| - later than 1 year but not later than 5 years | - | 117,342 | 81,336 | 69,334 |
| Present value of hire purchase liabilities | - | 153,348 | 117,342 | 105,340 |

The amount payable within 1 year has been included in other payables.

The hire purchase interest is charged at 2.35% per annum.

7.4.22 **Government grant**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| At cost | - | - | 340,780 | 340,780 |

The government grant was received in relation to a software development and will be recognised as income in the period in which the related development expenditures are being incurred and amortised by the Company.

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.4 **iMSC (cont'd)**

7.4.23 **Trade payables**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Trade payables : | | | | |
| - Third parties | - | - | 10,820 | 12,455 |
| - Due from companies in which Directors have interest | - | - | 238 | - |
| | - | - | 11,058 | 12,455 |

The normal credit terms granted by the suppliers to the Company ranged from 30 days to 60 days.

7.4.24 **Other payables**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Deposits received | - | - | 13,500 | 13,500 |
| Other payables | - | - | 10,750 | 116,958 |
| Hire purchase creditor | - | 36,006 | 36,006 | 36,006 |
| Accruals of expenses | 95,587 | 223,654 | 344,541 | 264,933 |
| Advance billings to customers | - | 93,041 | 134,356 | 185,340 |
| | 95,587 | 352,701 | 539,153 | 616,737 |

7.4.25 **Amount due to a Director**

The amount due to a Director is unsecured, bears no interest and repayable on demand.

7.4.26 **Bank overdraft**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Secured: | | | | |
| Bank overdraft | - | 968,899 | 989,684 | 973,731 |

Interest is charged at 1.5% above fixed deposit rate per annum.

The bank overdraft is secured by the following:
(a) Fixed deposits of RM1,000,000;
(b) Letter of set-off; and
(c) Interest earned on fixed deposit pledged.

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.5 **iSystems**

7.5.1 **Summarised statements of comprehensive income**

The following table sets out the summary of the financial results prepared based on the audited financial statements of iSystems for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011 as well as the unaudited comparative period for the FPE 30 April 2010:-

| Year/Period ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|---|
| Revenue | 7.5.5 | 6,308,501 | 7,598,889 | 9,238,601 | 3,368,728 | 3,942,481 |
| Gross (loss)/ profit | | (88,523) | 1,546,707 | 1,917,919 | 554,127 | 661,508 |
| (Loss)/Profit before depreciation and taxation ("EBITDA") | | (449,930) | 790,922 | 843,542 | 133,684 | 295,052 |
| Depreciation | | (8,981) | (5,514) | (14,565) | (12,921) | (2,314) |
| (Loss)/Profit before taxation but after depreciation ["(LBT)"/ "PBT"] | 7.5.6 | (458,911) | 785,408 | 828,977 | 120,763 | 292,738 |
| Taxation | 7.5.7 | - | (81,640) | (207,927) | (38,192) | (64,405) |
| (Loss)/Profit after taxation ["(LAT)"/ "PAT"] | | (458,911) | 703,768 | 621,050 | 82,571 | 228,333 |
| Gross (loss)/ profit margin (%) | | (1.40) | 20.35 | 20.76 | 16.45 | 16.78 |
| (LBT)/PBT margin (%) | | (7.27) | 10.34 | 8.97 | 3.58 | 7.43 |
| (LAT)/PAT margin (%) | | (7.27) | 9.26 | 6.72 | 2.45 | 5.79 |
| Effective tax rate (%) | | - | 10.39 | 25.08 | 31.63 | 22.00 |
| Weighted average number of ordinary shares issued | | 85,002 | 85,002 | 85,002 | 85,002 | 85,002 |
| Gross (loss)/earnings per share ["(LPS)"/ "EPS"] (sen)# | | (539.88) | 923.98 | 975.24 | 142.07 | 344.39 |
| Net (LPS)/EPS (sen)# | | (539.88) | 827.94 | 730.63 | 97.14 | 268.62 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.5 iSystems (cont'd)

### 7.5.1 Summarised statements of comprehensive income (cont'd)

The following table sets out the summary of the financial results prepared based on the audited financial statements of iSystems for the past three (3) FYE 31 December 2008 to 2010 and thc FPE 30 April 2011 as well as the unaudited comparative period for the FPE 30 April 2010 (cont'd):-

Notes:-

(i) There were no exceptional items in all the financial years/periods under review.

(ii) There were no accounting policies which are peculiar to iSystems due to the nature of business or industry it is involved in and that would affect the determination of iSystems's income or financial position.

\# Based on weighted average number of ordinary shares issued during the financial years/periods.

@ The figures for the FPE 30 April 2010 are unaudited and are includcd for comparison purpose only.

### 7.5.2 Summarised statements of financial position

The following table sets out the summary of financial position prepared based on the audited financial statements of iSystems for the past three (3) FYE 31 December 2008 to 2010 and FPE 30 April 2011:-

| Year/Period ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|---|
| **ASSET** | | | | | |
| Non-current asset | | | | | |
| Property, plant and equipment | 7.5.8 | 10,217 | 11,306 | 163,480 | 152,054 |
| Total non-current asset | | 10,217 | 11,306 | 163,480 | 152,054 |
| Current assets | | | | | |
| Inventories | 7.5.9 | 628,699 | 210,199 | 36,272 | 36,272 |
| Amount due from customers | 7.5.10 | - | - | 26,580 | 72,814 |
| Trade receivables | 7.5.11 | 372,958 | 1,926,452 | 2,296,038 | 3,366,929 |
| Other receivables | 7.5.12 | 44,360 | 359,203 | 242,774 | 272,620 |
| Amount due from related company | 7.5.13 | - | - | - | 283,633 |
| Amount due from holding company | 7.5.13 | - | - | - | 1,100,000 |
| Fixed deposits with licensed banks | 7.5.14 | 716,227 | 1,209,722 | 1,468,705 | 356,542 |
| Cash and bank balances | 7.5.15 | 1,408,804 | 465,535 | 645,840 | 891,350 |
| Total current assets | | 3,171,048 | 4,171,111 | 4,716,209 | 6,380,160 |
| **TOTAL ASSETS** | | 3,181,265 | 4,182,417 | 4,879,689 | 6,532,214 |

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.5 iSystems (cont'd)

7.5.2 Summarised statements of financial position (cont'd)

The following table sets out the summary of financial position prepared based on the audited financial statements of iSystems for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011 (cont'd):-

| Year ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Equity attributable to the owners of the Company | | | | | |
| Share capital | 7.5.16 | 85,002 | 85,002 | 85,002 | 85,002 |
| Retained earnings | 7.5.17 | (572,865) | 130,903 | 751,953 | 834,524 |
| Total equity | | (487,863) | 215,905 | 836,955 | 919,526 |
| **LIABILITIES** | | | | | |
| Non-current liability | | | | | |
| Deferred tax liabilities | 7.5.18 | - | - | 44,000 | 28,000 |
| Total non-current liability | | - | - | 44,000 | 28,000 |
| Current liabilities | | | | | |
| Amount due to customers | 7.5.10 | - | 28,358 | 267,245 | 246,540 |
| Trade payables | 7.5.19 | 136,568 | 55,051 | 250,727 | 216,600 |
| Other payables | 7.5.20 | 135,413 | 479,277 | 328,801 | 417,563 |
| Amount due to holding company | 7.5.13 | 3,088,640 | 2,996,304 | 2,615,279 | - |
| Amount due to related companies | 7.5.13 | 300,000 | 373,782 | 502,431 | 4,655,542 |
| Tax payable | | 8,507 | 33,740 | 34,251 | 48,443 |
| Total current liabilities | | 3,669,128 | 3,966,512 | 3,998,734 | 5,584,688 |
| Total liabilities | | 3,669,128 | 3,966,512 | 4,042,734 | 5,612,688 |
| **TOTAL EQUITY AND LIABILITIES** | | 3,181,265 | 4,182,417 | 4,879,689 | 6,532,214 |
| Net tangible (liabilities)/assets ["(NTL)"/ "NTA"] | | (487,863) | 215,905 | 836,955 | 919,526 |
| Number of ordinary shares | | 85,002 | 85,002 | 85,002 | 85,002 |
| (NTL)/NTA per share ("RM") | | (5.74) | 2.54 | 9.85 | 10.82 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.5 iSystems (cont'd)

