Infortech Alliance Berhad
(439230-A)

annual report 2011

DatCom®

MSC-Status Company

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Tan Siew Ching	*Executive Director*
Lee Chee Kheng	*Executive Director*
Roy Thean Chong Yew	*Independent, Non-Executive Director*
Law Seeh Key	*Independent, Non-Executive Director*
Datuk Md. Hassim bin Pardi	*Independent, Non-Executive Director*

AUDIT COMMITTEE

Roy Thean Chong Yew	*Chairman*
Law Seeh Key	*Member*
Datuk Md. Hassim bin Pardi	*Member*

NOMINATION COMMITTEE

Law Seeh Key	*Chairman*
Roy Thean Chong Yew	*Member*
Datuk Md. Hassim bin Pardi	*Member*

REMUNERATION COMMITTEE

Datuk Md. Hassim bin Pardi	*Chairman*
Roy Thean Chong Yew	*Member*
Law Seeh Key	*Member*

FORM OF LEGAL ENTITY

Incorporated in Malaysia on 14 July 1997
as a private limited company
Converted to a public limited company
on 16 December 2002

COMPANY NUMBER

439230-A

STOCK EXCHANGE LISTING

Listed on ACE Market of Bursa Malaysia Securities
Berhad on 28 July 2003
Stock Code : 0024
Stock Name : Infotech
Sector : Technology

SECRETARY

Tong Siut Moi
MAICSA 7024173

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Telephone no. : 03 2084 9000
Facsimile no. : 03 2094 9940

REGISTERED OFFICE

Unit A-32-06
Three Two Square
2 Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Telephone no. : 03 7954 8876
Facsimile no. : 03 7954 7279

PRINCIPAL OFFICE

Unit A-32-06
Three Two Square
2 Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Telephone no. : 03 7954 8876
Facsimile no. : 03 7954 7279
Website : www.infortechalliance.com

AUDITORS

Messrs Hasnan THL Wong & Partners (AF 0942)
Chartered Accountants
10, Lorong Universiti B
Section 16
46350 Petaling Jaya
Selangor Darul Ehsan
Telephone no. : 03 7956 5333
Facsimile no. : 03 7958 6833

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad
AmBank (M) Berhad

Infortech Alliance Berhad
(439230-A)

100%

Infortech atCom Sdn Bhd
(297387-W)

100%

Infortech Software Sdn Bhd
(206708-P)

Message from the Board of Directors

Dear shareholders,

The Board of Directors ("Board") of Infortech Alliance Berhad ("the Company") is pleased to present to you the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("Group") for the financial year ended ("FYE") 31 December 2011.

FINANCIAL PERFORMANCE

The Group recorded revenue of approximately RM875,000 and incurred consolidated loss after tax ("LAT") of approximately RM188,000 as compared to a revenue of approximately RM952,000 and LAT of approximately RM376,000 recorded in the previous financial year. Despite recording lower revenue, which was mainly due to loss in some maintenance contracts, the Group recorded a lower LAT for the year as compared to that of last financial year. With concerted effort and close monitoring of costs, the Group was able to achieve a lower LAT for the year.

RESEARCH AND DEVELOPMENT

Similar to 2010, the Group carried out minimum research and development activities in 2011. However, the Group would be in a better position to carry out more research and development activities with the successful approval and implementation of its corporate proposals. The research and product development will continue to focus mainly on the payroll and human resource sector and the hotel management sector.

CORPORATE PROPOSALS

On 19 January 2011, the Company appointed PM Securities Sdn Bhd ("PM Securities") as its Adviser and Sponsor to undertake its corporate proposals ("First Corporate Proposals"). The First Corporate Proposals were announced via Bursa Listing Information Network ("Bursa LINK") on 25 April 2011, with its components defined therein.

On 28 December 2011, the Company and PM Securities had mutually terminated the appointment of PM Securities as the Adviser and Sponsor for the First Corporate Proposals as PM Securities was no longer able to meet the requirements to be a Principal Adviser and Sponsor pursuant to the Principal Adviser Guidelines of the Securities Commission and the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Company then appointed TA Securities Holdings Berhad on the same day as the replacement Adviser and Sponsor. A new application dated 13 January 2012 pursuant to a revision to the First Corporate Proposals ("Corporate Proposals") has been submitted to Bursa Securities. The Corporate Proposals entail the following:-

i) Proposed acquisition of the entire equity interest in Jaring Metal Industries Sdn Bhd (Company No. 425785-T) for a total purchase consideration of RM64,800,000 to be satisfied by the issuance of 462,857,143 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.14 each ("Proposed Acquisition");

ii) Proposed private placement of up to 107,091,400 of the Company's ordinary shares of RM0.10 each representing up to twenty percent (20%) of the total issued and paid-up share capital of the Company upon completion of the Proposed Acquisition to eligible investors to be identified; and

iii) Proposed increase in the authorised share capital of the Company from RM10,000,000 comprising 100,000,000 ordinary shares of RM0.10 each in the Company to RM250,000,000 comprising 2,500,000,000 ordinary shares of RM0.10 each in the Company.

As at the date of this Message, the Company is still waiting for a positive reply from Bursa Securities on the Corporate Proposals.

VISION AND MISSION

To meet the challenges in the market, the Group will focus on its technologies, products and services, conducting businesses with existing and new clients, and exploring new markets through re-sellers & dealers. The Group also endeavors to improve in cost efficiencies, prudent management of resources and, more importantly, diversify its business activities to generate revenue.

CORPORATE AND SOCIAL RESPONSIBILITY

The Group recognises the importance of its corporate and social responsibility whilst pursuing its corporate goals. The Group continues to invest in its staff through continuous training to develop in-house capability and also a united workforce that assists in the Group realising its goals and objectives. The Group, however, is unable to undertake any social activities to fulfill its social responsibility at this juncture. With the approval and completion of the Corporate Proposals, the Company would be in a better position to carry out social activities for the benefits of the public.

APPRECIATION

The Board would like to convey its earnest gratitude to the Company's shareholders, staff, valued customers, suppliers and business associates for their commitment, contributions and support over the past year.

THE BOARD OF DIRECTORS
OF **INFORTECH ALLIANCE BERHAD**

Date : 24 May 2012

Board of Directors' Profile

MS TAN SIEW CHING

Executive Director
Malaysian, aged 43

Ms Tan Siew Ching joined the Board on 15 March 2011 as an Executive Director. She is the largest shareholder in the Company. She does not sit on any Committee of the Board.

Ms Tan graduated with a Bachelor of Science (Honours) degree in Business Economics from the University of Salford in the United Kingdom. She possesses vast experience in various fields namely, trading, retailing, information technology, education and training, interior design, refurbishment and contracting. She also sits on the Board of several private companies.

She attended four out of the six Board Meetings of the Company held in the FYE 31 December 2011 as she only came on Board at the end of the first quarter of the financial year.

MR LEE CHEE KHENG

Executive Director
Malaysian, aged 52

Mr Lee Chee Kheng was appointed as an Independent Non-Executive Director of the Company on 4 October 2010, and was subsequently re-designated as an Executive Director on 1 November 2010. He is not a member of any Committee of the Board.

Mr Lee is a Chartered Accountant and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a graduate of the Chartered Institute of Marketing (UK).

Mr Lee has more than 25 years of working experience in public practice, commerce and industry, and has over the years, held positions as Internal Audit Manager, Finance & Administration Manager, Financial Controller and Chief Financial Officer in various public listed companies.

He attended all six Board Meetings of the Company held in the FYE 31 December 2011.

MR LAW SEEH KEY

Independent, Non-Executive Director
Malaysian, aged 39

Mr Law Seeh Key joined the Board on 13 October 2010 as an Independent Non-Executive Director. He is the Chairman of the Nomination Committee, and a member of the Audit Committee as well as the Remuneration Committee.

Mr Law graduated from Campbell University, the United States of America with a Bachelor of Science in Information System.

The winner of The Global Emerging and Innovative Entrepreneur (GEIE) Award 2009, Mr Law is the co-founder and Chief Executive Officer of SecureMetric Technology Group - a multinational company specialising in niche digital security solution. Equipped with 15 years of experience in the senior management and corporate marketing in the Information and Communications Technology ("ICT") industry, Mr Law plays a very active role in promoting ICT in Malaysia and across the South East Asia region. He is the Board Member of various ICT associations and committees. Mr Law is also the Vice Chairman of the National eID and ePassport Conference, a non-profit organisation hosting annual global industrial conference.

Mr Law attended five out of the six Board Meetings of the Company held in the FYE 31 December 2011.

ROY THEAN CHONG YEW

Independent, Non-Executive Director
Malaysian, aged 40

Mr Roy Thean Chong Yew was appointed to the Board on 18 October 2010 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee, and a member of the Nomination Committee and the Remuneration Committee.

Mr Roy Thean is a member of the Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Accountants (MIA) and a Chartered Member of Institute of Internal Auditors of Malaysia (CMIIA).

Mr Roy Thean started embarking on his career path in 1994 with PKF Malaysia. After accumulating extensive working experience in his field, Mr Roy Thean left PKF Malaysia as an Audit Manager in 2003 to join a professional services firm, Russell Bedford Malaysia Business Advisory Sdn Bhd for another six years, rising to the position of an Executive Director. He is at present in the commercial line, playing the role of an Executive Director of JIWA Group of Companies that is involved in manufacturing and project management activities.

He attended all six Board Meetings of the Company held in the FYE 31 December 2011.

DATUK MD. HASSIM BIN PARDI

Independent, Non-Executive Director
Malaysian, aged 59

Datuk Md. Hassim bin Pardi joined the Board on 26 August 2011 as an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee, and a member of the Audit Committee as well as the Nomination Committee.

Datuk Md. Hassim holds an Honours degree in Bachelor of Arts and a Diploma of Public Administration, both from the University of Malaya.

Datuk Md. Hassim has served the Malaysian Customs Department for 34 years until August 2010, with last held position as the Assistant Director General of Customs. Out of the 34-year tenure, he has held the position as the State Customs Director in the states of Perlis, Melaka and Sarawak for 11 years.

As he just came on board on 26 August 2011, Datuk Md. Hassim attended only one out of the six Board Meetings of the Company held in the FYE 31 December 2011.

NOTES:-

Save as disclosed above, none of the Directors has:-

(a) directorship in other public companies;
(b) any family relationship with any Director and/or major shareholder of the Company;
(c) any conflict of interest with the Company; and
(d) any conviction for offences (other than traffic offences) within the past ten years.

Statement on Corporate Governance

The Board is pleased to present this statement to provide investors with an overview of the Corporate Governance ("CG") practices of the Company under the stewardship of the Board. It demonstrates the Board's emphasis to show the manner in which the Company has applied the Principles and the state of compliance in accordance with the Best Practice provisions of the Malaysian Code on Corporate Governance ("CG Code"). This statement also serves as a compliance with Rule 15.25 of the AMLR of Bursa Securities.

THE BOARD OF DIRECTORS

1. Principal Responsibilities of the Board

During the FYE 31 December 2011, the Board reviewed the sustainability, effectiveness and implementation of the strategic plans for the year and provided guidance and input to the management. To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following specific areas:-

- reviewing and adopting strategic business continuity plans for the Group;
- overseeing the conduct of the Group's businesses to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- developing and implementing an investor relations programme or shareholder communications policy for the Company, as it is important that the Company is able to communicate effectively with its shareholders; and
- reviewing the adequacy and integrity of the Group's internal control systems and management information systems; including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

2. Constitution of an Effective Board

a. Board Composition and Balance

The Board comprises five (5) members, three (3) of whom are Independent Non-Executive Directors ("INEDs") and two (2) are Executive Directors ("EDs"). The size of INEDs on Board forms more than one-third of the entire Board structure.

The INEDs are all independent of management and free from any business or other relationship which could materially interfere with the exercise of their objectivity and independent judgement. Through the Directors' Self and Peer Assessment of the Board Effectiveness Evaluation ("BEE"), the INEDs have indicated their satisfaction with the level of independence of each of their peers and their ability to act in the best interests of the Company in decision-making. The Directors have made valuable contributions to the Company through their business acumen and the application of a wide range of functional knowledge and skills from their respective experiences.

The members of the Board consist of professionals and entrepreneurs with diverse skills, expertise and experiences in computer software industry, accounting, management, customs and, sales and marketing. Their diverse backgrounds, mix of skills, wide range of functional knowledge, experience and strength in those qualities which are relevant enable the Board to carry out its responsibilities in an effective and competent manner.

The Board opines that the size of the Board is appropriate, reflecting fairly the investment in the Company by the shareholders at large even though one of the Board members namely Ms Tan Siew Ching is the largest shareholder in the Company. In that respect, the interests of investors including the Company's minority shareholders and the public are adequately served and protected. The profile of each Director is as set out in the Board of Directors' Profile on pages 6 and 7 of this Annual Report.

b. Senior Independent Non-Executive Director ("SID")

The Board did not view the need to appoint an SID as it is able to act independently and objectively due to its balance composition, power and authority. No one individual or group of individuals dominates the Board's decision-making process.

3. Board Structures and Procedures

a. Board and Board Committee Meetings

For the FYE 31 December 2011, the Board had convened a total of six (6) Board Meetings for the purposes of deliberating on the Company's quarterly financial results at the end of every quarter and discussing important matters which demanded immediate attention and decision-making. During the Board Meetings, the Board reviewed the operation and performance of the Company and other strategic issues that may affect the Company's business. Relevant staffs were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

The attendance record of each Director at Board of Directors' Meetings during the last financial year is as follows:-

	Total no. of meetings held during tenure of office	Total no. of meetings attended	% of attendance
Ms Tan Siew Ching	4	4	100
Mr Lee Chee Kheng	6	6	100
Mr Law Seeh Key	6	5	83
Mr Roy Thean Chong Yew	6	6	100
Mr Ewe Chuan Seng (retired on 20.06.11)	4	3	75
Datuk Md. Hassim bin Pardi (appointed on 26.08.11)	1	1	100

The agenda of each Board Meeting is finalised by the Chairman of the Meeting. Meeting papers are prepared to provide relevant facts, analysis and recommendations for supporting the proposals to enable informed decision-making by the Board. The agenda and papers for meetings are furnished to the Directors and Board Committee members in advance to enable them to prepare for the meetings.

