Wisma IFCA, No 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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IFCA MSC Berhad (Co. No.453392-T) | Annual Report 2010

Annual Report 2010

IFCA™ software

IFCA MSC Berhad

(Co. No.453392-T)

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About IFCA MSC Berhad

IFCA MSC Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad, is in the business of providing enterprise-wide integrated business solutions with a broad clientele base in three continents, namely Asia, Africa and Australia.

Established in 1987, the Group is a leading integrated software provider in the region, fully committed to developing, innovating integrating and converging new technologies in communications and multimedia as part of the provision of business solutions while continuously enhancing our business applications to increase efficiency and customer satisfaction.

The Group is one of the earliest Microsoft Independent Software Vendor (ISV) partners in Malaysia and a Microsoft Certified Partner (MCP).

To date, the Group's business solutions cater to a wide range of industries, namely in contract accounting; property development & management; hotel, club & resort; manufacturing & distribution; finance/leasing; customized IT projects; e-Business; and hardware & networking.

Vision

To be a global world-class
ICT organization

Mission

To deliver world-class products and services

To exceed expectation on customer service and satisfaction

To empower, retain and reward competent employees

To enhance shareholders' value

Corporate Information

Board of Directors

Executive Director

YONG KEANG CHEUN, *Executive Chairman*
YONG KIAN KEONG, *Executive Deputy Chairman*
(Re-designated to Group Managing Director on 1 Feb 2011)
IAN JEREMY JONES, *Chief Executive Officer*
(Resigned on 1 Feb 2011)

Non-Executive Independent Director

CHEW SEE CHIEW
HOE KAH SOON
OOI BEE BEE

Company Secretary
Yap Kim Sing (LS001376)
Wong Kam Khan (MIA No.3153)

Audit Committee
Chew See Chiew *(Chairman)*
Hoe Kah Soon
Ooi Bee Bee

Auditors
Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Principal Banker
Hong Leong Bank Berhad

Legal Advisors
Bodipalar Ponnudurai Nathan
Suite 1.02, 1st Floor, Wisma E&C
No. 2, Lorong Dungun Kiri
Damansara Heights,
50490 Kuala Lumpur

Foong & Partners
Suite21.08, Level 21
Plaza 138
138 Jalan Ampang
50450 Kuala Lumpur

Share Registrar
Insurban Corporate Services Sdn Bhd
149 Jalan Aminuddin Baki
Taman Tun Sr. Ismail
60000 Kuala Lumpur
Tel: 603-7727 5573
Fax: 603-7728 5948

Registered Office
24B, Persiaran Zaaba
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 603-7727 0321
Fax: 603-7728 0326

Corporate Office
Wisma IFCA, 19 Jalan PJU 1/42A
Dataran Prima,
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7805 3838
Fax: 603-7804 0206
Email: ifca@ifca.com.my
Website: www.ifca.com.my

Stock Exchange Listing
Bursa Malaysia Securities Bhd – ACE Market

Stock Codes
Bursa Malaysia: 0023
Reuters: IFCA KL
Bloomberg: IFCA MK

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, I present to you the Annual Report and Audited Financial Statements of IFCA MSC Berhad (“Company”) and its group of companies (“Group”) for the financial year ended 31 December 2010 (“FY2010”).

Economic Review 2010

The Malaysian economy recovery which started in mid-2009 has performed better than expected by expanding 7.2% in 2010 and will continue in 2011. The economic growth and private investment is expected to strengthen further, boosted by the various measures, such as the 10^{th} Malaysian Plan and the Economic Transformation Programme, undertaken by the Government in transforming the economy which are now showing results.

Domestic demand by local companies will be strong due to supportive government policy measures and demand by Multinational Corporation (“MNC”) will also be strengthened fuelled by the world economic recovery. These local companies and MNC will invest in Information Technology to increase productivity and efficiency and thus, we hope that we are able to capture these markets for financial year ended 31 December 2011.

Financial Review

In the last financial year ended 31 December 2010, the Group has achieved revenue of RM37.4 million, an increase by 25% from RM29.9 million previously. The increase in revenue of RM7.5 million was a result of the significant higher web-based enterprise software implementation and billings, indicates the growing market acceptance of IFCA’s new generation web-based eBusiness Solutions.