### 7.5.3 Summarised statements of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of iSystems for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| (Loss)/Profit before taxation | (458,911) | 785,408 | 828,977 | 120,763 |
| **Adjustments for:-** | | | | |
| Impairment on receivables | 42,098 | - | - | - |
| Reversal of impairment on receivables | - | (42,098) | - | - |
| Bad debts written off | - | 42,098 | - | - |
| Depreciation | 8,981 | 5,514 | 14,565 | 12,921 |
| Interest income | (108,066) | (21,052) | (21,760) | (10,248) |
| Unrealised loss/(gain) on foreign exchange | - | 9,917 | (158,661) | (84,032) |
| | (515,898) | 779,787 | 663,121 | 39,404 |
| Changes in working capital:- | | | | |
| Inventories | (628,699) | 418,500 | 173,927 | - |
| Receivables | 1,226,147 | (1,868,337) | (180,879) | (1,499,667) |
| Payables | 72,119 | 262,347 | 45,200 | 56,014 |
| Director | (1,000,394) | - | - | - |
| Amount due from/to customers | - | 28,358 | 212,307 | (66,939) |
| Related companies | 300,000 | 73,782 | 137,963 | 1,735,782 |
| Amount due to holding company | 1,023,640 | (92,336) | (303,956) | (1,100,000) |
| Cash generated from/(used in) operations | 476,915 | (397,899) | 747,683 | (835,406) |
| Tax paid | (3,360) | (56,407) | (163,416) | (40,000) |
| Interest received | 108,066 | 21,052 | 21,760 | 10,248 |
| Net cash from/(used in) operating activities | 581,621 | (433,254) | 606,027 | (865,158) |
| **CASH FLOWS FROM INVESTING ACTIVITY** | | | | |
| Purchase of property, plant and equipment | (2,933) | (6,603) | (166,739) | (1,495) |
| Net cash used in investing activity | (2,933) | (6,603) | (166,739) | (1,495) |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.5 iSystems (cont'd)

### 7.5.3 Summarised statements of cash flows (cont'd)

The following table sets out the summary of cash flows prepared based on the audited financial statements of iSystems for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011 (cont'd):-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **CASH AND CASH EQUIVALENTS** | | | | |
| Net increase/(decrease) | 578,688 | (439,857) | 439,288 | (866,653) |
| Effect of exchange rate changes | - | (9,917) | - | - |
| Brought forward | 1,546,343 | 2,125,031 | 1,675,257 | 2,114,545 |
| Carried forward | 2,125,031 | 1,675,257 | 2,114,545 | 1,247,892 |
| **CASH AND CASH EQUIVALENTS** | | | | |
| Fixed deposits with licensed banks | 716,227 | 1,209,722 | 1,468,705 | 356,542 |
| Cash and bank balances | 1,408,804 | 465,535 | 645,840 | 891,350 |
| | 2,125,031 | 1,675,257 | 2,114,545 | 1,247,892 |

### 7.5.4 Summarised statements of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of iSystems for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011.

| | | Distributable | |
|---|---|---|---|
| | Share capital RM | (Accumulated loss)/ Retained earnings RM | Total RM |
| At 1 January 2008 | 85,002 | (113,954) | (28,952) |
| Total comprehensive loss | - | (458,911) | (458,911) |
| At 31 December 2008 | 85,002 | (572,865) | (487,863) |
| Total comprehensive profit | - | 703,768 | 703,768 |
| At 31 December 2009 | 85,002 | 130,903 | 215,905 |
| Total comprehensive profit | - | 621,050 | 621,050 |
| At 31 December 2010 | 85,002 | 751,953 | 836,955 |
| Total comprehensive profit | - | 82,571 | 82,571 |
| At 30 April 2011 | 85,002 | 834,524 | 919,526 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.5 iSystems (cont'd)

### 7.5.5 Revenue

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Contract revenue | - | 3,469,397 | 5,262,956 | 1,617,958 | 1,726,860 |
| Sales of software and hardware products | 4,803,128 | 2,322,664 | 2,007,209 | 1,094,074 | 1,445,499 |
| Customistion maintenance and other services rendered | 1,505,373 | 1,806,828 | 1,968,436 | 656,696 | 770,122 |
| | 6,308,501 | 7,598,889 | 9,238,601 | 3,368,728 | 3,942,481 |

### 7.5.6 (Loss)/Profit before taxation

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Auditors' remuneration | | | | | |
| - statutory audit | 14,500 | 15,000 | 18,000 | 6,000 | - |
| - special audit | - | - | 16,000 | 15,000 | - |
| Impairment on receivables | 42,098 | - | - | - | - |
| Bad debts written off | - | 42,098 | - | - | - |
| Depreciation | 8,981 | 5,514 | 14,565 | 12,921 | 2,314 |
| Rental expenses | 73,950 | 77,400 | 93,900 | 36,071 | 17,600 |
| Unrealised loss/(gain) on foreign exchange | - | 9,917 | (158,661) | (84,032) | - |
| Reversal of impairment on receivables | - | (42,098) | - | - | - |
| Interest income | (108,066) | (21,052) | (21,760) | (10,248) | (4,029) |
| Realised (gain)/loss on foreign exchange | (223,371) | 30,289 | 363,803 | 19,740 | 181,823 |

### 7.5.7 Taxation

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Current year's/period's taxation | - | 85,000 | 159,000 | 47,000 | 64,405 |
| Under/(Over) provision in prior years | - | (3,360) | 4,927 | 7,192 | - |
| Deferred tax | - | - | 44,000 | (16,000) | - |
| | - | 81,640 | 207,927 | 38,192 | 64,405 |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

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7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.5 **iSystems (cont'd)**

### 7.5.7 Taxation (cont'd)

A reconciliation of income tax expenses applicable to (loss)/profit before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the Company is as follows:

| Year/ Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| (Loss)/Profit before taxation | (458,911) | 785,408 | 828,977 | 120,763 | 292,738 |
| Taxation at Malaysian statutory tax rate of 26% (2008)/25% (2009, 2010 and 2011) | (119,317) | 196,352 | 207,244 | 30,190 | 73,185 |
| Tax effects in respect of:- | | | | | |
| Income not subject to tax | - | (475) | - | - | - |
| Movement of unrecognised deferred tax assets | 100,412 | - | - | - | - |
| Expenses not deductible for tax purposes | 18,905 | 8,803 | 20,756 | 12,695 | 7,321 |
| Utilisation of unabsorbed business loss | - | (92,721) | - | - | - |
| Utilisation of unabsorbed capital allowances | - | (5,712) | - | - | - |
| Under provision of deferred tax in prior year | - | - | - | (11,885) | - |
| Under/(Over) provision of current tax in prior year | - | (3,360) | 4,927 | 7,192 | - |
| Change in tax rate for the first tranche of chargeable income | - | (21,247) | (25,000) | - | (16,101) |
| | - | 81,640 | 207,927 | 38,192 | 64,405 |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.5 iSystems (cont'd)