The Board encourages constructive and healthy debate at all meetings. The Directors are given the chance to freely express their opinions or share information with their peers in the course of deliberation as a participative Board. Any Director/Board Committee member who has a direct or deemed interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meeting.

The Company Secretary would ensure a quorum is present for all meetings and that such meetings are convened in accordance with the relevant Board Committee's Terms of Reference ("TOR"). The Company Secretary records the proceedings of all meetings including pertinent issues, the substance of inquiries (if any) and responses thereto, members' suggestions and the decisions made, as well as the rationale for those decisions. By doing so, the Company Secretary keeps the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfill its oversight role towards instituting a culture of transparency and accountability in the Company.

b. Supply of and Access to Information

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretary and External Auditors and, may seek advice from the management on issues under their respective purview. The Directors may also interact directly with, or request further explanation, information or updates, on any aspect of the Company's operations or business concerns from the management to enable the Board to discharge its duties in relation to the matters being deliberated.

The Directors, whether as a full board or in their individual capacity, are encouraged to seek independent professional advice at the Company's expense on specific issues and gain access to relevant information whenever required to enable the Board to discharge its duties in connection with specific matters.

3. Board Structures and Procedures (cont'd)

c. Training for Directors

The Company made relevant training programmes available for Directors' continuing education as the Board recognises the importance of continuing education for its Directors to ensure they are continually equipped with the necessary skills and knowledge to meet the challenges of the Board from time to time. The Directors may also request to attend additional training courses according to their individual needs as a Director or member of Board Committees on which they serve. The Company Secretary arranges for the Directors' attendance at these training programmes which are conducted by external service providers.

All the Directors appointed during the financial year have completed the Mandatory Accreditation Programme as prescribed by the AMLR of Bursa Securities. In addition, the Directors also attended training programmes and other professionally conducted seminars relevant to their respective skills during the year. The Directors will continue to attend training programmes endorsed by Bursa Securities to keep abreast of industry developments and trends.

4. Appointments to the Board and Board Committees

a. Appointments to the Board

The Nomination Committee ("NC") comprising three (3) INEDs, has the responsibility to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors.

The NC reviews candidates for appointment as Directors based on criteria such as their qualifications, skills, functional knowledge, experience, character, integrity and professionalism. The NC also evaluates the candidate's ability to discharge his or her responsibilities as expected from an INED and whether the test of independence under the AMLR is satisfied. In 2011, the NC considered the appointment of a new INED on the Board to replace Mr Ewe Chuan Seng who retired at the Company's Annual General Meeting ("AGM") in June 2011.

In its review of the candidates, the NC also considered the overall composition of the Board and the combination of skills of existing Directors to ensure the selected candidate would help close any possible gaps in the Board. The recommendation of the NC was submitted to the Board for its consideration and approval. In August 2011, the Board approved the appointment of Datuk Md. Hassim bin Pardi as an INED, Chairman of the Remuneration Committee ("RC") and a member of the Audit Committee ("AC"), based on the NC's recommendation.

Additionally, any shareholder may propose a candidate for directorship subject to Article 68 of the Articles of Association of the Company ("AA"). The appointment of a candidate for directorship proposed by a shareholder will be put to vote at a general meeting. In 2011, there was no such proposal received by the Company.

b. Appointments to the Board Committees

The NC is responsible for reviewing candidates for appointment to the Board Committees, and making recommendations to the Board for approval. The review is conducted on an annual basis, and as and when the need arises, such as when a new Director is appointed. In determining the candidates for appointment to the Board Committees, various factors are considered by the NC, including the results of the BEE for the Board Committees, to ensure the requirements of the Committees are addressed.

5. Retirement and Re-election of Directors

Pursuant to Article 67 of the AA, an election of Directors shall take place each year at its AGM where one-third (1/3) of the Directors who are longest in office shall retire, and, if eligible, may offer themselves for re-election. The NC is responsible for making recommendation to the Board on the eligibility of the Directors to stand for re-election at the AGM. In determining the Director's eligibility, the NC carries out a formal review of the performance of the Director, taking into account the results of the latest BEE, the level of contribution to the Board through his/her skills, experience and strength in qualities, his/her level of independence and ability to act in the best interest of the Company in decision-making.

5. **Retirement and Re-election of Directors (cont'd)**

Pursuant to Article 72 of the AA, any Director appointed by the Board shall hold office until the next following AGM and shall then be eligible for re-election. In 2011, the Board approved the recommendations of the NC, to support the proposed re-election of Ms Tan Siew Ching, Mr Lee Chee Kheng, Mr Roy Thean Chong Yew and Mr Law Seeh Key who were appointed as EDs and INEDs respectively during the period from the 2010 AGM to the date of the 2011 AGM, and retired at the AGM held on 20 June 2011. They were all subsequently re-elected by the shareholders at the said meeting.

DIRECTORS' REMUNERATION

1. **Level and Make-up of Remuneration**

The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The full Board determines the remuneration of each Director. The Director's fee for each Non-Executive Director ("NED") is RM24,000 per annum as approved by the shareholders at the last AGM. The EDs are not entitled to receive any meeting allowance for the Board and Board Committee Meetings they attend.

It is the Board's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The EDs play no part in deciding their own remuneration and the respective Board members shall abstain from all discussions pertaining to their remuneration.

2. **Procedure for Approving Board Remuneration**

The RC is responsible for reviewing and making recommendations to the Board for approval, the framework and remuneration packages of the NEDs as well as the EDs in all forms, drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully. In its review, the RC considers various factors including the Directors' fiduciary duties, time commitments expected of them and the Company's performance.

The Board had recommended an increase in the Director's fee for the NEDs in respect of FYE 31 December 2011, which the shareholders had approved at the last AGM held on 20 June 2011.

3. **Disclosure of Board Remuneration**

A summary of remuneration packages of the Directors of the Company for the FYE 31 December 2011 which includes the figures for the Director who has retired during the year is as follows:-

Directors' Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	19,000	62,000
Salaries	109,046	–
Percentages	–	–
Bonuses	–	–
Commission	–	–
Compensation for loss of office	–	–
Benefits-in-kind	–	–
Meeting Expenses	–	–
Total	**128,046**	**62,000**

The details of remuneration for Directors of the Company received/receivable for the FYE 31 December 2011 by category and in bands of RM50,000 are as shown below:-

Range of Remuneration Per Annum	No. of Directors (Executive)	No. of Directors (Non-Executive)
Below RM50,000	1	4
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	1	–

SHAREHOLDERS

1. Dialogue between Company and Investors

The Company communicates regularly with shareholders and investors through annual reports, quarterly financial reports and various announcements made via Bursa LINK as the Board acknowledges the importance of accurate and timely dissemination of information to its shareholders, potential investors and the public in general.

Several channels are used to disseminate information on a timely basis, such as:-

- the AGM which is used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company;
- annual report, quarterly financial results and various announcements made via Bursa LINK; and
- the Company's website **www.infortechalliance.com** which provides corporate information on the Group.

2. Annual General Meeting

The AGM is held once in every calendar year. All the Board members attended the AGM to account to the shareholders for their stewardship of the Company.

The proceedings of the AGM included the presentation of the Company's operating and financial performances for the year, the presentation of the External Auditors' report to the shareholders, and a question and answer session in which the Chairman of the Meeting would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the Meeting, before putting a resolution to vote. The EDs ensure that sufficient opportunities are given for shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

All NEDs abstained from voting on the resolution concerning their remuneration. The External Auditors and share registrar were on standby to act as independent scrutineers and poll administrator respectively, but there was no demand for a poll. All the resolutions set out in the Notice of the 13th AGM were put to vote by a show of hands and duly passed. The results of all the resolutions set out in the Notice of the 13th AGM were announced on the same day via Bursa LINK, which is accessible on Bursa Securities's website.

The Board ensures that full information of the Directors who are retiring at the AGM and willing to serve if re-elected are disclosed in the AGM Notice and the Statement accompanying therewith.

An explanatory note facilitating full understanding and evaluation of issues involved in the proposed resolution accompanying each item of special business is included in the AGM Notice.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Company's audited financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 ("Act"). The shareholders are provided with a balanced evaluation of the Company's financial performance, its position and its future prospects, through the issuance of the annual Audited Financial Statements, quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with the AMLR.

In this respect:-

- the ED in charge of the financial management of the Company presented to the AC and the Board, details of the Company's financial statements for review of quarter-to-quarter and year-to-date financial performance; and
- the AC discharged its function in reviewing the financial statements of the Company with the assistance of the External Auditors, prior to recommending the statements for the Board's approval and issuance to shareholders.

ACCOUNTABILITY AND AUDIT (cont'd)

2. Directors' Responsibility Statement

In pursuance of the Act, the Directors of a company are required to prepare the financial statements for each financial year in accordance with the applicable Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Act and AMLR to give a true and fair view of the state of affairs of the Company and the Group as at the financial year end and of the results and cash flows of the Company and the Group for that period.

In preparing the financial statements, the Directors have ensured that:-

- appropriate accounting policies have been adopted and applied consistently;
- the statements are supported by reasonable and prudent judgements and estimates; and
- a going-concern basis has been adopted.

To ensure the financial statements comply with the provisions of the Act, proper accounting records which disclose the financial position of the Company and the Group with reasonable accuracy at any time, have been kept.

3. Internal Control

The Company always strives to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investments as far as possible. Information of the Company's internal control system and framework are presented in the Statement on Internal Control on pages 18 and 19 of this Annual Report.

4. Relationship with Auditors

a. Internal Auditors

The outsourced Internal Auditors communicate regularly with and report directly to the AC. The outsourced Internal Auditors' representative attended one (1) meeting of the AC in 2011.

The Internal Audit Review of the Company's operations encompasses an independent assessment of the Company's compliance with its internal controls and makes recommendations for improvement.

b. External Auditors

The relationship between the Company and its External Auditors is primarily maintained through the AC and the Board. The AC has explicit authority to communicate directly with the External Auditors. The Company's External Auditors play an essential role by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements.

The AC held two (2) meetings with the External Auditors in the FYE 31 December 2011 to discuss management's cooperation in the audit process, quality and competency in the financial reporting function, sharing of information and audit issues in relation to appropriate accounting treatment.

The AC gave the External Auditors direct access at all times to highlight to the AC and the Board any issues of concern, significant defects in the Company's system of control and compliance. This includes the communication of fraud.

COMPLIANCE STATEMENT

The Board is satisfied that in the year 2011, the Company has complied with the Best Practices of the CG Code save for the appointment of an SID for the reasons stated in point 2(b) on page 8 of this Annual Report.

Other Compliance Disclosures

The following information is provided in accordance with Rule 9.25 of the AMLR as set out in Appendix 9C thereto.

1. **Utilisation of Proceeds Raised from Corporate Proposals**

   There were no corporate proposals approved and completed during the financial year.

2. **Share Buy-Back**

   The Company did not undertake any share buy-back exercise during the financial year.

3. **Options, Warrants or Convertible Securities**

   The Company did not grant any options to any parties to take up unissued shares in the Company and did not issue any warrants or convertible securities during the financial year.

4. **American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

   The Company did not sponsor any ADR or GDR programme during the financial year.

5. **Related Party Transactions**

   Significant related party transactions of the Group for the financial year are disclosed in Note 33 to the Financial Statements.

6. **Sanctions and/or Penalties**

   There were no sanctions and/or penalty imposed on the Company, its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

7. **Non-Audit Fees**

   No non-audit fees were incurred for services rendered to the Company or its subsidiaries by the Company's auditors, or a firm or company affiliated to the auditors' firm for the FYE 31 December 2011.

8. **Variation in Results**

   The annual audited financial statements of the Company/Group for the FYE 31 December 2011 did not vary by 10% or more from the unaudited financial results announced to Bursa Securities on 24 February 2012.

9. **Profit Guarantee**

   There was no profit guarantee for the financial year.

10. **Material Contracts Involving Directors' and Major Shareholders' Interests**

    There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

The Board presents the Audit Committee Report to provide insight on the discharge of the AC's functions during the FYE 31 December 2011.

COMPOSITION

There are three (3) members in the AC, all of whom are INEDs, who also satisfy the test of independence under the AMLR. This meets the requirements of the CG Code. The composition of the AC and their attendance records are as set out on pages 2 and 16 of this Annual Report respectively.

The AC Chairman, Mr Roy Thean Chong Yew, is a member of the Malaysian Institute of Certified Public Accountants ("MICPA"), Malaysian Institute of Accountants ("MIA") and a Chartered Member of Institute of Internal Auditors of Malaysia ("CMIIA"). In this respect, the Company complies with Rule 15.09(1)(c)(i) of the AMLR of Bursa Securities.

The Board assesses the performance of the AC and its members through a board committee effectiveness evaluation and is satisfied that they are able to discharge their functions, duties and responsibilities in accordance with the TOR of the AC, thereby supporting the Board in ensuring appropriate CG standards within the Group.

TERMS OF REFERENCE

The summary of the AC's TOR contains two (2) major components:-

1. Authority

The AC has unrestricted access to all of the Group's records, properties and personnel to enable it to discharge its duties. It may seek outside legal or independent advice and secure attendance of external experts as and when it considers necessary.

The authority of the AC encompasses:-

i. approving any appointment or termination of senior staff members of the internal audit function;
ii. investigating any matter within its terms of reference, having the resources which it needs to do so, full and unrestricted access to information pertaining to the Group and the management;
iii. having direct communication channels with the Internal and External Auditors, and also to engage the senior management on a continuous basis, such as the Chairman, the Chief Executive Officer and the Chief Financial Officer in order to be kept informed of matters affecting the Group;
iv. having the right to obtain external professional advice at the Company's expense and invite persons with relevant experience to attend its meetings, if necessary; and
v. having the right to convene meetings with the Internal and External Auditors, excluding the attendance of other Directors or employees of the Group, whenever deemed necessary. Such meetings with the External Auditors shall be held at least twice a year.