Gross profit increased by 44.5% to RM24.9 million in FY2010 from RM17.2 million previously, attributable to higher sales mix comprising higher margin products in the web-based enterprise software and lower margin product in the hardware & networking business segment. Gross margins increased marginally by 8.9% to 66.5% in FY2010 from 57.6% in the previous year.

The Group’s bottom line has also improved significantly compared with FY2009 even though it still registered a group loss of approximately RM0.7 million as compared to a loss of RM6.0 million previously.

The net loss for the year under review was primarily due to higher marketing costs incurred in promoting IFCA’s web-based eBusiness Solutions and increase in human capital costs deployed in Research & Development activities.

At the end of the financial year, the Group’s cash flow at hand stood at RM5.0 million.

Operations Review

On the domestic front, we achieved RM33.6 million of revenue in FY2010, a growth of 24.1% over RM27.1 million in the previous financial year, spurred on by increased sales of web-based eBusiness Solutions to new customers as well as existing customers’ migration from client-server based systems. Indeed, the demand of IFCA’s suite of software solutions has grown and gained recognition in the local market.

Chairman's Statement (cont'd)

Operations Review (cont'd)

This positive recognition has enable the Group to secure several sizeable projects from leading players in the property developments and hospitality sector, such as SP Setia Sdn Bhd, Sime Darby Berhad and Golden Palm Tree Sepang Gold Coast Resort. Most of these projects entailed the supply and implementation of a fully integrated web-based system which includes the entire enterprise-wide solutions from administration, finance, project management and marketing activities, all under one collaborative platform.

Regionally, our operations continued to contribute to the Group with RM3.8 million in revenue.

The Board anticipates that the financial performance of the Group remains to be challenging for the financial year ending 31 December 2011 but we are optimistic in achieving a turnaround in our business performance.

Corporate Development

(i) The Company had on 4 September 2009 entered into a conditional Sales of Shares Agreement with Kutana Investment Group Limited ("Kutana"), a company incorporated in the Republic of South Africa, to dispose off 9.58% (or 12,939,000 shares) of the Company's interest in the associate, IFCA Technologies Limited ("IFCA Tech") for a total consideration of approximately South African Rand ("ZAR") 2,975,970 (equivalent to RM1,383,231) which will be settled on 1 July 2011 upon satisfactory disposition of all conditions precedent.

On 14 January 2011, the Company has entered into a Supplementary Sales of Shares Agreement with Kutana. Pursuant to the Supplemental Agreement, the parties mutually agreed to change the terms of the Sales of Shares Agreement dated 4 September 2009, to dispose off the 9.58% (or 12,939,000 shares) for a total sales consideration of approximately ZAR437,338 (equivalent to RM195,994), which shall be fully satisfied in cash upon completion, or at a disposal price of ZAR0.0338 per share. The total sales consideration was arrived at after negotiations on a willing buyer-willing seller basis taking into consideration the financial position of IFCA Tech as it has recorded an accumulated loss of ZAR34,372,507 in its audited financial statement as at 31 December 2009 and is in great financial constraint and not able to meet daily operating expense.

(ii) On 5 April 2011, the Company had acquired 1,000 ordinary shares of South African Rand ("ZAR") 1.00 each in ERF 235 Woodmead (Proprietary) Ltd ("ERF 235"), representing a 100% of the equity interest in the issued and paid-up share capital of ERF 235 for a total consideration of ZAR12,000 (equivalent to RM5,4000 at the exchange rate of ZAR1.00 to RM0.45). The acquisition is excluding the landed property together with other assets and liabilities of ERF 235. The acquisition which was satisfied by cash and will be accounted for the acquisition method of accounting in the financial year ending 31 December 2011.