### 7.5.8 Property, plant and equipment

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Net carrying amount** | | | | |
| Computer equipment | 41 | 2,100 | 646 | 161 |
| Furniture and fittings | 1,775 | 792 | 348 | 300 |
| Office equipment | 6,257 | 5,773 | 3,717 | 3,039 |
| Renovation | 2 | 2 | 2 | 2 |
| Telecommunication software | 892 | 581 | 271 | 1,638 |
| Motor vehicle | - | - | 157,453 | 146,404 |
| Computer software | 1,250 | 2,058 | 1,043 | 510 |
| | 10,217 | 11,306 | 163,480 | 152,054 |

### 7.5.9 Inventories

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **At cost:-** | | | | |
| Software | 628,699 | 210,199 | 36,272 | 36,272 |

### 7.5.10 Amount due from/to customers

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Cost incurred to date | - | 2,948,987 | 6,580,964 | 7,811,802 |
| Add: Attributable profit to date | - | 520,410 | 1,170,316 | 1,548,015 |
| | | 3,469,397 | 7,751,280 | 9,359,817 |
| Less: Progress billing to date | - | (3,497,755) | (7,991,945) | (9,533,543) |
| | - | (28,358) | (240,665) | (173,726) |
| Amount due from customers | - | - | 26,580 | 72,814 |
| Amount due to customers | - | (28,358) | (267,245) | (246,540) |
| | - | (28,358) | (240,665) | (173,726) |

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.5 iSystems (cont'd)

7.5.11 **Trade receivables**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Trade receivables: | | | | |
| - Third parties | 415,056 | 1,454,256 | 1,923,370 | 3,366,929 |
| - Due from companies in which Directors have interest | - | 472,196 | 372,668 | - |
| | 415,056 | 1,926,452 | 2,296,038 | 3,366,929 |
| Less: Impairment on receivables | (42,098) | - | - | - |
| | 372,958 | 1,926,452 | 2,296,038 | 3,366,929 |

The normal credit terms granted to trade receivables ranges from 30 days to 90 days. Other credit terms are assessed and approved by the management on case-by-case basis.

Currency exposure profile of trade receivables is as follows:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Singapore Dollar | 184,720 | 3,608 | 197,113 | 287,484 |
| US Dollar | 188,238 | 1,809,094 | 1,090,792 | 1,560,339 |

7.5.12 **Other receivables**

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Advance billings from suppliers | - | 173,783 | 209,178 | 238,224 |
| Deposits | 14,460 | 16,110 | 26,760 | 27,560 |
| Prepayments | 29,900 | 169,310 | 6,836 | 6,836 |
| | 44,360 | 359,203 | 242,774 | 272,620 |

7.5.13 **Amount due from/ (to) related companies and holding company**

Amount due from/ (to) related companies and holding company are unsecured, bears no interest and repayable on demand.

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.5 **iSystems (cont'd)**

### 7.5.14 Fixed deposits with licensed banks

Currency exposure profile of fixed deposits is as follows:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| US Dollar | 416,227 | 409,722 | 368,705 | 356,542 |

### 7.5.15 Cash and hank balances

Currency exposure profile of cash and bank balances is as follows:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| US Dollar | 62,368 | 61,885 | 159,783 | 41,796 |

### 7.5.16 Share capital

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Authorised:** | | | | |
| 100,000 ordinary shares of RM1 each | | | | |
| Brought forward/ carried forward | 100,000 | 100,000 | 100,000 | 100,000 |
| **Issued and fully paid:** | | | | |
| 85,002 ordinary shares of RM1 each | | | | |
| Brought forward/ carried forward | 85,002 | 85,002 | 85,002 | 85,002 |

The holders of ordinary shares are entitled to receive dividends as and when declared by thc Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

### 7.5.17 Retained earnings

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 30 April 2011 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, which ever is earlier. The Company did not elect for the irrevocable option to disregard the Section 108 balance.

As at 30 April 2011, the Company has tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of its retained earnings amounted to RM69,000 (31.12.2008/2009/2010: RM69,000).

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.5 iSystems (cont'd)

#### 7.5.18 Deferred tax liabilities

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| The deferred tax liabilities is made up of temporary differences arising from: | | | | |
| Property, plant and equipment | - | - | 4,000 | 7,000 |
| Unrealised gain on foreign exchange | - | - | 40,000 | 21,000 |
| | - | - | 44,000 | 28,000 |

#### 7.5.19 Trade payables

The normal credit term granted by the suppliers ranges from 30 days to 90 days.

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| US Dollar | 120,512 | 52,201 | 250,727 | 102,823 |
| Singapore Dollar | 16,056 | - | - | - |

#### 7.5.20 Other payables

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Accruals of expenses | 135,413 | 89,982 | 127,366 | 102,529 |
| Advance billings to customers | - | 389,295 | 198,159 | 310,432 |
| Non-trade payables | - | - | 3,276 | 4,602 |
| | 135,413 | 479,277 | 328,801 | 417,563 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.6 OS Solutions

### 7.6.1 Summarised statements of comprehensive income

The following table sets out the summary of financial results prepared based on the audited financial statements of OS Solutions for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011 as well as the unaudited comparative period for the FPE 30 April 2010:-

| Year ended | Note | 31/12/2008<br>RM | 31/12/2009<br>RM | 31/12/2010<br>RM | 30/4/2011<br>RM | 30/4/2010 @<br>RM |
|---|---|---|---|---|---|---|
| Revenue | 7.6.5 | 1,086,282 | 623,842 | 1,073,980 | 113,271 | 482,209 |
| Gross profit | | 1,019,082 | 248,496 | 877,694 | 28,828 | 392,179 |
| Profit/(Loss) before depreciation and taxation ("EBITDA") | | 726,030 | 137,782 | 756,840 | (26,581) | 357,307 |
| Depreciation | | (14,432) | (18,281) | (12,194) | (980) | (6,107) |
| Amortisation | | - | (87,219) | (101,033) | (33,678) | (33,678) |
| Profit/(Loss) before taxation but after depreciation and amortisation ["PBT"/ "(LBT)"] | 7.6.6 | 711,598 | 32,282 | 643,613 | (61,239) | 317,522 |
| Taxation | 7.6.7 | - | - | - | - | - |
| Profit/(Loss) after taxation ["PAT", "(LAT)"] | | 711,598 | 32,282 | 643,613 | (61,239) | 317,522 |
| Gross profit margin (%) | | 93.81 | 39.83 | 81.72 | 25.45 | 81.33 |
| PBT/(LBT) margin (%) | | 65.51 | 5.17 | 59.93 | (54.06) | 65.85 |
| PAT/(LAT) margin (%) | | 65.51 | 5.17 | 59.93 | (54.06) | 65.85 |
| Effective tax rate (%) | | - | - | - | - | - |
| Weighted average number of ordinary shares issued | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Gross earnings/(loss) per share ["EPS"/ "(LPS)"] (sen) # | | 711.60 | 32.28 | 643.61 | (61.24) | 317.52 |
| Net EPS/(LPS) (sen) # | | 711.60 | 32.28 | 643.61 | (61.24) | 317.52 |

Notes:-

(i) There were no exceptional items in all the financial years/periods under review.