2. Responsibilities

In accordance with the TOR of the AC, the AC members are able to effectively discharge their functions, duties and responsibilities which include the following:-

a. Financial Reporting Review

- review the quarterly and annual financial statements and make recommendations to the Board on the adoption and release of the same, focusing particularly on:-
  - going concern assumption
  - compliance with accounting standards and other regulatory requirements
  - changes in or implementation of major accounting policy
  - significant and unusual issues
  - significant adjustments arising from the audit; and
- review and assess the appropriateness of the Group's accounting policies and the adequacy of management reporting requirements.

TERMS OF REFERENCE (cont'd)

2. Responsibilities (cont'd)

b. External Audit

- discuss and liaise with the External Auditors on the nature and scope of audit and to ensure smooth implementation of audit plans;
- review and make recommendations to the Board concerning the External Auditors, the audit fees and any questions of appointment, resignation, suggestions of their dismissal or replacement; and
- determine whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment.

c. Internal Audit

- review the effectiveness of the internal control systems and the findings of the Internal Auditors; and
- review the adequacy of the scope, functions, competency and resources of the Internal Auditors.

d. Internal Control

- review the annual Internal Control Statement to be included in the Annual Report; and
- assess the Group's processes and procedures for the purposes of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies.

e. Related Party Transactions

- review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises a question of management integrity.

f. Employee Share Scheme

- verify any allocation of options pursuant to the Share Issuance Scheme and/or Share Grant Scheme at the end of each financial year as being in compliance with the criteria disclosed to the employees.

g. Other Matters

- review the Company's business ethics and compliance with the requirements of the laws and, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee to promptly report such matter to the Securities Commission; and
- carry out any other duties and functions as may be mutually agreed upon by the Committee and the Board.

MEETINGS

The Committee held a total of five (5) meetings during the FYE 31 December 2011, four (4) of which were held without the presence of the management. The ED attended the 2nd AC Meeting in 2011 as requested by the AC to facilitate direct communication and to seek clarifications on some audit issues.

The details of attendance of AC Meetings during the financial year are as below:-

Members	Date of Appointment	Date ceased to be member	Total no. of meetings held during tenure of office	Total no. of meetings attended
Mr Ewe Chuan Seng	03.11.2010	20.06.2011 *(retired)*	3	2
Mr Law Seeh Key	13.10.2010	–	5	4
Mr Roy Thean Chong Yew	18.10.2010	–	5	5
Datuk Md. Hassim bin Pardi	26.08.2011	–	1	1

MEETINGS (cont'd)

The lead audit partner of the External Auditors responsible for the Group attended two (2) AC meetings in 2011 to present the Audit Committee Report summarising the significant audit, accounting and business issues/matters identified during the course of the statutory audit for the FYE 31 December 2010 performed by the External Auditors, and internal control recommendations, as well as the auditors' report on the annual audited financial statements for the FYE 31 December 2010.

The External Auditors were encouraged to raise with the AC any matter they considered important to bring to the AC's attention. The AC Chairman also sought information on the communication flow between the External Auditors and the management which was necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties.

All deliberations during the AC meetings, including the issues tabled and the rationale adopted for decisions, were duly minuted. Minutes of the AC meetings were tabled for confirmation at the next following AC meeting.

The AC Chairman presented the AC's recommendations together with the respective rationale to the Board for approval of the annual and quarterly financial statements. As and when necessary, the AC Chairman would convey to the Board matters of significant concern raised by the Internal or External Auditors.

SUMMARY OF ACTIVITIES

During the FYE 31 December 2011, the activities undertaken by the AC comprised the followings:-

- reviewed the quarterly financial results for the quarters ended 31 December 2010, 31 March 2011, 30 June 2011 and 30 September 2011 before recommending the same for the Board's approval;
- reviewed the audited financial statements for the financial year ended 31 December 2010 before recommending the same for the Board's approval;
- reviewed and discussed with the External Auditors their scope of work, the results of their examination, the auditors' report and management letters in relation to the audit and accounting issues arising from the audit, as well as new developments on accounting standards and regulatory requirements;
- reviewed related party transactions, if any, entered into by the Company and its group of companies;
- reviewed the Group's compliance with the accounting standards and regulatory requirements;
- reviewed and approved the internal audit plan for the year ended 31 December 2011;
- reviewed the adequacy and performance of the Internal Audit function and its comprehensive coverage of the Group's activities; and
- reviewed the annual Audit Committee Report and Internal Control Statement to be included in the Annual Report.

INTERNAL AUDIT FUNCTION

The outsourced Internal Auditors report directly to the AC, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the Internal Audit function. The purpose of the Internal Audit function is to provide the Board, through the AC, assurance of the effectiveness of the system of internal control in the Group.

The Internal Audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

During the financial year, the Internal Auditors reviewed compliance with policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary.

The audits performed met the objective of highlighting to the AC the audit findings which required follow-up action by the management, any outstanding audit issues which required corrective action to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system. It ensured that these weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required time frame by the management.

The total costs incurred for the outsourced internal audit function of the Group for the FYE 31 December 2011 amounted to RM23,800 as compared to RM13,880 in FYE 31 December 2010.

Statement on Internal Control

This Statement on Internal Control is included in the Annual Report pursuant to Rule 15.26(b) of the AMLR of Bursa Securities with regards to the Group's compliance with The Principle and Best Practices provisions relating to internal controls provided in the CG Code.

The Board is committed to maintaining a sound system of internal control in the Group. The following statement outlines the scope and nature of internal control system of the Group during 2011.

BOARD RESPONSIBILITY

The Board ensures the discharge of its overall responsibility for safeguarding the shareholders' investment and the assets of the Company by implementing a sound and effective system of internal control and risk management, and reviewing the integrity and adequacy of those systems. The Board endeavors to fulfill its objective vide an effective and efficient governance, risk management, financial, organisational, operational and compliance control. It is committed to provide a system that gives reasonable, though not absolute assurance against the occurrence of any material misstatements or losses, or infringement against the laws or regulations.

RISK MANAGEMENT

The Group has, through the help of an external Risk Management Consultant, adopted a risk management system to assist in measuring, assessing, aggregating, managing and mitigating risks in all its business processes. The Company believes that risk management is essential for continued profitability and enhancement of shareholders' value and, that a successful risk management system will help to achieve its corporate goals.

KEY INTERNAL CONTROL PROCESSES

The Group's internal control system consists of the following key processes:-

1. **Authority and Responsibility**

   Certain responsibilities are delegated to Board Committees through clearly defined TORs which are reviewed annually.

2. **Monitoring and Reporting**

   The ED in charge of the Group's financial affairs is required to give assurance to the AC that adequate processes and controls are in place in the preparation of each quarterly financial statements, including consolidated condensed financial statements, and that appropriate accounting policies are adopted and applied consistently to give a true and fair view of the state of affairs of the Group and to ensure compliance with the Financial Reporting Standards.

3. **Internal Audit**

   Through the outsourced internal audits, the effectiveness and efficiency of the Group's internal control system was examined and evaluated in an independent capacity. The internal audits assess the Group's compliance with policies and procedures as well as relevant laws and regulations. The Internal Auditors provide reports on issues relating to internal controls and the associated risks together with recommendations for appropriate actions to the AC.

   During the FYE 31 December 2011, the Internal Auditors conducted a specific limited review on the Group's Business Risk Overview and Internal Audit Functions.

4. **External Audit**

   The Board has always maintained a formal and transparent relationship with the Company's External Auditors. The External Auditors would highlight to the AC and the Board on matters that require the Board's attention from time to time.

KEY INTERNAL CONTROL PROCESSES (cont'd)

5. Staff Competency

It is part of the Company's policies to ensure provision of constant training and development programmes to ensure that the employees are kept up-to-date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

6. Insurance

There exists sufficient insurance coverage and physical safeguards on major assets to ensure that assets of the Group are adequately covered against any mishap that could result in material loss. A yearly policy-renewal exercise is undertaken by the management.

REVIEW OF THIS STATEMENT

Pursuant to Rule 15.23 of the AMLR, the External Auditors have reviewed this Statement for inclusion in the 2011 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls. This Statement was approved by the Board on 24 April 2012.

CONCLUSION

The Board is of the view that the system of internal control in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators, employees and other stakeholders, and the Group's assets.

The Board members acknowledge that they are ultimately responsible for ensuring the proper implementation of appropriate control system even though this responsibility has been delegated to the management.

FINANCIAL STATEMENTS

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of computer software development, maintenance and support services. The principal activities of its subsidiaries are set out in Note 7 of the Notes to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS	GROUP RM	COMPANY RM
Net loss for the year	(188,958)	(334,837)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND/OR DEBENTURES

No shares and/or debentures were issued during the financial year.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the Statements of Comprehensive Income and Statements of Financial Position of the Group and Company were made out, the Directors took reasonable steps :-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise in the ordinary course of business including their value as shown in the accounting records of the Group and Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

The Directors state that :-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In their opinion:-

(a) the results of the operations of the Group and Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Note 39 of the Notes to the Financial Statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

DIRECTORS

The Directors who have held office during the year since the date of the last report are as follows:-

Lee Chee Kheng
Law Seeh Key
Roy Thean Chong Yew
Tan Siew Ching (Appointed on 15.03.11)
Datuk Md Hassim bin Pardi (Appointed on 26.08.11)
Ewe Chuan Seng (Retired on 20.06.11)

According to the Register of Directors' Shareholdings, particulars of interests of Directors in office at the end of the financial year in shares in the Company and its related corporations are as follows:-

	No. of Ordinary Shares of RM 0.10 each			
Interest in the Company	**At 01.01.11**	**Bought/ Allotted**	**Sold**	**At 31.12.11**
Tan Siew Ching - direct	14,338,023	–	–	14,338,023

DIRECTORS (cont'd)

By virtue of her shareholding in the Company, Ms. Tan Siew Ching is deemed to have interest in shares in all the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

None of the other Directors holding office at the end of the financial year held any interest in shares in or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company was a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has substantial financial interest.

AUDITORS

Messrs Hasnan THL Wong & Partners, the retiring Auditors, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24th April 2012.

LEE CHEE KHENG) DIRECTORS

TAN SIEW CHING)

Petaling Jaya

Statement by Directors

We, **LEE CHEE KHENG** and **TAN SIEW CHING**, being two of the Directors of **INFORTECH ALLIANCE BERHAD**, do hereby state, in the opinion of the Directors, the financial statements set out on pages 27 to 73 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31st December 2011 and of the results of the operations, changes in equity and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors.

LEE CHEE KHENG	TAN SIEW CHING

Petaling Jaya
24th April 2012

Statutory Declaration

I, **LEE CHEE KHENG**, I/C No. 590711-08-5665, the Director primarily responsible for the financial management of **INFORTECH ALLIANCE BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 27 to 73 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed LEE CHEE KHENG,)
I/C No. 590711-08-5665,)
at Petaling Jaya)
)
on 24th April 2012)
)
) LEE CHEE KHENG

Before me

N. MADHAVAN NAIR
Commissioner for Oaths

Independent Auditors' Report to the Members of INFORTECH ALLIANCE BERHAD

(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Infortech Alliance Berhad, which comprise the statements of financial position of the Group and Company as at 31st December 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 73.

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 are 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 judgment, 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.

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 Company as of 31st December 2011 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 accounts 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 audit 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

The supplementary information set out in Note 34 of the Notes to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

HASNAN THL WONG & PARTNER
(NO. AF 0942)
CHARTERED ACCOUNTANTS

WONG KOK SEONG
CHARTERED ACCOUNTANT
(NO: 2791/08/12 (J))

Petaling Jaya
24th April 2012

Statements of Financial Position

As at 31st December 2011

	Note	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	**139,474**	150,372	**86,039**	76,173
Investments in subsidiaries	7	**–**	–	**–**	–
Investment in associated company	8	**–**	330,952	**–**	300,875
Development costs	9	**409,807**	434,365	**285,882**	272,932
Deferred tax asset	10	**–**	–	**–**	–
Other investment	11	**769,599**	769,599	**–**	–
		1,318,880	1,685,288	**371,921**	649,980
CURRENT ASSETS					
Inventories	12	**11,220**	15,719	**–**	–
Trade receivables	13	**157,896**	304,873	**39,051**	254,542
Other receivables, deposits and prepayments	14	**739,081**	43,664	**726,241**	22,856
Amount due from subsidiaries	15	**–**	–	**1,024,367**	972,258
Amount due from an associated company	16	**1,775**	1,775	**–**	–
Tax assets		**13,697**	18,800	**7,700**	12,800
Fixed deposits	17	**102,935**	700,000	**102,935**	700,000
Cash and bank balances	18	**311,936**	157,776	**225,444**	72,056
Asset classified as held for sale	19	**380,624**	–	**300,875**	–
		1,719,164	1,242,607	**2,426,613**	2,034,512
TOTAL ASSETS		**3,038,044**	2,927,895	**2,798,534**	2,684,492
EQUITY AND LIABILITIES					
CURRENT LIABILITIES					
Trade payables	20	**108,059**	266,491	**–**	–
Other payables	21	**527,090**	86,752	**515,122**	66,243
		635,149	353,243	**515,122**	66,243
TOTAL LIABILITIES		**635,149**	353,243	**515,122**	66,243
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	22	**7,260,000**	7,260,000	**7,260,000**	7,260,000
Reserves	23	**(4,857,105)**	(4,685,348)	**(4,976,588)**	(4,641,751)
TOTAL EQUITY		**2,402,895**	2,574,652	**2,283,412**	2,618,249
TOTAL EQUITY AND LIABILITIES		**3,038,044**	2,927,895	**2,798,534**	2,684,492
Net assets per share (sen)	24	**3.31**	3.55		

The above statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 33 to 73.