Corporate Exercise Completed

On 29 October 2010, the Board announced that the Company proposed to undertake the following:

(i) Renounceable rights issue of 143,351,000 new ordinary shares of RM0.10 each in IFCA ("Rights Shares") together with 143,351,000 free detachable warrants ("Warrants") on the basis of one (1) Rights Share and one (1) free Warrant for every two (2) existing ordinary shares of RM0.10 each in IFCA ("IFCA Shares") held on an entitlement date to be determined later;

Chairman's Statement (cont'd)

Corporate Exercise Completed (cont'd)

(ii) Increase in authorized share capital of IFCA from RM50,000,000 comprising 500,000,000 IFCA Shares to RM75,000,000 comprising 750,000,000 IFCA Shares by the creation of an additional 250,000,000 Shares; and

(iii) Amendments to the Memorandum and Articles of Association of IFCA.

The Proposals above were approved by shareholders of the Company at an Extraordinary General Meeting on 17 December 2010. The Rights Shares were oversubscribed by 34.51% (49,476,087 Rights Shares) over the total of 143,351,000 Rights Shares available for subscription under the Rights Issue with Warrants.

The Rights Issue was completed on 21 February 2011 following the admission of the Warrants to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the listing of and quotation for the 143,351,000 Rights Shares and 143,351,000 Warrants on the ACE Market of Bursa Securities on 21 February 2011.

Research and Development

In FY2010, we continued to carry out and believe on Research & Development ("R&D") efforts and activities. This is to ensure that we remain in the forefront of technology advancement for sustained success in the industry. At IFCA, we continuously focus on enhancing our integrated platform with new features and innovative solutions that are highly adaptive to the ever demanding needs of our customers.

For the year under review, the Group had invested approximately RM2.0 million, focusing in R&D activities for the development of new integrated platform and solutions and improving existing products with enhanced features to meet changing customers' needs.

The Board is of the view that the Group's R&D future expenditure and allocations will contribute positively to the Group's earnings and financial position in the long term.

Industry Outlook and Strategy

Looking forward to 2011, the Malaysian economy is anticipated to be largely positive. Despite the improved outlook, the Group recognizes that the economic climate remains volatile and challenging as businesses are still cautious in expanding.

With the successful completion of Right Issues and the enlarged capital, the Group is better placed to strengthen its operational capacity. The Group will continue to expand and improve its web-based eBusiness Solutions, a transition from client-server based systems, by undertaking various strategies to enhance products' development and functionality in order to maintain competitive edge.

First of all, the Group will continue to tap into existing clientele base of over a thousand companies for future upgrades from client-server based systems to web-based eBusiness Solutions to improve effectiveness.

Chairman's Statement (cont'd)

Industry Outlook and Strategy (cont'd)

Secondly, the Group will aim to continue its efforts to innovate and further improve on the product lines horizontally to cater more industries. The Group will further invest in Cloud Computing (SAAS), an emerging internet technology where software is offered as a service, which is attractive and affordable to small and medium sized enterprises as it does not require large amount of initial capital outlay.

Whilst Malaysia remains the key marketplace for the Group, the Group will continue to expand geographically and grow our overseas markets to replicate the business model and to promote our flagship product, IFCA.Net. Thus, a portion of the proceeds from the Rights Issue will be utilized for sales and marketing activities to drive expansion and strengthening our branding globally whist establishing the Group’s presence in these markets.

The Group is confident to transcend those challenges, and as such, look forward to an outstanding year in 2011, during which these expansion efforts will contribute positively to the earnings and future growth of the Group.

Corporate Governance

The Board strongly upholds to the highest standards of corporate governance practices in our day to day operations and management of the Group. The Board is fully committed in ensuring maximum shareholder’s value and long-term sustainability of the Group. The measures implemented during the year under review are highlighted in the Corporate Governance Report in this Annual Report.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank our shareholders, customers, business associates, partners and regulatory authorities for their continuous support.

I would also like to extend my thanks to the management and staff for their continued dedication and commitment to the vision and mission of the Group.