(ii) There were no accounting policies which are peculiar to OS Solutions due to the nature of business or industry it is involved in and that would affect the determination of OS Solutions's income or financial position.

\# Based on weighted average number of ordinary shares issued during the financial years/periods.

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.6 OS Solutions (cont'd)

### 7.6.2 Summarised statements of financial position

The following table sets out the summary of financial position prepared based on the audited financial statements of OS Solutions for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011:-

| Year ended | Note | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 7.6.8 | 36,481 | 19,005 | 6,810 | 5,830 |
| Development costs | 7.6.9 | 264,300 | 215,880 | 164,984 | 150,451 |
| Total non-current assets | | 300,781 | 234,885 | 171,794 | 156,281 |
| Current assets | | | | | |
| Amount due from customer | 7.6.10 | - | - | - | 8,348 |
| Trade receivables | 7.6.11 | 43,800 | 17,800 | 25,300 | 1,500 |
| Other receivables | 7.6.12 | 9,554 | 9,594 | 11,369 | 11,369 |
| Amount due from related companies | 7.6.13 | 300,000 | 373,782 | 502,431 | 997,957 |
| Amount due from holding company | 7.6.13 | - | 254,600 | 453,957 | - |
| Fixed deposits with a licensed bank | | - | - | 200,000 | 200,000 |
| Cash and bank balances | 7.6.14 | 112,749 | 93,774 | 124,083 | 32,661 |
| Total current assets | | 466,103 | 749,550 | 1,317,140 | 1,251,835 |
| **TOTAL ASSETS** | | 766,884 | 984,435 | 1,488,934 | 1,408,116 |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Equity attributable to the owners of the Company | | | | | |
| Share capital | 7.6.15 | 100,000 | 100,000 | 100,000 | 100,000 |
| Retained earnings | 7.6.16 | 633,703 | 665,985 | 1,309,598 | 1,248,359 |
| Total equity | | 733,703 | 765,985 | 1,409,598 | 1,348,359 |
| **LIABILITIES** | | | | | |
| Current liabilities | | | | | |
| Amount due to customer | 7.6.10 | - | 18,130 | 8,423 | - |
| Other payables | 7.6.17 | 33,181 | 200,320 | 70,913 | 59,757 |
| Total current liabilities | | 33,181 | 218,450 | 79,336 | 59,757 |
| **TOTAL EQUITY AND LIABILITIES** | | 766,884 | 984,435 | 1,488,934 | 1,408,116 |
| Net tangible asset ("NTA") | | 469,403 | 550,105 | 1,244,614 | 1,197,908 |
| Number of ordinary shares | | 100,000 | 100,000 | 100,000 | 100,000 |
| NTA per share ("RM") | | 4.69 | 5.50 | 12.45 | 11.98 |

7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.6 **OS Solutions (cont'd)**

7.6.3 **Summarised statements of cash flows**

The following sets out the summary of cash flows prepared based on the audited financial statements of OS Solutions for the past three (3) FYE 31 December 2008 to 2010 and the FPE 30 April 2011:-

| Year ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit/(Loss) before taxation | 711,598 | 32,282 | 643,613 | (61,239) |
| **Adjustment for:-** | | | | |
| Amortisation of development costs | - | 87,219 | 101,033 | 33,678 |
| Depreciation | 14,432 | 18,281 | 12,194 | 980 |
| Property, plant and equipment written off | - | - | 1 | - |
| Unrealised loss in foreign exchange | - | - | 9,314 | 10,434 |
| Interest income | - | - | (919) | (1,823) |
| | 726,030 | 137,782 | 765,236 | (17,970) |
| Changes in working capital:- | | | | |
| Amount due from/to customer | - | 18,130 | (9,707) | (16,771) |
| Receivables | (4,964) | 25,960 | (9,275) | 23,800 |
| Payables | 11,416 | 167,139 | (129,407) | (11,156) |
| Related companies | (300,000) | (73,782) | (137,963) | (52,003) |
| Holding company | - | (254,600) | (199,357) | - |
| Directors | (1,893) | - | - | - |
| Cash generated from/(used in) operations | 430.589 | 20,629 | 279,527 | (74,100) |
| Interest income | - | - | 919 | 1,823 |
| Dividend paid | (244,280) | - | - | - |
| Net cash from/(used in) operating activities | 186,309 | 20,629 | 280,446 | (72,277) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Development costs incurred | (264,300) | (38,799) | (50,137) | (19,145) |
| Purchase of property, plant and equipment | (44,669) | (805) | - | - |
| Net cash used in investing activities | (308,969) | (39,604) | (50,137) | (19,145) |
| **CASH AND CASH EQUIVALENTS** | | | | |
| Net increase/(decrease) | (122,660) | (18,975) | 230,309 | (91,422) |
| Brought forward | 235,409 | 112,749 | 93,774 | 324,083 |
| Carried forward | 112,749 | 93,774 | 324,083 | 232,661 |
| **CASH AND CASH EQUIVALENTS** | | | | |
| Fixed deposits with a licensed bank | - | - | 200,000 | 200,000 |
| Cash and bank balances | 112,749 | 93,774 | 124,083 | 32,661 |
| | 112,749 | 93,774 | 324,083 | 232,661 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.6 OS Solutions (cont'd)

### 7.6.4 Summarised statements of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of OS Solutions for the past three (3) FYE 31 December 2008 to 2010 and FPE 30 April 2011:-

| | | Distributable | |
|---|---|---|---|
| | Share capital RM | Retained earnings RM | Total RM |
| At 1 January 2008 | 100,000 | 166,385 | 266,385 |
| Interim dividend | - | (244,280) | (244,280) |
| Total comprehensive income | - | 711,598 | 711,598 |
| At 31 December 2008 | 100,000 | 633,703 | 733,703 |
| Total comprehensive income | - | 32,282 | 32,282 |
| At 31 December 2009 | 100,000 | 665,985 | 765,985 |
| Total comprehensive income | - | 643,613 | 643,613 |
| At 31 December 2010 | 100,000 | 1,309,598 | 1,409,598 |
| Total comprehensive loss | - | (61,239) | (61,239) |
| At 30 April 2011 | 100,000 | 1,248,359 | 1,348,359 |

### 7.6.5 Revenue

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Sales of software | 628,980 | 200,650 | 80,502 | - | - |
| Maintenance services rendered | 457,302 | 141,322 | 69,950 | (3,500) | 35,840 |
| Contract revenue | - | 281,870 | 923,528 | 116,771 | 446,369 |
| | 1,086,282 | 623,842 | 1,073,980 | 113,271 | 482,209 |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.6 OS Solutions (cont'd)

### 7.6.6 Profit/(Loss) before taxation

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Auditors' remuneration | | | | | |
| - statutory remuneration | 4,000 | 5,000 | 8,000 | 2,667 | - |
| - others | - | - | 8,000 | 8,000 | - |
| Amortisation of development costs | - | 87,219 | 101,033 | 33,678 | 33,678 |
| Depreciation | 14,432 | 18,281 | 12,194 | 980 | 6,107 |
| Property, plant and equipment written off | - | - | 1 | - | - |
| Rental expense | 52,695 | 47,584 | 39,114 | 13,038 | 13,038 |
| Unrealised loss on foreign exchange | - | - | 9,314 | 10,434 | - |
| Interest income | - | - | (919) | (1,823) | (67) |

### 7.6.7 Taxation

No income tax expense has been provided as all its income is tax exempted.