Statements of Comprehensive Income

For the year ended 31st December 2011

	Note	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Revenue	25	**875,149**	952,269	**178,610**	195,084
Cost of sales		**(397,806)**	(430,129)	**(78,217)**	(271,442)
Gross profit/(loss)		**477,343**	522,140	**100,393**	(76,358)
Other income	26	**56,999**	197,480	**56,555**	60,227
		534,342	719,620	**156,948**	(16,131)
Selling and distribution costs		**(1,345)**	(19,386)	**–**	–
Administrative costs		**(609,612)**	(945,521)	**(455,566)**	(445,686)
Other operating costs		**(143,843)**	(121,292)	**(35,748)**	(33,265)
		(754,800)	(1,086,199)	**(491,314)**	(478,951)
Loss from operating activities	27	**(220,458)**	(366,579)	**(334,366)**	(495,082)
Finance costs	28	**(971)**	(725)	**(471)**	(420)
		(221,429)	(367,304)	**(334,837)**	(495,502)
Share of results of associated company		**32,471**	(8,338)	**–**	–
Loss before taxation		**(188,958)**	(375,642)	**(334,837)**	(495,502)
Taxation	29	**–**	(500)	**–**	–
Net loss for the year		**(188,958)**	(376,142)	**(334,837)**	(495,502)
Other comprehensive income/(expense)					
Foreign exchange translation		**17,201**	(34,495)	**–**	–
Total comprehensive expense for the year		**(171,757)**	(410,637)	**(334,837)**	(495,502)
Total loss for the year attributable to:					
Owners of the parent		**(188,958)**	(376,142)	**(334,837)**	(495,502)
Non-controlling interest		**–**	–	**–**	-
		(188,958)	(376,142)	**(334,837)**	(495,502)
Total comprehensive expense attributable to:					
Owners of the parent		**(171,757)**	(410,637)	**(334,837)**	(495,502)
Non-controlling interest		**–**	–	**–**	–
		(171,757)	(410,637)	**(334,837)**	(495,502)
Loss per share attributable to owners of the parent (sen per share):					
Basic	24	**(0.26)**	(0.56)		
Diluted	24	**N/A**	N/A		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 33 to 73.

Statements of Changes in Equity

For the year ended 31st December 2011

GROUP	Note	Total equity RM	Share capital RM	Share premium RM	Accumulated losses RM	Foreign exchange translation reserve RM
			<------ Attributable to owners of the parent ------>			
			<-------- Non- Distributable ------->		Distributable	Non-Distributable
2011						
Opening balance at 01.01.11		**2,574,652**	**7,260,000**	**3,234,281**	**(7,920,521)**	**892**
Total comprehensive expense		**(171,757)**	**–**	**–**	**(188,958)**	**17,201**
Closing balance at 31.12.11		**2,402,895**	**7,260,000**	**3,234,281**	**(8,109,479)**	**18,093**
2010						
Opening balance at 01.01.10		2,204,318	6,600,000	3,113,310	(7,544,379)	35,387
Total comprehensive expense		(410,637)	–	–	(376,142)	(34,495)
<u>Transactions with owners</u>						
Issuance of shares	22	811,800	660,000	151,800	–	–
Share issuance expense		(30,829)	–	(30,829)	–	–
Total transaction with owners		780,971	660,000	120,971	–	–
Closing balance at 31.12.10		2,574,652	7,260,000	3,234,281	(7,920,521)	892

COMPANY	Note	Total equity RM	< Non-Distributable > Share capital RM	Share premium RM	Distributable Accumulated losses RM
2011					
Opening balance at 01.01.11		**2,618,249**	**7,260,000**	**3,234,281**	**(7,876,032)**
Total comprehensive expense for the year		**(334,837)**	**–**	**–**	**(334,837)**
Closing balance at 31.12.11		**2,283,412**	**7,260,000**	**3,234,281**	**(8,210,869)**
2010					
Opening balance at 01.01.10		2,332,780	6,600,000	3,113,310	(7,380,530)
Total comprehensive expense for the year		(495,502)	–	–	(495,502)
Transactions with owners					
Issuance of shares	22	811,800	660,000	151,800	–
Share issuance expense		(30,829)	–	(30,829)	–
Total transaction with owners		780,971	660,000	120,971	–
Closing balance at 31.12.10		2,618,249	7,260,000	3,234,281	(7,876,032)

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 33 to 73.

Statements of Cash Flows

For the year ended 31st December 2011

	Note	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
OPERATING ACTIVITIES					
Loss before taxation		**(188,958)**	(375,642)	**(334,837)**	(495,502)
Adjustments for:-					
Amortisation of development costs		**87,558**	81,275	**50,050**	43,767
Bad debts written off		**1,200**	65,969	**1,200**	–
Depreciation of property, plant and equipment		**47,569**	45,703	**31,226**	30,560
Impairment loss on trade receivables		**75,557**	1,200	**1,000**	–
Inventories written down		**7,859**	–	**–**	–
Penalty		**3**	–	**–**	–
Property, plant and equipment written off		**359**	5,627	**15**	1,804
Loss on disposal of property, plant and equipment		**3,077**	–	**–**	–
Share of results of associated company		**(32,471)**	8,338	**–**	–
Reversal of impairment loss on trade receivables		**–**	(141,372)	**–**	–
Dividend received		**–**	–	**–**	(8,289)
Interest received		**(12,749)**	(2,052)	**(12,735)**	(2,042)
Total adjustments		**177,962**	64,688	**70,756**	65,800
Operating cash flows before changes in working capital		**(10,996)**	(310,954)	**(264,081)**	(429,702)
<u>Changes in working capital</u>					
Increase in inventories		**(3,360)**	(1,701)	**–**	–
(Increase)/decrease in receivables		**(625,197)**	27,662	**(490,094)**	233,002
Increase/(decrease) in payables		**281,906**	(39,417)	**448,879**	11,084
Increase in development costs		**(63,000)**	(114,609)	**(63,000)**	(114,609)
Total changes in working capital		**(409,651)**	(128,065)	**(104,215)**	129,477
Cash flows from operations		**(420,647)**	(439,019)	**(368,296)**	(300,225)
Income tax refund		**5,100**	–	**5,100**	–
Net cash flows used in operating activities		**(415,547)**	(439,019)	**(363,196)**	(300,225)

	Note	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
INVESTING ACTIVITIES					
Interest received		**12,749**	2,052	**12,735**	2,042
Dividend received from an associated company		**–**	8,289	**–**	8,289
Proceeds from disposal of property, plant and equipment	30	**1,000**	4,049	**–**	4,049
Repayment to subsidiary companies		**–**	–	**(52,109)**	(95,934)
Purchase of property, plant and equipment	31	**(41,107)**	(43,957)	**(41,107)**	(950)
Net cash flows used in investing activities		**(27,358)**	(29,567)	**(80,481)**	(82,504)
FINANCING ACTIVITIES					
Proceeds from issuance of shares	22	**–**	811,800	**–**	811,800
Share issuance expense		**–**	(30,829)	**–**	(30,829)
Net cash flows from financing activities		**–**	780,971	**–**	780,971
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(442,905)**	312,385	**(443,677)**	398,242
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**857,776**	545,391	**772,056**	373,814
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	18	**414,871**	857,776	**328,379**	772,056

The above statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 33 to 73.

1. PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia with its shares listed on ACE Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the business of computer software development, maintenance and support services. The principal activities of its subsidiaries are set out in Note 7 of the Notes to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

The registered office and the principal place of business of the Company is located at Unit A-32-06, Three Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors dated 24th April 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

a) Basis of preparation

The financial statements of the Group and Company have been prepared:-

i) in accordance with the applicable approved Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Companies Act, 1965 in Malaysia; and

ii) under the historical cost convention, unless otherwise indicated.

The financial statements are presented in Ringgit Malaysia (RM), unless otherwise indicated.

b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

All intergroup balances, transactions and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless cost cannot be recovered. Consolidated financial statements reflect external transactions only.

The financial statements of subsidiaries acquired or disposed off during the financial year are included in the consolidated financial statements based on the purchase method from the effective date of acquisition or up to the effective date of disposal respectively. These assets, liabilities and contingent liabilities assumed of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated statements of financial position. Acquisition costs incurred are expensed and included in administration expenses.

Any excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities assumed represents goodwill. The accounting policy for goodwill is set out in Note 2 (c). Any excess of the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the statements of comprehensive income.

In business combinations achieved in stages, previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in statements of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Basis of Consolidation (cont'd)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the owners of the Company, and are presented separately in the statements of comprehensive income and within equity in the statements of financial position, separately from shareholders' equity. It is measured at the non-controlling interests' share of the fair value of net assets at the acquisition date and the non controlling interests' share of changes in the equity since then. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

If the Group lose control over a subsidiary, at the date the Group lose control, it:

i) Derecognises the assets (including goodwill) and liabilities of the subsidiary at their respective carrying amounts;

ii) Derecognises the carrying amount of any non-controlling interest;

iii) Derecognises the cumulative translation differences recorded in equity;

iv) Recognises the fair value of the consideration or distribution received;

v) Recognises the fair value of any investment retained;

vi) Recognises any surplus or deficit in statements of comprehensive income; and

vii) Reclassifies the parent's share of components previously recognised in other comprehensive income to statements of comprehensive income or retained earnings, as appropriate.

c) Goodwill

Goodwill represents the difference between the purchase consideration and the fair value of the Group's share of net assets of the subsidiaries at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon disposal of an interest in a subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of the interest in the subsidiary in the statements of comprehensive income.

d) Subsidiary Companies

A subsidiary is a company in which the Group has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, unless the investment is classified as held for sale, in the Company's financial statements. An impairment loss is recognised when there is impairment in the value of the investments determined on an individual basis and is charged to the statements of comprehensive income as an expense. The difference between the net disposal proceeds and its carrying amount is charged or credited to statements of comprehensive income upon disposal of the investment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Associated Companies

An associated company is defined as a company, not being a subsidiary, in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are stated at cost less accumulated impairment losses, if any, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale, in the Company's financial statements.

The Group's interest in associated companies is stated at cost plus adjustments for post-acquisition changes in the Group's share of net assets of the associated companies. The Group's share of post-acquisition results of the associated companies is accounted for using the equity method of accounting in the statements of comprehensive income.

The Group's share of post-acquisition losses is restricted to the carrying value of the investment in that associated company. Should the associated company subsequently report profits, the Group will only resume recognising its share of profits after its share of profits equals to its share of losses previously not recognised.

Where the audited financial statements of the associated companies are not co-terminus with those of the Group, the share of results is based on a limited review on the financial statements performed by the auditors of the associated company made up to the financial year end of the Group.

f) Property, plant and equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statements of comprehensive income as incurred.

Depreciation is calculated on the straight line method to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows:-

Furniture, fittings and equipment	10% - 20%
Computers and printers	20%
Renovation	20%

The residual values, useful lives and depreciation methods are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statements of comprehensive income.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) Research and Development Costs

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

i) its ability to measure reliably the expenditure attributable to the asset under development;

ii) the product or process is technically and commercially feasible;

iii) its future economic benefits are probable;

iv) its ability to use or sell the developed assets; and

v) the availability of adequate technical financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense are not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight line method over a period of 7 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

h) Grants

Grants represent grants awarded by the Government of Malaysia under the Multimedia Super Corridor Research and Development Grant Scheme, for the purposes of supporting the Company's research and development activities in information technology. Grants are not recognised until there is reasonable assurance that all conditions attaching to them will be complied with and that the grants will be received.

Grants related to income are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on systematic basis, and are presented as a credit under other income in the statements of comprehensive income. Grants related to assets are presented in the statements of financial position by deducting the grants in arriving at the carrying amount of the assets.

i) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through statements of comprehensive income, directly attributable transaction costs. The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

i) Loans and Receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in statements of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the financial year which are classified as non-current.

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

i) **Financial Assets (cont'd)**

ii) Available-for-sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are measured at fair value at the end of each financial year. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses are recognised in statements of comprehensive income.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statements of comprehensive income as reclassification adjustments when the financial asset is derecognised. Dividends on an available-for-sale equity instrument are recognised in statements of comprehensive income when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the financial year end.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statements of comprehensive income.

j) **Impairment of Financial Assets**

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

i) Trade and other receivables and other financial assets carried at amortised cost

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 flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in statements of comprehensive income.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Impairment of Financial Assets (cont'd)

i) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

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 statements of comprehensive income.

ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

k) Inventories

Inventories are stated at the lower of cost and net realisable value and are determined on the first-in-first-out basis. Cost includes the actual cost of purchases and incidentals in bringing the inventories into store.

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

l) Cash and cash equivalents

Cash comprises cash at bank and in hand including bank overdraft and deposits. Cash equivalents comprises investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

m) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's and the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's and the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in statements of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and Company's financial liabilities are classified as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Financial Liabilities (cont'd)

i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in statements of comprehensive income when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statements of comprehensive income.

o) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

p) Impairment of Non-Financial Assets

The carrying values of assets (other than inventories, deferred tax assets and financial assets) are reviewed at the end of each financial year for impairment when there is an indication that the assets might be impaired. If such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the statements of comprehensive income immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statements of comprehensive income immediately, unless the asset is carried at revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

q) Revenue Recognition

Revenue from sales of goods are recognised upon delivery of products and customer acceptance, or performance of services, net of returns and discounts, after eliminating revenue within the Group, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q) Revenue Recognition (cont'd)

Revenue from maintenance contract are recognised proportionately over the term of the support period up to the current financial year end. The unrecognised balance is classified as deferred income in trade payables.

Interest revenue is recognised on a time proportion basis that reflects the effective yield of the asset.

r) Foreign currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the end of the financial year.

Gains and losses from conversion of short term assets and liabilities, whether realised or unrealised are included in operating profit as they arise.