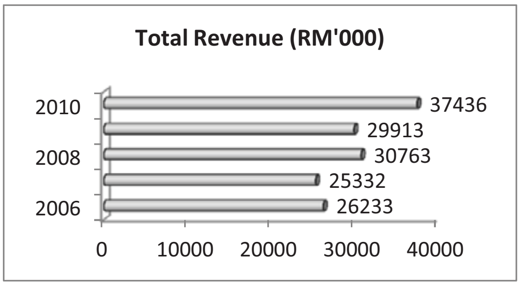
Last but not least, I wish to express my utmost appreciation and gratitude to the members of the Board for their invaluable contributions and support during the year. In the same vein, the Board would like to thank Ian Jeremy Jones, who retired on 1 February 2011, for his contributions to the Group.

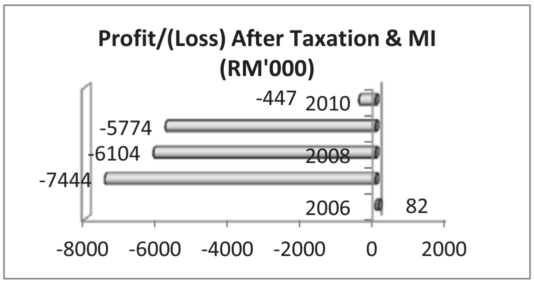
Yong Keang Cheun
Chairman
20 April 2011

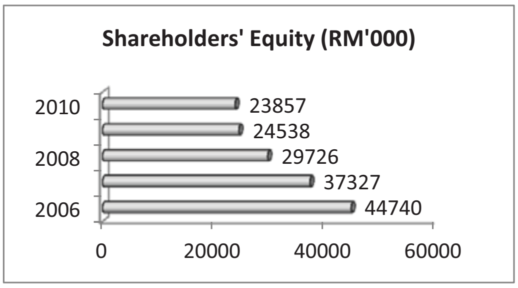
Financial Highlights

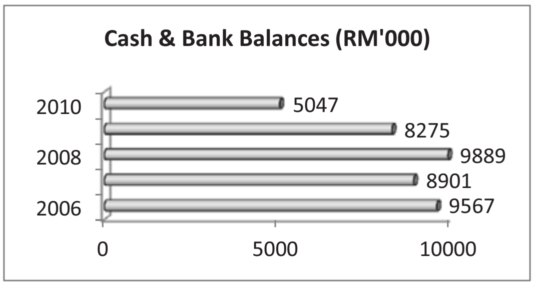
Summarized Income Statements Year Ended 31 December (RM'000)	2006	2007	2008	2009	2010
Revenue	26,233	25,332	30,763	29,913	37,436
Profit/(Loss) Before Tax	533	(7,514)	(6,108)	(6,523)	(283)
Profit/(Loss) After Tax & MI	82	(7,444)	(6,104)	(5,774)	(447)

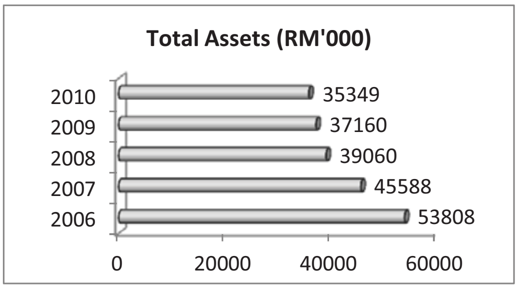
Summarized Balance Sheets As at 31 December (RM'000)	2006	2007	2008	2009	2010
Property, Plant & Equipment	8,979	8,705	8,403	8,122	8,531
Investment Properties	1,101	1,402	752	740	265
Deferred Development Costs	13,977	11,292	10,311	7,502	5,983
Investment in an Associate	6,686	5,275	-	-	-
Other Non-Current Assets	144	103	103	173	128
Total Non-Current Assets	30,887	26,777	19,569	16,537	14,907
Current Assets	22,921	18,811	19,491	20,623	20,442
TOTAL ASSETS	53,808	45,588	39,060	37,160	35,349
Shareholders' Equity	44,740	37,327	29,726	24,538	23,857
Minority Interest	251	255	326	357	139
Total Equity	44,991	37,582	30,052	24,895	23,996
Non-Current Liabilities	2,066	1,609	872	490	1,162
Current Liabilities	6,751	6,397	8,136	11,775	10,191
Total Liabilities	8,817	8,006	9,008	12,265	11,353
TOTAL EQUITY AND LIABILITIES	53,808	45,588	39,060	37,160	35,349