On 29 June 2006, the Company has been awarded the Multimedia Super Corridor ("MSC") status under which the income derived from its prescribed activities is exempted from Malaysia income tax. The MSC status has expired on 28 June 2011 and the Company is still pending the approval from Multimedia Development Corporation Sdn. Bhd. ("MDeC") for another 5 years of pioneer period.

A reconciliation of income tax expenses applicable to profit/(loss) before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the Company is as follows:

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2010 @ RM |
|---|---|---|---|---|---|
| Profit/(Loss) before taxation | 711,598 | 32,282 | 643,613 | (61,239) | 317,522 |
| Taxation at Malaysian statutory tax rate of 26% (2008)/25% (2009, 2010 and 2011) | 185,015 | 8,071 | 160,903 | (15,310) | 79,380 |
| Tax effects in respect of:- | | | | | |
| Income not subject to tax | (113,935) | (26,878) | (185,449) | - | (75,130) |
| Deferred tax not recognised | (71,730) | 16,401 | 15,053 | 13,474 | (4,250) |
| Expenses not deductible for tax purposes | 650 | 2,406 | 9,493 | 1,836 | - |
| | - | - | - | - | - |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.6 OS Solutions (cont'd)

### 7.6.7 Taxation (cont'd)

The unrecognised deferred tax liabilities/(assets) are as follows:

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM | 30/4/2011 @ RM |
|---|---|---|---|---|---|
| Unabsorbed capital allowance | - | - | - | (3,000) | - |
| Unabsorbed tax loss | - | - | - | (35,000) | - |
| Property, plant and equipment | 12,000 | 12,000 | (500) | 1,500 | 12,000 |
| Development costs | 264,000 | 216,000 | 165,000 | 150,000 | 233,000 |
| | 276,000 | 228,000 | 164,500 | 113,500 | 245,000 |

No deferred tax liabilities has been provided for the taxable temporary differences as the Company is applying to MDeC for an extension of its pioneer period from 29 June 2011 to 28 June 2016 when the existing pioneer period end on 28 June 2011. Currently, the Company is pending approval from MDeC for the extention of the pioneer period as mentioned and is subject to fulfilling all the conditions for extention set by MDeC.

### 7.6.8 Property, plant and equipment

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Net carrying amount** | | | | |
| Computer equipment | 24,638 | 9,261 | 10 | 10 |
| Furniture and fittings | 9,466 | 7,235 | 5,004 | 4,261 |
| Office equipment | 2,377 | 2,509 | 1,796 | 1,559 |
| | 36,481 | 19,005 | 6,810 | 5,830 |

### 7.6.9 Development costs

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Net carrying amount** | | | | |
| Development costs | 264,300 | 215,880 | 164,984 | 150,451 |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

# 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## 7.6 OS Solutions (cont'd)

### 7.6.10 Amount due from/to customer

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Cost incurred to date | - | 50,395 | 131,848 | 197,586 |
| Add: Attributable profit to date | - | 231,475 | 509,729 | 560,762 |
| | | 281,870 | 641,577 | 758,348 |
| Less: Progress billings to date | - | (300,000) | (650,000) | (750,000) |
| | - | (18,130) | (8,423) | 8,348 |
| Amount due from customers | - | - | - | 8,348 |
| Amount due to customers | - | (18,130) | (8,423) | - |
| | - | (18,130) | (8,423) | 8,348 |

### 7.6.11 Trade receivables

The normal credit term granted by the Company to the customers ranges from 30 days to 120 days. Other credit terms are assessed and approved on case-by-case basis.

### 7.6.12 Other receivables

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Deposits | 9,554 | 6,869 | 11,369 | 11,369 |
| Prepayments | - | 2,725 | - | - |
| | 9,554 | 9,594 | 11,369 | 11,369 |

### 7.6.13 Amount due from related companies and holding company

Amount due from related companies and holding company are unsecured, bears no interest and repayable on demand.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.6 OS Solutions (cont'd)

### 7.6.14 Cash and bank balances

Currency exposure profile of cash and bank balances is as follows:-

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| Indonesian Rupiah | - | - | 1,153 | 1,153 |

### 7.6.15 Share capital

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/4/2011 RM |
|---|---|---|---|---|
| **Authorised:** | | | | |
| 100,000 ordinary shares of RM1 each | | | | |
| Brought forward/ carried forward | 100,000 | 100,000 | 100,000 | 100,000 |
| **Issued and fully paid:** | | | | |
| 100,000 ordinary shares of RM1 each | | | | |
| Brought forward/ carried forward | 100,000 | 100,000 | 100,000 | 100,000 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

### 7.6.16 Retained earnings

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 30 April 2011 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier. The Company did not elect for the irrevocable option to disregard the Section 108 balance.

As at 30 April 2011, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income account to frank the payment of dividend out of its entire retained earnings.

### 7.6.17 Other payables

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/04/2011 RM |
|---|---|---|---|---|
| Other payables | - | - | 27,632 | 8,000 |
| Accrual of expenses | 33,181 | 26,538 | 43,281 | 51,757 |
| Accrued billing | - | 173,782 | - | - |
| | 33,181 | 200,320 | 70,913 | 59,757 |

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# 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## 7.7 iMSC Singapore

### 7.7.1 Summarised statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of iMSC Singapore for the FPE 31 December 2009, FYE 31 December 2010 and FPE 30 April 2011 as well as the unaudited comparative period for FPE 30 April 2010 and iMSC Singapore was only in existence in 2009:-

| Period/Year ended | | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | | 30/4/2010 @ | |
|---|---|---|---|---|---|---|---|---|---|
| | | USD | RM | USD | RM | USD | RM | USD | RM |
| Revenue | 7.7.5 | 257,566 | 906,456 | 702,462 | 2,260,946 | 69,074 | 209,854 | 117,189 | 389,441 |
| Gross profit | | 36,159 | 127,255 | 135,442 | 435,933 | 10,738 | 32,624 | 17,088 | 56,786 |
| Profit/(Loss) before depreciation and taxation ("EBITDA") | | 15,663 | 55,123 | 107,039 | 344,515 | (7,518) | (22,840) | 11,367 | 37,774 |
| Depreciation | | - | - | - | - | - | - | - | - |
| Profit/(Loss) before taxation but after depreciation ["PBT"/ "(LBT)"] | 7.7.6 | 15,663 | 55,123 | 107,039 | 344,515 | (7,518) | (22,840) | 11,367 | 37,774 |
| Taxation | 7.7.7 | - | - | (2,852) | (9,179) | - | - | - | - |
| Profit/(Loss) after taxation ["PAT"/ "(LAT)"] | | 15,663 | 55,123 | 104,187 | 335,336 | (7,518) | (22,840) | 11,367 | 37,774 |
| Gross profit margin (%) | | 14.04 | 14.04 | 19.28 | 19.28 | 15.55 | 15.55 | 14.58 | 14.58 |
| PBT/(LBT) margin (%) | | 6.08 | 6.08 | 15.24 | 15.24 | (10.88) | (10.88) | 9.70 | 9.70 |
| PAT/(LAT) margin (%) | | 6.08 | 6.08 | 14.83 | 14.83 | (10.88) | (10.88) | 9.70 | 9.70 |
| Effective tax rate (%) | | - | - | 2.66 | 2.66 | - | - | - | - |
| Weighted average number of ordinary shares issued | | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Gross earnings/(loss) per share ["EPS"/ "(LPS)"] (sen) # | | 15,663 | 55,123 | 107,039 | 344,515 | (7,518) | (22,840) | 11,367 | 37,774 |
| Net EPS/(LPS) (sen) # | | 15,663 | 55,123 | 104,187 | 335,336 | (7,518) | (22,840) | 11,367 | 37,774 |

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7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.7 **iMSC Singapore (cont'd)**

7.7.1 **Summarised statements of comprehensive income (cont'd)**

The following table sets out the summary of the financial results prepared based on the audited financial statements of iMSC Singapore for the FPE 31 December 2009, FYE 31 December 2010 and FPE 30 April 2011 as well as the unaudited comparative period for the FPE 30 April 2010 and iMSC Singapore was only in existence in 2009 (cont'd):-

Note:-

(i) There were no exceptional items in all the financial year/periods under review.