The assets and liabilities of the foreign entities, if any, are translated at financial year end rates and operating results are translated at the rates ruling at the end of each month. Gains and losses arising on translation are taken directly to the foreign exchange translation reserve.

All other foreign exchange differences are taken to the statements of comprehensive income in the financial year in which they arise.

The principal closing rates used are as follows:-

	2011 **RM**	**2010** **RM**
1 US Dollar	**3.1580**	3.0530
1 Singapore Dollar	**2.4290**	2.3570
1 Japanese Yen	**0.0406**	0.0374
1 Thai Baht	**N/A**	0.0920

s) Taxation

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax 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 at the end of the financial year.

Deferred tax is provided in the financial statements, using the liability method, on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax credits and losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against the temporary differences and unused tax credits and losses. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 at the end of the financial year. Deferred tax is recognised in the statements of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

t) Employee Benefits

i) Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. The Group's foreign subsidiary makes contributions to its country's statutory pension scheme. Such contributions are recognised as an expense in the statements of comprehensive income as incurred.

iii) Share Based Compensation

The Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. As at the end of the financial year, no option has been granted pursuant to the ESOS to any employees or Directors of the Group.

u) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

v) Related parties

Related parties are entities with common directors/shareholders wherein one party has the ability to control or exercise significant influence over the other parties in financial or operating policy decision.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs) and the Companies Act, 1965 in Malaysia.

During the financial year, the Group and Company has adopted the following new and amended FRS and IC Interpretations.

FRS 1, First-time Adoption of Financial Reporting Standards (revised)
FRS 3, Business Combinations (revised)
FRS 127, Consolidation and Separate Financial Statements (revised)
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (cont'd)

- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Additional Exemptions for First-time Adopters

Amendments to FRS 2, Share-based Payment
Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
Amendments to FRS 132, Financial Instruments: Presentation
Amendments to FRS 138, Intangible Assets
Improvements to FRSs (2010)
IC Interpretation 4, Determining whether an Arrangement contains a Lease
IC Interpretation 12, Service Concession Agreements
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17, Distribution of Non-cash Assets to Owners
IC Interpretation 18, Transfers of Assets from Customers
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
Amendments to IC Interpretation 15, Agreements for the Construction of Real Estate
Technical Release i-4, Shariah Compliant Sale Contracts

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except those discussed below:

FRS 3: Business Combinations and FRS 127: Consolidated and Separate Financial Statements (revised)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1st July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related costs are expensed.

FRS 127 (revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The Group has applied the changes of FRS 3 and FRS 127 (revised) prospectively. There is no financial impact on the financial statements of the Group for the current financial year other than changes in accounting policies.

The Malaysian Accounting Standards Board (MASB) has issued the following new FRSs and IC Interpretations that are yet to be effective and have not been adopted by the Group and Company in preparing these financial statements.

Effective for financial periods beginning on or after 1 July 2011
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012
FRS 124, Related Party Disclosures (revised)
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (cont'd)

Effective for financial periods beginning on or after 1 January 2012 (cont'd)
Amendments to FRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to FRS 112, Income Taxes – Deferred Tax: Recovery of Underlying Assets

Effective for financial periods beginning on or after 1 July 2012
Amendments to FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013
FRS 10, Consolidated Financial Statements
FRS 11, Joint Arrangements
FRS 12, Disclosure of Interests in Other Entities
FRS 13, Fair Value Measurement
FRS 119, Employee Benefits (2011)
FRS 127, Separate Financial Statements (2011)
FRS 128, Investment in Associates and Joint Ventures (2011)
IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 7, Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures

Effective for financial periods beginning on or after 1 January 2014
Amendments to FRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015
FRS 9, Financial Instruments (2009)
FRS 9, Financial Instruments (2010)

On 19th November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

The Group and Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31st December 2012. In presenting its first MFRS financial statements, the Group and Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. As a result of the adoption of the MFRS Framework, the Group and the Company will not be adopting the above FRSs, Interpretations and Amendments.

The Directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31st December 2011 would not be significantly different if prepared under the MFRS Framework.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

The estimates and assumptions that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

b) Impairment of Development Costs

Impairment testing and amortisation of development costs (Note 9) - the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by the management. Changes in the expected level of usage and technological development could impact the economic useful lives and therefore future amortisation charges could be revised.

c) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates.

Possible changes in these estimates could result in revisions to the valuation of inventories.

d) Impairment on Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

e) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

g) Impairment of investment in unquoted corporations

The Group follows the guidance of the applicable FRS in Malaysia in determining whether there is an impairment loss in value of its investment in unquoted corporations. This determination requires significant judgement. In making this judgement, the Group evaluates the quantitative and qualitative factors affecting the market position of the investee including the regulatory support it receives and its longer term business outlook and financial standing. Appropriate considerations are given to the investee's financial gestation period, financial projections, business prospects and the proprietary technology involved.

h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

5. FINANCIAL RISK MANAGEMENT POLICIES

The Group's and Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and Company's business whilst managing its risks. The Group's and Company's activities expose it to limited financial risk, principally market risk, credit risk, interest rate risk, foreign currency risk and liquidity risk. The Board reviews and agrees policies in respect of the major areas of treasury activities which are as follows:-

a) Market risk

The Group has in place policies to manage its competitive risks from its competitors in providing better and more innovative products and services. The Group regularly takes part in exhibitions, advertise through the media and make face-to-face customer visits to promote its products and services.

b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counter parties.

The Group and the Company does not have any major concentration of credit risk related to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instruments.

The Group and the Company manages its exposure to credit risk by investing its cash assets safely and profitably, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

Exposure to credit risk

At the end of the financial year, the Group's and the Company's maximum exposure to credit risk is represented by:

i) The carrying amount of each class of financial assets recognised in the statements of financial position.

5. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

b) Credit risk (cont'd)

Credit risk concentration profile

The credit risk concentration profile of the Group's and the Company's trade receivables at the end of the financial year by geographical region are as follows:-

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Malaysia	**138,696**	265,804	**39,051**	252,694
Singapore	**19,200**	26,940	**–**	–
Thailand	**–**	10,281	**–**	–
China	**–**	1,848	**–**	1,848
	157,896	304,873	**39,051**	254,542

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and Company's interest rate risk exposure is restricted to interest receivable on bank deposits which will fluctuate as a result of changes in market interest rates. The Group's and the Company's policy is to obtain the most favourable interest rates available.

The information on maturity dates and effective interest rates of financial asset is disclosed in Note 17 of the Notes to the Financial Statements.

Interest rate risk sensitivity analysis

An increase or decrease of 100 basis points of the interest rate as at the end of the financial year would have immaterial impact on the Group's and the Company's loss for the financial year and equity, assuming that all other variables remain constant.

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

Surpluses of convertible currencies are either retained in foreign currency or sold for Ringgit Malaysia. The Group's and the Company's foreign currency transactions and balances are substantially denominated in Thai Baht ("THB"), Singapore Dollar ("SGD"), Japanese Yen ("JPY") and United States ("USD") Dollar.

Foreign exchange risk is monitored closely and managed to an acceptable level.

5. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

d) Foreign currency risk (cont'd)

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the financial year is as follows:-

	<------------------ Denominated in ------------------>			
	USD	SGD	THB	JPY
GROUP	RM	RM	RM	RM
2011				
Trade receivables	**–**	**19,200**	**–**	**–**
Cash and bank balances	**66,787**	**1,877**	**–**	**427**
Trade payables	**–**	**(19,200)**	**–**	**–**
Net exposure	**66,787**	**1,877**	**–**	**427**
2010				
Trade receivables	8,540	18,400	10,281	–
Cash and bank balances	20,418	1,876	–	427
Trade payables	(7,117)	(18,400)	–	–
Net exposure	21,841	1,876	10,281	427
COMPANY				
2011				
Cash and bank balances	**9,997**	**–**	**–**	**427**
2010				
Cash and bank balances	9,987	–	–	427

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the USD, SGD, THB and JPY exchange rate against the functional currency of the Group and the Company, with all other variables held constant.

		Increase/(Decrease) in profit net of tax GROUP		Increase/(Decrease) in profit net of tax COMPANY	
		2011 RM	2010 RM	2011 RM	2010 RM
USD/RM	- strengthened 5%	**3,339**	1,092	**500**	499
	- weakened 5%	**(3,339)**	(1,092)	**(500)**	(499)
SGD/RM	- strengthened 5%	**94**	94	**–**	–
	- weakened 5%	**(94)**	(94)	**–**	–
THB/RM	- strengthened 5%	**–**	514	**–**	–
	- weakened 5%	**–**	(514)	**–**	–
JPY/RM	- strengthened 5%	**21**	21	**21**	21
	- weakened 5%	**(21)**	(21)	**(21)**	(21)

5. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group and the Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintains sufficient levels of cash to meet its working capital requirements.

In addition, the Group and the Company strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term fundings so as to achieve overall cost effectiveness."

The Group and the Company have no borrowings as at the end of the financial year.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

GROUP	On demand or within 1 Year RM	Total RM
2011		
Trade payables	**108,059**	**108,059**
Other payables	**527,090**	**527,090**
Total undiscounted financial liabilities	**635,149**	**635,149**
2010		
Trade payables	266,491	266,491
Other payables	86,752	86,752
Total undiscounted financial liabilities	353,243	353,243
COMPANY		
2011		
Other payables	**515,122**	**515,122**
Total undiscounted financial liabilities	**515,122**	**515,122**
2010		
Other payables	66,243	66,243
Total undiscounted financial liabilities	66,243	66,243

6. PROPERTY, PLANT AND EQUIPMENT

GROUP	<---- COST At 01.01.11/ 01.01.10 RM	Additions RM	Disposals RM	Written off RM	At 31.12.11/ 31.12.10 RM ---->
2011					
Furniture, fittings and equipment	**128,210**	**1,499**	**–**	**(4,300)**	**125,409**
Computers and printers	**478,843**	**–**	**(5,399)**	**(127,613)**	**345,831**
Renovation	**52,166**	**39,608**	**–**	**–**	**91,774**
	659,219	**41,107**	**(5,399)**	**(131,913)**	**563,014**
2010					
Furniture, fittings and equipment	107,420	29,799	–	(9,009)	128,210
Computers and printers	473,478	14,158	(6,393)	(2,400)	478,843
Renovation	52,166	–	–	–	52,166
	633,064	43,957	(6,393)	(11,409)	659,219

GROUP	<---- ACCUMULATED DEPRECIATION At 01.01.11/ 01.01.10 RM	Depreciation charge for the year RM	Disposals RM	Written off RM	At 31.12.11/ 31.12.10 RM ---->
2011					
Furniture, fittings and equipment	**85,260**	**9,267**	**–**	**(4,264)**	**90,263**
Computers and printers	**396,796**	**23,908**	**(1,322)**	**(127,290)**	**292,092**
Renovation	**26,791**	**14,394**	**–**	**–**	**41,185**
	508,847	**47,569**	**(1,322)**	**(131,554)**	**423,540**
2010					
Furniture, fittings and equipment	81,608	8,834	–	(5,182)	85,260
Computers and printers	373,304	26,436	(2,344)	(600)	396,796
Renovation	16,358	10,433	–	–	26,791
	471,270	45,703	(2,344)	(5,782)	508,847

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP	Net Carrying Amount At 2011 RM	At 2010 RM
Furniture, fittings and equipment	**35,146**	42,950
Computers and printers	**53,739**	82,047
Renovation	**50,589**	25,375
	139,474	150,372

COMPANY	<---- COST ----> At 01.01.11/ 01.01.10 RM	Additions RM	Disposals RM	Written off RM	At 31.12.11/ 31.12.10 RM
2011					
Furniture, fittings and equipment	**34,580**	**1,499**	**–**	**–**	**36,079**
Computers and printers	**352,971**	**–**	**–**	**(110,597)**	**242,374**
Renovation	**52,166**	**39,608**	**–**	**–**	**91,774**
	439,717	**41,107**	**–**	**(110,597)**	**370,227**
2010					
Furniture, fittings and equipment	38,485	950	–	(4,855)	34,580
Computers and printers	361,764	–	(6,393)	(2,400)	352,971
Renovation	52,166	–	–	–	52,166
	452,415	950	(6,393)	(7,255)	439,717

COMPANY	<---- ACCUMULATED DEPRECIATION ----> At 01.01.11/ 01.01.10 RM	Depreciation charge for the year RM	Disposals RM	Written off RM	At 31.12.11/ 31.12.10 RM
2011					
Furniture, fittings and equipment	**32,397**	**755**	**–**	**–**	**33,152**
Computers and printers	**304,356**	**16,077**	**–**	**(110,582)**	**209,851**
Renovation	**26,791**	**14,394**	**–**	**–**	**41,185**
	363,544	**31,226**	**–**	**(110,582)**	**284,188**
2010					
Furniture, fittings and equipment	36,713	535	–	(4,851)	32,397
Computers and printers	287,708	19,592	(2,344)	(600)	304,356
Renovation	16,358	10,433	–	–	26,791
	340,779	30,560	(2,344)	(5,451)	363,544

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Net Carrying <------- Amount -------> At 2011 RM	At 2010 RM
Furniture, fittings and equipment	**2,927**	2,183
Computers and printers	**32,523**	48,615
Renovation	**50,589**	25,375
	86,039	76,173

7. INVESTMENT IN SUBSIDIARIES

	COMPANY 2011 RM	2010 RM
Unquoted shares, at cost	**1,742,588**	1,742,588
Less: Accumulated impairment losses		
At 1st January	**(1,742,588)**	(1,742,588)
Addition	**–**	–
At 31st December	**(1,742,588)**	(1,742,588)
	–	–

The subsidiary companies are as follows:-

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	2010
Infortech AtCom Sdn. Bhd.	Malaysia	Computer software development, marketing and support services	**100%**	100%
Infortech Software Sdn. Bhd.	Malaysia	Software development, marketing and support services	**100%**	100%

8. INVESTMENT IN ASSOCIATED COMPANY

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Unquoted shares, at cost				
At beginning/end of the year	**300,875**	300,875	**300,875**	300,875
Share of post-acquisition profits/(losses) (net)				
At beginning of the year	**30,077**	81,199	**–**	–
Addition during the year	**49,672**	(51,122)	**–**	–
At end of the year	**79,749**	30,077	**–**	–
	380,624	330,952	**300,875**	300,875
Reclassified to asset classified as held for sale (Note 19)	**(380,624)**	–	**(300,875)**	–
	–	330,952	**–**	300,875

The associated company is as follow:-

Name of company	Country of incorporation	Principal activities	Effective equity interest 2011	Effective equity interest 2010
Shanghai Infortech Software Development Co. Ltd. *	People's Republic of China	Computer software development and providing support services	**25%**	25%

* Audited by firms other than Hasnan THL Wong & Partners.