(ii) There were no accounting policies which are peculiar to iMSC Singapore due to the nature of business or industry it is involved in and that would affect the determination of iMSC Singapore's income or financial position.

@ The figures for FPE 30 April 2010 are unaudited and are included for comparison purpose only

# Based on weighted average number of ordinary shares issued during the financial year/periods.

7.7.2 **Summarised statements of financial position**

The following table sets out the summary of statements of financial position prepared based on the audited financial statements of iMSC Singapore for the FPE 31 December 2009, the FYE 31 December 2010 and the FPE 30 April 2011 and iMSC Singapore was only in existence in 2009:-

| Period/Year ended | Note | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|---|
| | | USD | RM | USD | RM | USD | RM |
| **ASSETS** | | | | | | | |
| Current assets | | | | | | | |
| Trade receivables | 7.7.8 | 41,426 | 141,863 | 381,683 | 1,176,920 | 62,735 | 186,543 |
| Other receivables | 7.7.9 | 40,927 | 140,154 | 58,559 | 180,566 | 57,994 | 172,445 |
| Amount due from a related company | 7.7.10 | - | - | - | - | 79 | 235 |
| Cash and bank balances | 7.7.11 | 251,943 | 862,779 | 197,715 | 609,654 | 201,865 | 600,246 |
| **Total current assets/ TOTAL ASSETS** | | 334,296 | 1,144,796 | 637,957 | 1,967,140 | 322,673 | 959,469 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **EQUITY** | | | | | | | |
| Equity attributable to the owners of the Company | | | | | | | |
| Share capital | 7.7.12 | 67 | 240 | 67 | 240 | 67 | 240 |
| Translation reserve | | - | (1,497) | - | (20,935) | - | (33,640) |
| Retained earnings | | 15,663 | 55,123 | 119,850 | 390,459 | 112,332 | 367,619 |
| Total shareholders' equity | | 15,730 | 53,866 | 119,917 | 369,764 | 112,399 | 334,219 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.7 iMSC Singapore (cont'd)

### 7.7.2 Summarised statements of financial position (cont'd)

The following table sets out the summary of statements of financial position prepared based on the audited financial statements of iMSC Singapore for the FPE 31 December 2009, FYE 31 December 2010 and FPE 30 April 2011 and iMSC Singapore was only in existence in 2009 (cont'd):-

| Period/Year ended | Note | 31/12/2009 | | 31/12/2010 | | 30/04/2011 | |
|---|---|---|---|---|---|---|---|
| | | USD | RM | USD | RM | USD | RM |
| **LIABILITIES** | | | | | | | |
| Current liabilities | | | | | | | |
| Amount due to customer | 7.7.13 | - | - | - | - | - | - |
| Trade payables | 7.7.14 | 268,732 | 920,273 | 442,172 | 1,363,437 | 14,082 | 41,873 |
| Other payables | 7.7.15 | 49,834 | 170,657 | 73,016 | 225,145 | 63,484 | 188,770 |
| Amount due to a related company | 7.7.10 | - | - | - | - | 132,110 | 392,829 |
| Tax payable | | - | - | 2,852 | 8,794 | 598 | 1,778 |
| Total current liabilities | | 318,566 | 1,090,930 | 518,040 | 1,597,376 | 210,274 | 625,250 |
| **TOTAL EQUITY AND LIABILITIES** | | 334,296 | 1,144,796 | 637,957 | 1,967,140 | 322,673 | 959,469 |
| Net tangible asset ("NTA") | | 15,730 | 53,866 | 119,917 | 369,764 | 112,399 | 334,219 |
| Number of ordinary shares | | 100 | 100 | 100 | 100 | 100 | 100 |
| NTA per share (RM) | | 157.30 | 538.66 | 1,199.17 | 3,697.64 | 1,123.99 | 3,342.19 |

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.7 iMSC Singapore (cont'd)

### 7.7.3 Summarised statements of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of iMSC Singapore for the FPE 31 December 2009, FYE 31 December 2010 and FPE 30 April 2011 and iMSC Singapore was only in existence in 2009:-

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | |
| Profit/(Loss) before taxation | 15,663 | 55,123 | 107,039 | 344,515 | (7,518) | (22,840) |
| **Adjustment for:-** | | | | | | |
| Depreciation | - | - | - | - | - | - |
| | 15,663 | 55,123 | 107,039 | 344,515 | (7,518) | (22,840) |
| Changes in working capital:- | | | | | | |
| Receivable | (82,353) | (282,018) | (357,889) | (1,151,901) | 319,436 | 1,028,137 |
| Payables | 318,566 | 1,090,930 | 196,622 | 632,848 | (305,512) | (983,321) |
| Cash generated from/(used in) operations | 251,876 | 864,035 | (54,228) | (174,538) | 6,406 | 21,976 |
| Tax paid | - | - | - | - | (2,254) | (7,255) |
| Net cash from/(used in) operating activities | 251,876 | 864,035 | (54,228) | (174,538) | 4,152 | 14,721 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| Advance to a related company | - | - | - | - | (2) | (6) |
| Proceeds from issuance of shares | 67 | 240 | - | - | - | - |
| Net cash from/(used in) investing activities | 67 | 240 | - | - | (2) | (6) |
| **CASH AND CASH EQUIVALENTS** | | | | | | |
| Net increase/(decrease) in cash and cash equivalents | 251,943 | 864,275 | (54,228) | (174,538) | 4,150 | 14,715 |
| Effects of exchange rate changes | - | (1,496) | - | (78,587) | - | (24,123) |
| Cash and cash equivalents at beginning of period/year | - | - | 251,943 | 862,779 | 197,715 | 609,654 |
| Cash and cash equivalents at end of period/year | 251,943 | 862,779 | 197,715 | 609,654 | 201,865 | 600,246 |

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7. **HISTORICAL FINANCIAL INFORMATION (CONT'D)**

7.7 **iMSC Singapore (cont'd)**

7.7.4 **Summarised statements of changes in equity**

The following table sets out the summary of changes in equity prepared based on the audited financial statements of iMSC Singapore for the FPE 31 December 2009, FYE 31 December 2010 and FPE 30 April 2011 and iMSC Singapore was only in existence in 2009:-

| | | | Non- distributable | | Distributable | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | | Translation reserve | | Retained earnings | | Total | |
| | USD | RM | USD | RM | USD | RM | USD | RM |
| At date of incorporation | 67 | 240 | - | - | - | - | 67 | 240 |
| Translation differences | - | - | - | (1,497) | - | - | - | (1,497) |
| Total comprehensive income | - | - | - | - | 15,663 | 55,123 | 15,663 | 55,123 |
| At 31 December 2009 | 67 | 240 | - | (1,497) | 15,663 | 55,123 | 15,730 | 53,866 |
| Translation differences | - | - | - | (19,438) | - | - | - | (19,438) |
| Total comprehensive income | - | - | - | - | 104,187 | 335,336 | 104,187 | 335,336 |
| At 31 December 2010 | 67 | 240 | - | (20,935) | 119,850 | 390,459 | 119,917 | 369,764 |
| Translation difference | - | - | - | (12,705) | - | - | - | (12,705) |
| Total comprehensive loss | - | - | - | - | (7,518) | (22,840) | (7,518) | (22,840) |
| At 30 April 2011 | 67 | 240 | - | (33,640) | 112,332 | 367,619 | 112,399 | 334,219 |

7.7.5 **Revenue**

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | | 30/4/2010 @ | |
|---|---|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM | USD | RM |
| Sales of products | 218,412 | 768,661 | 102,225 | 329,022 | 5,724 | 17,390 | 21,063 | 69,996 |
| Software maintenance and other services rendered | 39,154 | 137,795 | 283,077 | 911,112 | 63,350 | 192,464 | 67,347 | 223,807 |
| Contract revenue | - | - | 317,160 | 1,020,812 | - | - | 28,779 | 95,638 |
| | 257,566 | 906,456 | 702,462 | 2,260,946 | 69,074 | 209,854 | 117,189 | 389,441 |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.7 iMSC Singapore (cont'd)

#### 7.7.6 Profit/(Loss) before taxation

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | | 30/4/2010 @ | |
|---|---|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM | USD | RM |
| Audit fee | 1,722 | 6,059 | 3,939 | 12,678 | 662 | 2,0111 | - | - |
| Realised loss/(gain) on foreign exchange | 5,078 | 17,872 | (3,302) | (10,628) | 1,873 | 5,690 | 1,616 | 5,370 |
| Preliminary expenses written off | 399 | 1,405 | - | - | - | - | - | - |

#### 7.7.7 Taxation

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | | 30/4/2010 @ | |
|---|---|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM | USD | RM |
| Current period's/year's taxation | - | - | 2,852 | 9,179 | - | - | - | - |

A reconciliation of income tax expenses applicable to profit/(loss) before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the Company is as follows:

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | | 30/4/2010 @ | |
|---|---|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM | USD | RM |
| Profit/(Loss) before taxation | 15,663 | 55,123 | 107,039 | 344,515 | (7,518) | (22,840) | 11,367 | 37,774 |
| Taxation at Singapore statutory tax rate of 17% | 2,663 | 9,371 | 18,197 | 58,568 | (1,278) | (3,883) | 1,933 | 6,422 |
| Tax effects in respect of:- | | | | | | | | |
| Corporate tax exemption | (2,731) | (9,610) | (15,345) | (49,389) | - | - | (1,933) | (6,422) |
| Expenses not deductible for tax purposes | 68 | 239 | - | - | 1,016 | 3,087 | - | - |
| Deferred tax assets not recognised | - | - | - | - | 262 | 796 | - | - |
| | - | - | 2,852 | 9,179 | - | - | - | - |

@ The figures for the FPE 30 April 2010 are unaudited and are included for comparison purpose only.

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.7 iMSC Singapore (cont'd)

7.7.8 **Trade receivables**

The normal credit term granted by the Company to the customers ranges from 90 days to 120 days.

Currency exposure profile of trade receivables is as follows:-

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| Singapore Dollar | - | - | 274,314 | 845,847 | 13,545 | 40,276 |
| US Dollar | 41,426 | 141,863 | 107,369 | 331,073 | 49,190 | 146,267 |

7.7.9 **Other receivables**

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| Due from company in which Directors have interest | 71 | 243 | 77 | 237 | - | - |
| Deposits | 69 | 236 | 1,356 | 4,181 | 1,591 | 4,731 |
| Prepayment | 40,787 | 139,676 | 57,126 | 176,148 | 56,403 | 167,714 |
| | 40,927 | 140,155 | 58,559 | 180,566 | 57,994 | 172,445 |

7.7.10 **Amount due from/to a related company**

Amount due from/to a related company is unsecured, bears no interest and repayable on demand.

7.7.11 **Cash and bank balances**

Currency exposure profile of cash and bank balances is as follows:-

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| Singapore Dollar | 143,020 | 489,772 | 151,667 | 467,665 | 161,292 | 479,602 |
| US Dollar | 108,923 | 373,007 | 46,048 | 141,989 | 40,573 | 120,644 |

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.7 iMSC Singapore (cont'd)

### 7.7.12 Share capital

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| **Issued and fully paid:** | | | | | | |
| 100 ordinary shares with no par value | | | | | | |
| Brought forward | - | - | 67 | 240 | 67 | 240 |
| Issued upon incorporation | 67 | 240 | - | - | - | - |
| Carried forward | 67 | 240 | 67 | 240 | 67 | 240 |

### 7.7.13 Amount due to customer

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| Cost incurred to date | - | - | 130,399 | 394,840 | 133,866 | 394,840 |
| Add: Attributable profit to date | - | - | 23,011 | 77,251 | 23,623 | 69,678 |
| | - | - | 153,410 | 472,091 | 157,489 | 464,518 |
| Less: Progress billings to date | - | - | (153,410) | (472,091) | (157,489) | (464,518) |
| | - | - | - | - | - | - |

### 7.7.14 Trade payables

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| Trade payables | | | | | | |
| - third parties | 9,816 | 33,615 | 24,036 | 74,115 | 14,082 | 41,873 |
| - companies in which Directors have interest | 258,916 | 886,658 | 418,136 | 1,289,322 | - | - |
| | 268,732 | 920,273 | 442,172 | 1,363,437 | 14,082 | 41,873 |

The normal credit term granted by the suppliers ranges from 30 days to 60 days.

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## 7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

### 7.7 iMSC Singapore (cont'd)

### 7.7.14 Trade payables (cont'd)

Currency exposure profile of trade payables is as follows:-

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| Singapore Dollar | 90,639 | 310,393 | 327,681 | 1,010,404 | - | - |
| US Dollar | 178,093 | 609,880 | 102,896 | 317,280 | 2,177 | 6,473 |

### 7.7.15 Other payables

| Period/Year ended | 31/12/2009 | | 31/12/2010 | | 30/4/2011 | |
|---|---|---|---|---|---|---|
| | USD | RM | USD | RM | USD | RM |
| Accruals of expenses | 1,780 | 6,096 | 5,063 | 15,612 | 3,049 | 9,066 |
| Advance billings to customers | 48,054 | 164,561 | 67,953 | 209,533 | 60,435 | 179,704 |
| | 49,834 | 170,657 | 73,016 | 225,145 | 63,484 | 188,770 |

## 8. DIVIDENDS

| Year/Period ended | 31/12/2008 RM | 31/12/2009 RM | 31/12/2010 RM | 30/04/2011 RM |
|---|---|---|---|---|
| iDimension | N/A | N/A | - | - |
| iMSC Group | 2,159,050 | 3,050,025 | 4,150,000 | - |
| iMSC | 2,159,050 | 3,050,025 | 4,150,000 | - |
| iSystems | - | - | - | - |
| OS Solutions | 244,280 | - | - | - |
| iMSC Singapore | N/A | - | - | - |

## 9. COMMITMENT

| | 30/4/2011 RM |
|---|---|
| Authorised and contracted for: | |
| - Landed property | 9,450,000 |

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## 10. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no significant events subsequent to the reporting date other than:-

(a) the Flotation Exercise as mentioned in Note 3.1.1.