The summarised financial information of the associated company is as follows:-

	2011 RM	2010 RM
Assets and liabilities		
Current assets	**1,676,838**	1,388,096
Non-current assets	**126,596**	69,193
Total assets	**1,803,434**	1,457,289
Current liabilities	**652,876**	510,357
Total liabilities	**652,876**	510,357
Results		
Revenue	**6,376,413**	3,337,951
Profit/(loss) for the year	**129,882**	(33,353)

9. DEVELOPMENT COSTS

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
At 1st January	**4,709,018**	4,594,409	**4,223,065**	4,108,456
Addition	**63,000**	114,609	**63,000**	114,609
At 31st December	**4,772,018**	4,709,018	**4,286,065**	4,223,065
Government grant received	**(3,089,060)**	(3,089,060)	**(3,089,060)**	(3,089,060)
	1,682,958	1,619,958	**1,197,005**	1,134,005
Accumulated amortisation:-				
At 1st January	**(1,185,593)**	(1,104,318)	**(861,073)**	(817,306)
Charge for the year	**(87,558)**	(81,275)	**(50,050)**	(43,767)
At 31st December	**(1,273,151)**	(1,185,593)	**(911,123)**	(861,073)
	409,807	434,365	**285,882**	272,932

The development costs relate to expenditure incurred for the development of "atCom Studio", "atCom iTrack", "atCom ERM", "atCom Human Resources SQL Version 2", "Human Resource Management System Version 9" and "Openbravo POS".

A reconciliation of amortisation before and after the deduction of the government grant recognised as income is as follows:-

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Amortisation before deduction of government grant	**528,852**	522,569	**491,344**	485,061
Less: Effect of government grant	**(441,294)**	(441,294)	**(441,294)**	(441,294)
Amortisation after deduction of government grant	**87,558**	81,275	**50,050**	43,767

10. DEFERRED TAX ASSET

The tax effects of temporary differences which would give rise to future net tax benefits are generally recognised only where there is a probable expectation of realisation. As at the end of the financial year, the estimated amount of deferred taxation benefits calculated at current rate, that have not been recognised in the financial statements are as follows:-

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Tax effect of the excess of property, plant and equipment's net carrying amount over its tax written down value	**(83,200)**	(80,200)	**(73,500)**	(69,200)
Tax effect of unabsorbed capital allowances	**370,400**	349,300	**370,400**	349,300
Tax effect of unutilised tax losses	**1,305,900**	1,316,000	**567,400**	537,300
Deferred tax asset	**1,593,100**	1,585,100	**864,300**	817,400

Deferred tax asset has not been recognised in the financial statements as it is not probable that the Group and the Company will have sufficient taxable profits against which the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised.

11. OTHER INVESTMENT

	GROUP	
	2011	2010
	RM	RM
Unquoted shares, at cost	**900,000**	900,000
Less: Accumulated impairment loss	**(130,401)**	(130,401)
	769,599	769,599

12. INVENTORIES

	GROUP	
	2011	2010
	RM	RM
Clocks, forms cards and accessories	**11,220**	15,719

All inventories are carried at net realisable value.

13. TRADE RECEIVABLES

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Third parties	**535,214**	610,786	**55,081**	40,006
Subsidiary companies	**–**	–	**1,422,232**	1,649,950
Associated company	**–**	1,848	**–**	1,848
Related party *	**6,000**	–	**–**	–
	541,214	612,634	**1,477,313**	1,691,804
Less: Allowance for impairment				
Third parties	**(383,318)**	(307,761)	**(32,581)**	(31,581)
Subsidiary companies	**–**	–	**(1,405,681)**	(1,405,681)
	(383,318)	(307,761)	**(1,438,262)**	(1,437,262)
	157,896	304,873	**39,051**	254,542

* A company in which a subsidiary company has substantial financial interest.

The Group's normal trade credit term ranges from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Ageing analysis

The ageing analysis of the Group's and Company's trade receivables are as follows:-

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Neither past due nor impaired	**78,908**	215,968	**–**	7,425
1 to 30 days past due not impaired	**8,125**	250	**5,625**	–
31 to 60 days past due not impaired	**1,200**	7,350	**–**	–
61 to 90 days past due not impaired	**5,688**	1,800	**–**	–
91 to 120 days past due not impaired	**10,425**	–	**5,625**	–
More than 121 days past due not impaired	**53,550**	79,505	**27,801**	247,117
	78,988	88,905	**39,051**	247,117
Impaired	**383,318**	307,761	**1,438,262**	1,437,262
	541,214	612,634	**1,477,313**	1,691,804

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and have not been renegotiated during the financial year.

13. TRADE RECEIVABLES (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM 78,988 (2010: RM 88,905) that are past due at the end of the financial year but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature. The management is confident that the amounts are recoverable as these accounts are still active.

Trade receivables that are impaired

Trade receivables that are impaired as at the year end and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Individually impaired				
Trade receivables - nominal amounts	**384,068**	308,961	**1,454,813**	1,681,531
Less: Allowance for impairment	**(383,318)**	(307,761)	**(1,438,262)**	(1,437,262)
	750	1,200	16,551	244,269

Movement in allowance accounts:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1st January	**307,761**	447,933	**1,437,262**	1,437,262
Charge for the year (Note 27)	**75,557**	1,200	**1,000**	–
Reversal of impairment losses (Note 26)	**–**	(141,372)	**–**	–
At 31st December	**383,318**	307,761	**1,438,262**	1,437,262

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The foreign currency exposure profile is disclosed in Note 5 (d) of the Notes to the Financial Statements.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Analyse into:-				
Other receivables	**4,625**	21,764	**–**	10,356
Deposits	**19,710**	21,300	**11,900**	11,900
Prepayments	**714,746**	600	**714,341**	600
	739,081	43,664	**726,241**	22,856

Included in the other receivables is an amount of RM Nil (2010: RM 9,156) due from a company in which the subsidiary company has substantial financial interest.

15. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2011 RM	2010 RM
Balance outstanding	**1,159,702**	1,107,593
Less: Allowance for impairment	**(135,335)**	(135,335)
	1,024,367	972,258

These amounts are non-trade in nature, unsecured, interest free, repayable on demand and are to be settled in cash.

16. AMOUNT DUE FROM AN ASSOCIATED COMPANY

This amount is non-trade in nature, unsecured, interest free, repayable on demand and is to be settled in cash.

17. FIXED DEPOSITS

	GROUP/COMPANY	
	2011 RM	2010 RM
Fixed deposits with licensed bank (Note 18)	**102,935**	700,000

The fixed deposits of the Group and of the Company bear effective interest at rate of 3.00% (2010: 2.75%) per annum and have a maturity period of one month.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	**311,936**	157,776	**225,444**	72,056
Fixed deposits with licensed bank (Note 17)	**102,935**	700,000	**102,935**	700,000
	414,871	857,776	**328,379**	772,056

19. ASSET CLASSIFIED AS HELD FOR SALE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Reclassified from investment in associated company (Note 8)	**380,624**	–	**300,875**	–

On 12th December 2011, the Company entered into a Share Sale Agreement to dispose of its 25% equity interest in its associated company, Shanghai Infortech Software Development Co. Ltd. for a cash consideration of RM 572,000, in which a deposit sum of RM 57,798 has been received as at the end of the financial year. Accordingly, the net carrying amount of the investment has been reclassified as held for sale as at 31st December 2011, with sales completed on 8th February 2012 as announced.

20. TRADE PAYABLES

	GROUP 2011 RM	GROUP 2010 RM
Deferred income	**104,644**	265,702
Trade payable - Third party	**3,415**	789
	108,059	266,491

The normal trade credit term granted to the Group ranges from 30 to 60 days.

The foreign currency exposure profile is disclosed in Note 5 (d) of the Notes to the Financial Statements.

21. OTHER PAYABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Analyse into:-				
Accruals	**90,618**	80,924	**81,466**	62,359
Deposit received	**57,798**	–	**57,798**	–
Other payables	**378,674**	5,828	**375,858**	3,884
	527,090	86,752	**515,122**	66,243

22. SHARE CAPITAL

	GROUP/COMPANY 2011 RM	GROUP/COMPANY 2010 RM
Authorised:		
100,000,000 ordinary shares of RM 0.10 each	**10,000,000**	10,000,000
Issued and fully paid:		
Ordinary shares of RM 0.10 each		
At beginning of the year	**7,260,000**	6,600,000
Issued during the year	**–**	660,000
At end of the year	**7,260,000**	7,260,000

During the previous financial year, the Company increased its share capital from RM 6,600,000 to RM 7,260,000 by issuance of 6,600,000 ordinary shares of RM 0.10 each at a price of RM 0.123 per ordinary share pursuant to a private placement, for additional working capital purposes. The share premium arising from the shares issued amounting to RM 151,800 has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

23. RESERVES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Accumulated losses	**(8,109,479)**	(7,920,521)	**(8,210,869)**	(7,876,032)
Non-distributable				
Share premium	**3,234,281**	3,234,281	**3,234,281**	3,234,281
Foreign exchange translation reserve	**18,093**	892	**–**	–
	3,252,374	3,235,173	**3,234,281**	3,234,281
	(4,857,105)	(4,685,348)	**(4,976,588)**	(4,641,751)

24. NET TANGIBLE ASSETS AND LOSS PER SHARE

Net Assets Per Share

The net assets per share is calculated by dividing the net assets of RM 2,402,895 (2010: RM 2,574,652) by the number of ordinary shares in issue as at the end of the financial year of 72,600,000 (2010: 72,600,000).

Basic Loss Per Share

The basic loss per share is calculated by dividing the Group's loss attributable to owners of the parent of RM 188,958 (2010: RM 376,142) by the weighted average number of shares of 72,600,000 (2010: 66,433,970) ordinary shares of RM 0.10 each.

Diluted Loss Per Share

No ESOS option has been granted as at the end of the financial year, therefore the disclosure of diluted loss per share is not applicable.

25. REVENUE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Customisation projects	**69,582**	36,000	**69,582**	3,300
Sales of own proprietory software and solutions	**29,100**	55,000	**–**	1,000
Sale of software, hardware and accessories	**93,837**	58,000	**18,350**	4,435
Software development, maintenance and training fees	**682,630**	803,269	**90,678**	186,349
	875,149	952,269	**178,610**	195,084

26. OTHER INCOME

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Dividend received	–	–	–	8,289
Interest received	**12,749**	2,052	**12,735**	2,042
Gain on foreign currency exchange				
- realised	**430**	8,156	–	7,896
Reversal of impairment loss on trade receivables	–	141,372	–	–
Others	**43,820**	45,900	**43,820**	42,000
	56,999	197,480	**56,555**	60,227

27. LOSS FROM OPERATING ACTIVITIES

Loss from operating activities for the financial year has been determined after charging amongst other items the following:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Amortisation of development costs	87,558	81,275	**50,050**	43,767
Auditors' remuneration				
- statutory audit	**18,500**	15,000	**12,000**	10,000
Bad debts written off	**1,200**	65,969	**1,200**	–
Depreciation of property, plant and equipment	**47,569**	45,703	**31,226**	30,560
Directors' remuneration (Note 32)				
- fees	**81,000**	40,500	**81,000**	40,500
- salaries and other emoluments	**123,303**	206,307	**109,046**	108,653
Impairment loss on trade receivables	**75,557**	1,200	**1,000**	–
Inventories written down	**7,859**	–	–	–
Loss on disposal of property, plant and equipment	**3,077**	–	–	–
Loss on foreign currency exchange				
- realised	**7,422**	1,892	**1,907**	1
Property, plant & equipment written off	**359**	5,627	**15**	1,804
Rental of office	**46,800**	96,800	**46,800**	46,800

28. FINANCE COSTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Bank charges	**971**	725	**471**	420

29. TAXATION

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Malaysian taxation:				
Under provision in prior years:				
Taxation	**–**	500	**–**	–

Company

As at 31st December 2011, the Company has unutilised tax losses and unabsorbed capital allowances of approximately RM 2,269,700 (2010: RM 2,149,300) and RM 1,481,600 (2010: RM 1,397,200) respectively, which are subject to the agreement of the Inland Revenue Board.

The Company has estimated tax exempt income account of approximately RM 674,000 (2010: RM 674,000) in respect of income exempted under the Promotion of Investment Act, 1986. The tax exempt income are available for distribution by way of tax exempt dividend out of its future profits.

Group

As at 31st December 2011, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM 5,224,400 (2010: RM 5,264,400) and RM 1,481,600 (2010: RM 1,397,200) respectively, which are subject to the agreement of the Inland Revenue Board.