(b) the iDimension has on 30 June 2011 entered into Sale and Purchase Agreement to acquire a unit of 8 storey shop office from Sierra Peninsular Development Sdn. Bhd. for a total purchase consideration of RM10,500,000 and 10% of the total purchase consideration has been paid as deposit during the financial period.

## 11. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 30 April 2011.

Yours faithfully,

**SJ GRANT THORNTON**
Firm Number: AF 0737
Chartered Accountants

**DATO' N.K. JASANI**
Approval Number: 708/03/12 (J/PH)

Appendix I (1/2)

Grant Thornton

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## IDIMENSION CONSOLIDATED BHD.
(Incorporated in Malaysia)
**Company No: 925990 A**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
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www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of iDimension Consolidated Bhd., which comprise the statement of financial position of the Company as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 20 December 2010 (date of incorporation) to 31 December 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 26.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

Appendix I (2/2)

GrantThornton

**Company No: 925990 A**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the financial period from 20 December 2010 (date of incorporation) to 31 December 2010.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
3 May 2011

Appendix II (1/2)

GrantThornton

# INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

**IDIMENSION CONSOLIDATED BHD.**
(Incorporated in Malaysia)
**Company No: 925990-A**

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
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## Report on the Financial Statements

We have audited the financial statements of Idimension Consolidated Bhd., which comprise the statements of financial position of the Group and of the Company as at 30 April 2011, and the statements of comprehensive income, statements of cbanges in equity and statements of casb flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 48.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

Grant Thornton

Appendix II (2/2)

**Company No: 925990-A**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2011 and of their financial performance and cash flows for the financial period then ended.

**Other Matters**

This report is made solely to the Directors of the Company, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
8 September 2011

Appendix III (1/2)

Grant Thornton

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

# IDIMENSION MSC SDN. BHD.

(Incorporated in Malaysia)
**Company No: 684393-K**

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022
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www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of Idimension MSC Sdn. Bhd., which comprise the balance sheets of the Group and of the Company as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 39.

*Directors' Responsibilities for the Financial Statements*

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

*Auditors' Responsibilities*

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

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

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



Chartered Accountants
Member of Grant Thornton International Ltd

Appendix III (2/2)

GrantThornton

**Company No: 684393-K**

**Report on the Financial Statements (cont'd)**

*Opinion*

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

**Report on Other Legal and Regulatory Requirements**

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**Other Matters**

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

The financial statements of the Company as at 31 December 2007 were audited by another firm of Chartered Accountants whose audit report dated 12 May 2008 expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/10(J/PH))

Kuala Lumpur
15 June 2009

Appendix IV (1/2)

GrantThornton

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## IDIMENSION MSC SDN. BHD.

(Incorporated in Malaysia)
**Company No: 684393-K**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

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F +6 (03) 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of Idimension MSC Sdn. Bhd., which comprise the balance sheets of the Group and of the Company as at 31 December 2009, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 50.

*Directors' Responsibilities for the Financial Statements*

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

*Auditors' Responsibilities*

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

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

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



**Chartered Accountants**
Member of Grant Thornton International Ltd

Appendix IV (2/2)

GrantThornton

**Company No: 684393-K**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**Other Matters**

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

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
8 June 2010

Appendix V (1/2)

GrantThornton

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## IDIMENSION MSC SDN. BHD.

(Incorporated in Malaysia)
**Company No: 684393-K**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of Idimension MSC Sdn. Bhd., which comprise the statements of financial position of the Group and of the Company as at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 60.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

Appendix V (2/2)

GrantThornton

**Company No: 684393-K**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**Other Matters**

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

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N K JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
8 June 2011



Chartered Accountants
Member firm of Grant Thornton International Ltd

Appendix VI (1/2)

Grant Thornton

# INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

# IDIMENSION MSC SDN. BHD.

(Incorporated in Malaysia)
**Company No: 684393-K**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of Idimension MSC Sdn. Bhd., which comprise the statement of financial position of the Company as at 30 April 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 43.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

Grant Thornton

Appendix VI (2/2)

**Company No: 684393-K**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 April 2011 and of its financial performance and cash flows for the financial period then ended.

**Other Matters**

This report is made solely to the Directors of the Company, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
5 September 2011

Appendix VII (1/2)

GrantThornton

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

## IDIMENSION SYSTEMS SDN. BHD.
(Incorporated in Malaysia)
**Company No: 544362 U**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of Idimension Systems Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 31.

*Directors' Responsibilities for the Financial Statements*

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

*Auditors' Responsibilities*

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

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

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

GrantThornton

Appendix VII (2/2)

**Company No: 544362 U**

## Report on the Financial Statements (cont'd)

*Opinion*

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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

The financial statements of the Company as at 31 December 2007 were audited by another firm of Chartered Accountant whose audit report dated 12 May 2008 expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/10(J/PH))

Kuala Lumpur
15 June 2009

Grant Thornton

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

## IDIMENSION SYSTEMS SDN. BHD.
(Incorporated in Malaysia)
**Company No: 544362 U**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of Idimension Systems Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 36.

*Directors' Responsibilities for the Financial Statements*

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

*Auditors' Responsibilities*

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

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

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



Chartered Accountants
Member of Grant Thornton International Ltd

Appendix VIII (2/2)

GrantThornton

**Company No: 544362 U**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. KRISHNASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
8 June 2010

Appendix IX (1/2)

GrantThornton

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

# IDIMENSION SYSTEMS SDN. BHD.

(Incorporated in Malaysia)
**Company No: 544362 U**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of Idimension Systems Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 43.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

Appendix IX (2/2)

GrantThornton

**Company No: 544362 U**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N.K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
8 June 2011

Appendix X (1/2)

GrantThornton

# INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

# IDIMENSION SYSTEMS SDN. BHD.

(Incorporated in Malaysia)
**Company No: 544362 U**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of Idimension Systems Sdn. Bhd., which comprise the statement of financial position as at 30 April 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 36.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

Appendix X (2/2)

GrantThornton

**Company No: 544362 U**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 April 2011 and of its financial performance and cash flows for the financial period then ended.

**Other Matters**

This report is made solely to the Directors of the Company, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
5 September 2011



Chartered Accountants
Member firm of Grant Thornton International Ltd

Appendix XI (1/2)

GrantThornton

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

## OS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)
**Company No: 658311-X**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of OS Solutions Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 28.

*Directors' Responsibilities for the Financial Statements*

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

*Auditors' Responsibilities*

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

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

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

GrantThornton

Appendix XI (2/2)

**Company No: 658311-X**

**Report on the Financial Statements (cont'd)**

*Opinion*

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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

The financial statements of the Company as at 31 December 2007 were audited by another auditors whose auditors' report dated 25 January 2008, expressed an unqualified opinion on those statements.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/10(J/PH))

Kuala Lumpur
15 June 2009

Appendix XII (1/2)

GrantThornton

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

## OS SOLUTIONS SDN. BHD.

(Incorporated in Malaysia)
**Company No: 658311-X**

**SJ Grant Thornton** (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of OS Solutions Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 33.

*Directors' Responsibilities for the Financial Statements*

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

*Auditors' Responsibilities*

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

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

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



Chartered Accountants
Member of Grant Thornton International Ltd

Grant Thornton

Appendix XII (2/2)

**Company No: 658311-X**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
8 June 2010