Income tax of the Company and the Malaysian subsidiary companies are calculated at the rate of 25% on the estimated taxable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of average effective tax rate applicable to loss before taxation to effective statutory tax rate is as follows:-

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Loss before taxation	**(188,958)**	(375,642)	**(334,837)**	(495,502)
	%	%	**%**	%
Average effective tax rate for the year	**–**	(0.1)	**–**	–
Under provision in prior year	**–**	0.1	**–**	–
Tax effect of income not subject to tax	**–**	–	**–**	(0.4)
Deferred tax asset not recognised during the year	**25.8**	27.9	**13.9**	21.1
Utilisation of deferred tax asset previously not recognised	**(21.5)**	(15.3)	**–**	–
Tax effect of expenses not deductible for tax purpose	**20.7**	12.4	**11.1**	4.3
Effective statutory tax rate for the year	**25.0**	25.0	**25.0**	25.0

30. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the proceeds from disposal of property, plant and equipment are as follows:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash consideration	**1,000**	4,049	**–**	4,049

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and Company acquired property, plant and equipment as follows:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash payment	**41,107**	43,957	**41,107**	950

32. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments receivable by Directors of the Group and Company during the financial year are as follows:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive Directors				
- salaries and other emoluments	**123,303**	206,307	**109,046**	108,653
- fees	**19,000**	–	**19,000**	–
Independent Non-Executive Directors				
- fees	**62,000**	40,500	**62,000**	40,500
	204,303	246,807	**190,046**	149,153

The number of Directors of the Company whose total remuneration during the financial year falling within the following bands are as follows:-

	Number of Directors	
	2011	2010
Executive Directors :-		
Below RM 50,000	**1**	1
RM 50,001 - RM 100,000	**–**	–
RM 100,001 - RM 150,000	**1**	–
	2	1
Non-Executive Directors		
Below RM 50,000	**4**	6

32. DIRECTORS' REMUNERATION (cont'd)

The number of Directors of the Group whose total remuneration during the financial year falling within the following bands are as follows:-

	Number of Directors	
	2011	**2010**
Executive Directors :-		
Below RM 50,000	**2**	1
RM 50,001 - RM 100,000	**–**	1
RM 100,001 - RM 150,000	**1**	1
	3	3
Non-Executive Directors		
Below RM 50,000	**4**	6

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions with related parties are as follows:-

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Related party - Constellar (M) Sdn. Bhd. *				
Sales to related party	**53,274**	39,648	**32,274**	39,648
Other income received from related party	**42,000**	42,000	**42,000**	42,000

* A company in which a subsidiary company has substantial financial interest.

34. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 December 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25th March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Accumulated losses analysed into:				
- Realised	**(11,624,029)**	(11,402,600)	**(8,210,869)**	(7,876,032)
- Unrealised	**–**	–	**–**	–
	(11,624,029)	(11,402,600)	**(8,210,869)**	(7,876,032)
Less: Consolidation adjustments	**3,514,550**	3,482,079	**–**	–
Accumulated losses as per financial statement	**(8,109,479)**	(7,920,521)	**(8,210,869)**	(7,876,032)

35. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments.

Segment results, assets and liabilities includes items directly attributable to a segment as well as those that can be allocated in a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment assets and liabilities do not include tax assets and tax liabilities respectively.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one accounting period.

Inter-segment revenue are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

35. SEGMENTAL INFORMATION (cont'd)

i) Business Segments

2011	Customisation Projects RM	Own Proprietory Software RM	Third Party Software, Hardware & Accessories RM	Maintenance, Training & Others RM	Elimination RM	Total RM
Revenue						
External sales	69,582	29,100	93,837	682,630	–	875,149
Inter-segment sales	–	–	–	–	–	–
Total revenue	69,582	29,100	93,837	682,630	–	875,149
Results						
Segment results	(11,580)	(4,843)	(15,617)	(113,609)	–	(145,649)
Financing costs						(971)
Interest revenue						12,749
Amortisation of development costs						(87,558)
Share of result of an associated company						32,471
Loss before taxation						(188,958)
Taxation						–
Loss for the year						(188,958)

35. SEGMENTAL INFORMATION (cont'd)

i) Business Segments

2011	Customisation Projects RM	Own Proprietory Software RM	Third Party Software, Hardware & Accessories RM	Maintenance, Training & Others RM	Elimination RM	Total RM
Assets						
Segment assets	149,010	62,317	200,951	1,461,846	–	1,874,124
Asset classified as held for sale						380,624
Other investment						769,599
Tax assets						13,697
						3,038,044
Liabilities						
Segment liabilities	50,500	21,120	68,103	495,426	–	635,149
Other Segment Information						
Amortisation of development costs	6,962	2,911	9,388	68,297	–	87,558
Bad debts written off	95	40	129	936	–	1,200
Capital expenditure	3,268	1,367	4,408	32,064	–	41,107
Depreciation	3,782	1,582	5,100	37,105	–	47,569
Impairment loss on trade receivables	6,007	2,512	8,102	58,936	–	75,557

35. SEGMENTAL INFORMATION (cont'd)

i) Business Segments

2010	Customisation Projects RM	Own Proprietory Software RM	Third Party Software, Hardware & Accessories RM	Maintenance, Training & Others RM	Elimination RM	Total RM
Revenue						
External sales	36,000	55,000	58,000	803,269	–	952,269
Inter-segment sales	–	–	–	–	–	–
Total revenue	36,000	55,000	58,000	803,269	–	952,269
Results						
Segment results	(10,404)	(15,895)	(16,762)	(244,295)	–	(287,356)
Financing costs						(725)
Interest revenue						2,052
Amortisation of development costs						(81,275)
Share of result of an associated company						(8,338)
Loss before taxation						(375,642)
Taxation						(500)
Loss for the year						(376,142)

35. SEGMENTAL INFORMATION (cont'd)

i) Business Segments

2010	Customisation Projects RM	Own Proprietory Software RM	Third Party Software, Hardware & Accessories RM	Maintenance, Training & Others RM	Elimination RM	Total RM
Assets						
Segment assets	65,483	100,043	105,500	1,537,518	–	1,808,544
Investment in associated company						330,952
Other investment						769,599
Tax assets						18,800
						2,927,895
Liabilities						
Segment liabilities	12,790	19,540	20,607	300,306	–	353,243
Other Segment Information						
Amortisation of development costs	2,943	4,496	4,741	69,095	–	81,275
Bad debts written off	2,389	3,649	3,848	56,083	–	65,969
Capital expenditure	1,592	2,432	2,563	37,370	–	43,957
Depreciation	1,655	2,529	2,665	38,854	–	45,703
Impairment loss on trade receivables	43	66	71	1,020	–	1,200

35. SEGMENTAL INFORMATION (cont'd)

ii) Geographical Segments

Segment revenue based on geographical location of its customers:-

2011	**Malaysia RM**	**Singapore RM**	**China RM**	**Other RM**	**Consolidated RM**
Total revenue from external customers	**736,098**	**69,469**	**69,582**	**–**	**875,149**
Segment assets	**1,853,149**	**19,200**	**1,775**	**–**	**1,874,124**
Investment in an associated company	**380,624**	**–**	**–**	**–**	**380,624**
Other investment	**769,599**	**–**	**–**	**–**	**769,599**
Tax assets	**13,697**	**–**	**–**	**–**	**13,697**
Consolidated total assets	**3,017,069**	**19,200**	**1,775**	**–**	**3,038,044**
Capital expenditure	**34,576**	**3,263**	**3,268**	**–**	**41,107**
2010					
Total revenue from external customers	948,853	3,416	–	–	952,269
Segment assets	1,766,500	28,140	3,623	10,281	1,808,544
Investment in an associated company	330,952	–	–	–	330,952
Other investment	769,599	–	–	–	769,599
Tax assets	18,800	–	–	–	18,800
Consolidated total assets	2,885,851	28,140	3,623	10,281	2,927,895
Capital expenditure	43,806	151	–	–	43,957

35. SEGMENTAL INFORMATION (cont'd)

iii) Information about major customers

There is no single customer with revenue equal or more than 10% of the Group's total revenue.

36. EMPLOYEES INFORMATION

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' salaries and other emoluments (Note 27)	**123,303**	206,307	**109,046**	108,653
EPF	**30,681**	34,368	**–**	26,003
Salaries, bonus, wages and gratuity	**303,439**	320,899	**500**	246,173
SOCSO	**2,978**	3,723	**–**	3,058
Other personnel costs	**16,375**	43,614	**10,866**	18,918
	476,776	608,911	**120,412**	402,805

The total number of employees of the Company, including the Directors, as at the end of the financial year was 5 (2010: 9).

The total number of employees of the Group, including the Directors, as at the end of the financial year was 10 (2010: 11).

37. FINANCIAL INSTRUMENTS

The Group and the Company's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Group and of the Company in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

GROUP	Available for sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2011				
Financial Assets				
Other investment	**769,599 ***	**–**	**–**	**769,599**
Trade and other receivables	**–**	**182,231**	**–**	**182,231**
Amount due from an associated company	**–**	**1,775**	**–**	**1,775**
Fixed deposits	**–**	**102,935**	**–**	**102,935**
Cash and bank balances	**–**	**311,936**	**–**	**311,936**
	769,599	**598,877**	**–**	**1,368,476**
Financial Liabilities				
Trade and other payables	**–**	**–**	**635,149**	**635,149**

37. FINANCIAL INSTRUMENTS (cont'd)

GROUP	Available for sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2010				
Financial Assets				
Other investment	769,599 *	–	–	769,599
Trade and other receivables	–	347,937	–	347,937
Amount due from an associated company	–	1,775	–	1 ,775
Fixed deposits	–	700,000	–	700,000
Cash and bank balances	–	157,776	–	157,776
	769,599	1,207,488	–	1,977,087
Financial Liabilities				
Trade and other payables	–	–	353,243	353,243

* The valuation method of this financial asset is based on inputs that are not based on observable market data.

COMPANY	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2011			
Financial Assets			
Trade and other receivables	**50,951**	**–**	**50,951**
Amount due from subsidiaries	**1,024,367**	**–**	**1,024,367**
Fixed deposits	**102,935**	**–**	**102,935**
Cash and bank balances	**225,444**	**–**	**225,444**
	1,403,697	**–**	**1,403,697**
Financial Liabilities			
Trade and other payables	**–**	**515,122**	**515,122**
2010			
Financial Assets			
Trade and other receivables	276,798	–	276,798
Amount due from subsidiaries	972,258	–	972,258
Fixed deposits	700,000	–	700,000
Cash and bank balances	72,056	–	72,056
	2,021,112	–	2,021,112
Financial Liabilities			
Trade and other payables	–	66,243	66,243

38. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31st December 2011 and 31st December 2010.

The Group and the Company monitors capital using capital management ratio, which is net debt divided by equity attributable to the owners of the parent. The Group and the Company includes within net debt, trade and other payables less cash and cash equivalents. The Group's and the Company's policy is to keep the Group's and the Company's capital management ratio at a level deemed appropriate considering business, economic and investment conditions.

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade and other payables	**635,149**	353,243	**515,122**	66,243
Less: Cash and cash equivalents	**(414,871)**	(857,776)	**(328,379)**	(772,056)
Net debt	**220,278**	(504,533)	**186,743**	(705,813)
Equity attributable to the owners of the parent	**2,402,895**	2,574,652	**2,283,412**	2,618,249
Capital management ratio	**9.2%**	(19.6%)	**8.2%**	(27.0%)

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) On 25th April 2011, the Company entered into a conditional Share Sale Agreement to acquire the entire equity interest in Jaring Metal Industries Sdn. Bhd. to be satisfied via issuance of the consideration shares as disclosed in Note 39 (c) (i) of the Notes to the Financial Statements.

   The last conditions date for fulfilment of the said Agreement's conditions was extended to 24th June 2012, as mutually agreed by both parties on 24th April 2012.

b) On 12th December 2011, the Company entered into a Share Sale Agreement to dispose of its 25% equity interest in its associated company, Shanghai Infortech Software Development Co. Ltd. for a cash consideration of RM 572,000, in which a deposit sum of RM 57,798 has been received as at the end of the financial year. The sale was completed on 8th February 2012 as announced.

c) On 28th December 2011, the Company appointed TA Securities Holdings Berhad as the replacement Adviser and Sponsor, in replacement of PM Securities Sdn. Bhd. who was appointed as the Adviser and Sponsor on 25th April 2011, to undertake the following Proposals:-

   i) proposed acquisition of the entire equity interest in Jaring Metal Industries Sdn. Bhd. for a total purchase consideration of RM64,800,000 to be satisfied by the issuance of 462,857,143 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.14 each;

   ii) proposed private placement of up to 107,091,400 ordinary shares in the Company representing up to 20% of the total issued and paid-up share capital of the Company upon completion of the proposed acquisition; and

   iii) proposed increase in the authorised share capital of the Company from RM10,000,000 comprising 100,000,000 ordinary shares in the Company of RM0.10 each to RM250,000,000 comprising 2,500,000,000 ordinary shares of RM0.10 each.

   The above Proposals are pending the approvals by the relevant authorities.

40. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current year's classification for better understanding of the financial statements:-

	As previously stated RM	Reclassification RM	As restated RM
For the financial year ended 31st December 2010			
Statements of Comprehensive Income			
Group			
Revenue	994,269	(42,000)	952,269
Other income	155,480	42,000	197,480
Company			
Revenue	237,084	(42,000)	195,084
Other income	18,227	42,000	60,227

Statistics of Shareholdings

as at 26 April 2012 (as per Record of Depositors)

Authorised Share Capital	:	RM10,000,000.00 divided into 100,000,000 ordinary shares of RM0.10 each
Share Capital Issued	:	72,600,000 ordinary shares of RM0.10 each
Paid-Up Share Capital	:	RM7,260,000.00
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares Held	% of Issued Shares
Less than 100	23	1,059	–
100 to 1,000	117	92,554	0.13
1,001 to 10,000	414	2,394,900	3.30
10,001 to 100,000	316	13,454,892	18.53
100,001 to less than 5% of issued shares	107	37,018,572	50.99
5% and above of issued shares	2	19,638,023	27.05
Total	**979**	**72,600,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS according to the Register of Substantial Shareholders as at 26 April 2012

		Direct Interest <---------------------------->		Deemed Interest <---------------------------->	
No.	**Name**	**No. of Issued Shares**	**% of Issued Shares**	**No. of Issued Shares**	**% of Issued Shares**
1.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Siew Ching (Margin)*	14,338,023	19.75	–	–
2.	Lim Poh Mei	5,300,000	7.30	–	–

DIRECTORS' DIRECT AND DEEMED INTERESTS in the Company and/or its Related Corporations as at 26 April 2012

	Direct Interest <---------------------------->		Deemed Interest <---------------------------->	
Name of Directors	**No. of Issued Shares**	**% of Issued Shares**	**No. of Issued Shares**	**% of Issued Shares**
Tan Siew Ching (f)	14,338,023	19.75	–	–
Lee Chee Kheng	–	–	–	–
Law Seeh Key	–	–	–	–
Roy Thean Chong Yew	–	–	–	–
Datuk Md. Hassim bin Pardi	–	–	–	–

TOP 30 SECURITIES ACCOUNT HOLDERS as per Record of Depositors as at 15 April 2011

No.	Name	No. of Issued Shares	% of Issued Shares
1.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Siew Ching (Margin)*	14,338,023	19.75
2.	Lim Poh Mei	5,300,000	7.30
3.	Sim Teong Heng	2,197,800	3.03
4.	Diana Teo May Ling	1,920,600	2.65
5.	Loh Yun Chyi	1,800,000	2.48
6.	Chia Hiang Nooi	1,400,000	1.93
7.	Wong Kim Tart	1,356,100	1.87
8.	Yeap Hon-En	1,300,000	1.79
9.	Lai Yin Sin @ Lai Yin Sen	1,146,900	1.58
10.	Mohd Jamel bin Abdul Munin	1,000,000	1.38
11.	Yew Chin Ong	812,000	1.12
12.	Kong Yuen Kwan	801,000	1.10
13.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Seng Poh (STA 2)*	600,000	0.83
14.	Navaneetha Rajah a/l Selvadurai	502,800	0.69
15.	Chua Lee Guan	500,000	0.69
16.	Tan Eng San	500,000	0.69
17.	Tan Lee Shean	500,000	0.69
18.	Tan Seng	500,000	0.69
19.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wee Tiew Toon (8048870)*	459,700	0.63
20.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Taw Chew (E-SPG)*	423,900	0.58
21.	Yeap Hong Huat	410,000	0.56
22.	Wong Chong Chee	405,000	0.56
23.	Ho Chwee Hoon	400,000	0.55
24.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Leong Chee Hoong*	400,000	0.55
25.	Teng Lay Lay	390,000	0.54
26.	Yong Kok Chen	385,000	0.53
27.	Teh Teong Meng	378,190	0.52
28.	Tan Soo Eng	376,700	0.52
29.	Navaneetha Rajah a/l Selvadurai	374,000	0.52
30.	Thavatheva Thevarajah	365,700	0.50
	Total	**41,243,413**	**56.81**

Notice of 14th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 14th Annual General Meeting of the Company will be held at Room Arcadia II, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 15 June 2012 at 10.00 a.m. for the transaction of the following business:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. **ORDINARY RESOLUTION 1**

2. To re-elect Mr Lee Chee Kheng who retires in accordance with Article 67 of the Company's Articles of Association. **ORDINARY RESOLUTION 2***

3. To re-elect Datuk Md. Hassim bin Pardi who retires in accordance with Article 72 of the Company's Articles of Association and who being eligible offers himself for re-election. **ORDINARY RESOLUTION 3**

4. To re-appoint Messrs Hasnan THL Wong & Partners as Auditors of the Company for the financial year ending 31 December 2012 and to authorise the Board of Directors of the Company to determine their remuneration. **ORDINARY RESOLUTION 4**

5. To approve the payment of Directors' fees amounting to RM81,000 for the financial year ended 31 December 2011. **ORDINARY RESOLUTION 5**

Special Business

6. To consider and, if thought fit, pass the following Ordinary Resolution:-

   Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 **ORDINARY RESOLUTION 6**

   "**THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals from the relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors of the Company may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

   AND THAT the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the ACE Market of Bursa Malaysia Securities Berhad AND be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate."

7. To consider and, if thought fit, pass the following Special Resolution:-

   Proposed Amendments to Articles of Association of the Company **SPECIAL RESOLUTION**

   "**THAT** the proposed amendments to the Articles of Association of the Company in the manner as set out in Appendix I attached to the Notice of 14th Annual General Meeting of the Company be hereby approved and adopted.

   AND THAT the Directors of the Company, whether solely or jointly, be and are hereby authorised to assent to any modifications, variations and/or amendments as may be considered necessary to complete and give full effect to the Proposed Amendments to the Articles of Association of the Company."

8. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been given in accordance with the Companies Act, 1965 and the Articles of Association of the Company.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 14th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 47(f) of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors ("ROD") as at 8 June 2012. Only a depositor whose name appears on the ROD as at 8 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.

BY ORDER OF THE BOARD

TONG SIUT MOI
MAICSA 7024173
Secretary

Selangor Darul Ehsan
24 May 2012

Notes:

Proxy

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company. In the event the proxy/proxies is/are not a member/members he/she needs not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall not, subject to Notes (3) and (4) below, be entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised and be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at Unit A-32-06, Three Two Square, 2 Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend this 14th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 47(f) of the Articles of Association of the Company and Section 34(1) of SICDA to issue a General Meeting ROD as at 8 June 2012. Only a depositor whose name appears on the ROD as at 8 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.

**** Ordinary Resolution 2 - Re-election of Director pursuant to Article 67 of the Articles of Association of the Company***

8. The Ordinary Resolution 2 under agenda 2 above is proposed pursuant to Article 67 of the Articles of Association of the Company. Nevertheless, Mr Lee Chee Kheng who retires in accordance with Article 67 of the Articles of Association of the Company, has expressed his intention not to seek re-election. Hence, Mr Lee will retain office until the close of this 14th Annual General Meeting.

Abstention from Voting

9. All the Directors who are shareholders of the Company and entitled to Directors' fees will abstain from voting on Ordinary Resolution 5 concerning Directors' fees at the Annual General Meeting.

Special Business

10. ***Ordinary Resolution 6 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965***

    The Ordinary Resolution 6 proposed under agenda 6 above is a renewal of the general mandate for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965, which was granted by the shareholders at the last Annual General Meeting. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 20 June 2011, which will lapse at the conclusion of this 14th Annual General Meeting.

    The proposed Ordinary Resolution 6, if passed, will give the Directors of the Company, from the date of the above Meeting, the authority to issue and allot ordinary shares from the unissued share capital of the Company up to an amount not exceeding in total ten per centum (10%) of the total issued share capital of the Company for the time being for such purposes as the Directors of the Company consider would be in the best interest of the Company. There will be no adverse effect on the share price in such cases, as the new issuance would not be priced at a discount of more than ten per centum (10%) of the weighted average market price for five (5) market days before the price-fixing date. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

    The abovesaid mandate will provide the Directors certain flexibilities when the need arises to issue additional shares for any possible fund raising activities, including but not limited to funding future investment projects, working capital and/or acquisitions and, in addition to enhancing efficiency in implementing the same, it will reduce the time and cost that would be involved in seeking shareholders' approval for such issue of shares.

11. ***Special Resolution – Proposed Amendments to Articles of Association of the Company***

    The Special Resolution under agenda 7 above is proposed so as to be in line with the amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

Appendix I
attached to the Notice of 14th AGM

EXISTING ARTICLES	PROPOSED AMENDMENTS TO EXISTING ARTICLES
<u>**Article 3(2)(a)**</u>	<u>**Article 3(2)(a)**</u>
(2) Paragraph 1 of this Article shall be subject to the following restrictions, that is to say:-	(2) ***(No change)***
(a) ***(To delete in its entirety)*** No Director shall participate in a share scheme for employees unless shareholders in general meeting have approved the specific allotment to such Director.	***(a) No Director shall participate in a Share Issuance Scheme unless shareholders in general meeting have approved the specific allotment to be made to such Director. A Share Issuance Scheme refers to a scheme involving a new issuance of shares to the employees as defined in Rule 1.01 of Chapter 1 of the Listing Requirements.***
<u>**Article 61**</u>	<u>**Article 61**</u>
(2) ***(To delete in its entirety)*** Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary Shares of the Company standing to the credit of the said Securities Account.	**(2)** <u>***Proxy need not be a Member***</u> A proxy need not be a Member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
(3) ***(No provision)***	***(3) (New insertion)*** <u>***Multiple Proxies***</u> ***(a) Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary Shares of the Company standing to the credit of the said Securities Account.*** ***(b) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.***

Appendix I (cont'd)
attached to the Notice of 14th AGM

(c) An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

(d) Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

Article 62 – Proxy to be in Writing

The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company. If the proxy is not a Member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A Member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the proxy's authority.

Article 62 – Proxy to be in Writing

The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A Member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy however such attendance shall automatically revoke the proxy's authority.

Statement Accompanying

Notice of 14th Annual General Meeting

Further details of the Director who is standing for re-election as per Agenda 3 of the Notice of AGM:-

1. Pursuant to Article 72 of the Articles of Association of the Company, Datuk Md. Hassim bin Pardi will be retiring and standing for re-election at the 14th AGM.

2. Pursuant to Article 67 of the Articles of Association of the Company, Mr Lee Chee Kheng will be retiring at the 14th AGM. Nevertheless, Mr Lee has expressed his intention not to seek re-election. Hence, Mr Lee will retain office until the close of this 14th Annual General Meeting.

3. The details of Datuk Md. Hassim bin Pardi, the Director standing for re-election, are as set out in "Board of Directors' Profile" on page 7 of this Annual Report. Save as disclosed therein, Datuk Md. Hassim has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offence (other than traffic offences) within the past ten (10) years.

4. No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company.

Information for Shareholders on 14th Annual General Meeting

The 14th AGM will be held at Room Arcadia II, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 15 June 2012 at 10.00 a.m.

Details of the 14th AGM are set out in the Notice of 14th AGM in the 2011 Annual Report together with a Form of Proxy. They are also available on Bursa Malaysia Securities Berhad's website, **www.bursamalaysia.com**

The Company has requested Bursa Malaysia Depository Sdn Bhd in accordance with Article 47(f) of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting ROD as at 8 June 2012, for the purpose of determining the member who shall be entitled to attend the 14th AGM. Only a depositor whose name appears on the ROD as at 8 June 2012 shall be entitled to attend the 14th AGM or appoint proxies to attend and/or speak and/or vote on his/her behalf.

Abbreviations

AA	Articles of Association of the Company
Act	Companies Act, 1965
AC	Audit Committee
AMLR	ACE Market Listing Requirements
AGM	Annual General Meeting
BEE	Board Effectiveness Evaluation
Board	Board of Directors
Bursa LINK	Bursa Listing Information Network
Bursa Securities	Bursa Malaysia Securities Berhad
CG	Corporate Governance
CG Code	Malaysian Code on Corporate Governance
Company	Infortech Alliance Berhad
ED/EDs	Executive Director or its plural
FRS/FRSs	Financial Reporting Standard or its plural
FYE	Financial year ended
Group	Infortech Alliance Berhad and its subsidiary companies
ICT	Information and Communications Technology
INED/INEDs	Independent and Non-Executive Director or its plural
LAT	Loss After Tax
NC	Nomination Committee
NED/NEDs	Non-Executive Director or its plural
PM Securities	PM Securities Sdn Bhd
RC	Remuneration Committee
RM	Ringgit Malaysia
ROD	Record of Depositors
SICDA	Securities Industry (Central Depositories) Act, 1991
SID	Senior Independent Non-Executive Director
TOR/TORs	Terms of Reference or its plural

FORM OF PROXY

INFORTECH ALLIANCE BERHAD (439230-A)
(Incorporated in Malaysia)

No. of Shares held ....

CDS Account No. ....

*I/We...
(full name as per NRIC/Certificate of Incorporation in capital letters)

Company No./NRIC No. .... of ....

....
(full address)

....
(full address)

being a member of **INFORTECH ALLIANCE BERHAD** hereby appoint ....
(full name as per NRIC in capital letters)

.... NRIC No. ....

or failing him/her, ...
(full name as per NRIC in capital letters)

NRIC No. .... or failing him/her the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the 14th AGM of the Company to be held at Room Arcadia II, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 15 June 2012 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 14th AGM.

*My/Our proxy(ies) *is/are to vote as indicated below:-

Ordinary Business		FOR	AGAINST
Resolution 1	To receive Audited Financial Statements for the year ended 31 December 2011 and Reports of Directors and Auditors thereon		
Resolution 2	To re-elect Mr Lee Chee Kheng as Director (Article 67)#	N/A#	N/A#
Resolution 3	To re-elect Datuk Md. Hassim bin Pardi as Director (Article 72)		
Resolution 4	To re-appoint Messrs Hasnan THL Wong & Partners as auditors of the Company and to authorise the Board of Directors to determine their remuneration		
Resolution 5	To approve payment of Directors' fees for financial year ended 31 December 2011		
Special Business			
Resolution 6	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
Special Resolution	Proposed Amendments to Articles of Association of the Company		

 # Mr Lee Chee Kheng will not be seeking re-election at the 14th AGM.

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

Signed this .... day of 2012

....
Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

NOTES:

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company. In the event the proxy/proxies is/are not a member/members he/she needs not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall not, subject to Notes (3) and (4) below, be entitled to appoint more than two (2) proxies to attend and vote at the AGM. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised and be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at Unit A-32-06, Three Two Square, 2 Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend this 14th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 47(f) of the Articles of Association of the Company and Section 34(1) of SICDA to issue a General Meeting ROD as at 8 June 2012. Only a depositor whose name appears on the ROD as at 8 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.

** Delete if not applicable*

Fold here

Fold here

STAMP

Infortech Alliance Berhad
(Company No: 439230-A)
Unit A-32-06
Three Two Square
2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan

INFORTECH ALLIANCE BERHAD (439230-A)
Unit A-32-06, Three Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
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Malaysia
Tel : 603-7954 8876
Fax : 603-7954 7279
Website : www.infortechalliance.com