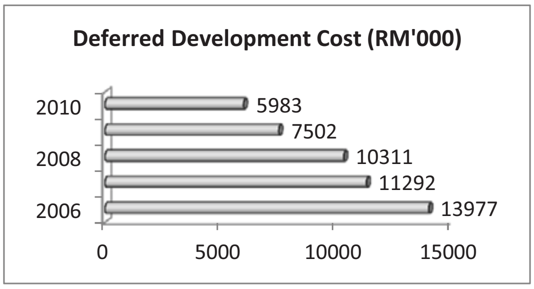












Directors' Profile

YONG KEANG CHEUN, 52, *Malaysian*
Executive Chairman

Appointed to the Board on 20 November 1997, Yong Keang Cheun is the Executive Chairman and founder of the IFCA Group. He also co-founded of the Group's holding company - IFCA Software (Asia) Sdn Bhd (IFCA Software) in 1987. He obtained his Master Degree in Computer Science from the University of Manitoba, Canada, and started his career as an IT consultant with Arthur Anderson in Malaysia.

With more than 23 years of experience in the ICT industry, he has been involved in many aspects of the software business, including product development, business development and project implementation.

He is responsible for developing the overall strategies and policies for the IFCA Group, and has been involved in the research and development of the Group's products. He assumed his current position in 1997, following an internal restructuring exercise that resulted in the transfer of IFCA Software's business operations to the Company.

His visionary and entrepreneurial acumen has won him a series of personal and corporate accolades, including PIKOM's "Technopreneur of the Year" and "Key Industry Leader", Ernst & Young's "Entrepreneur of the Year", and Deloitte's "Technology Fast Track 500"

He is the brother of Mr. Yong Kian Keong, an Executive Deputy Chairman and a substantial shareholder of the Company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

YONG KIAN KEONG, 50, *Malaysian*
Executive Deputy Chairman

Appointed to the Board on 20 November 1997, Yong Kian Keong is the Executive Deputy Chairman of the IFCA Group. He is responsible for the overall day-to-day management of the Group's business operations, particularly in the sales and marketing areas.

He joined IFCA Software (Asia) Sdn Bhd (IFCA Software) – the current major shareholder of the Company, in 1990 and was involved in its business operations. In 1997, he assumed the position of Group Managing Director following an internal restructuring exercise, which resulted in the transfer of IFCA Software's business operations to the Company. He is currently the Executive Deputy Chairman of the Company. He was instrumental in assisting the Group in achieving its current customer base and market share. He also played a major role in developing the Group's expansion in the overseas markets and its international business partnership program.

He is the brother of Mr. Yong Kian Cheun, the Executive Chairman of the Company and a substantial shareholder of the Company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

Directors' Profile (cont'd)

CHEW SEE CHIEW, 58, *Malaysian*
Independent Non-Executive Director

Mr. Chew See Chiew was appointed to the Board on 3 February 2010. He also serves as Chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

He holds a Bachelor Degree in Accountancy from the University of Technology, Australia and is a Chartered Accountant. He obtained his professional CPA accreditation in Australia. He has extensive experience in finance, accountancy, corporate planning and the property development industry in private companies as well as public listed companies.

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

HOE KAH SOON, 52, *Malaysian*
Independent Non-Executive Director

Mr. Hoe Kah Soon was appointed to the Board on 22 January 2009. He also sits on the Audit Committee of the Company. He holds a Bachelor of Accounting Degree from University Malaya, with a first class honours.

After graduation in 1982, he joined Arthur Anderson (Audit Division) where he successfully completed his MACPA examinations. In 1984, he transferred to its Consulting Division (which eventually became Accenture) and was admitted to global partnership in 1995. At Accenture (until 2005), he specializes in program managing large scale business systems integration projects. He also assumed several leadership positions including Country Managing Partner Taiwan, Accenture Global People Matters (HR) advisory committee and Head of Malaysia Resources Operating Group. He is currently a free-lance business advisor.

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

OOI BEE BEE, 51, *Malaysian*
Independent Non-Executive Director

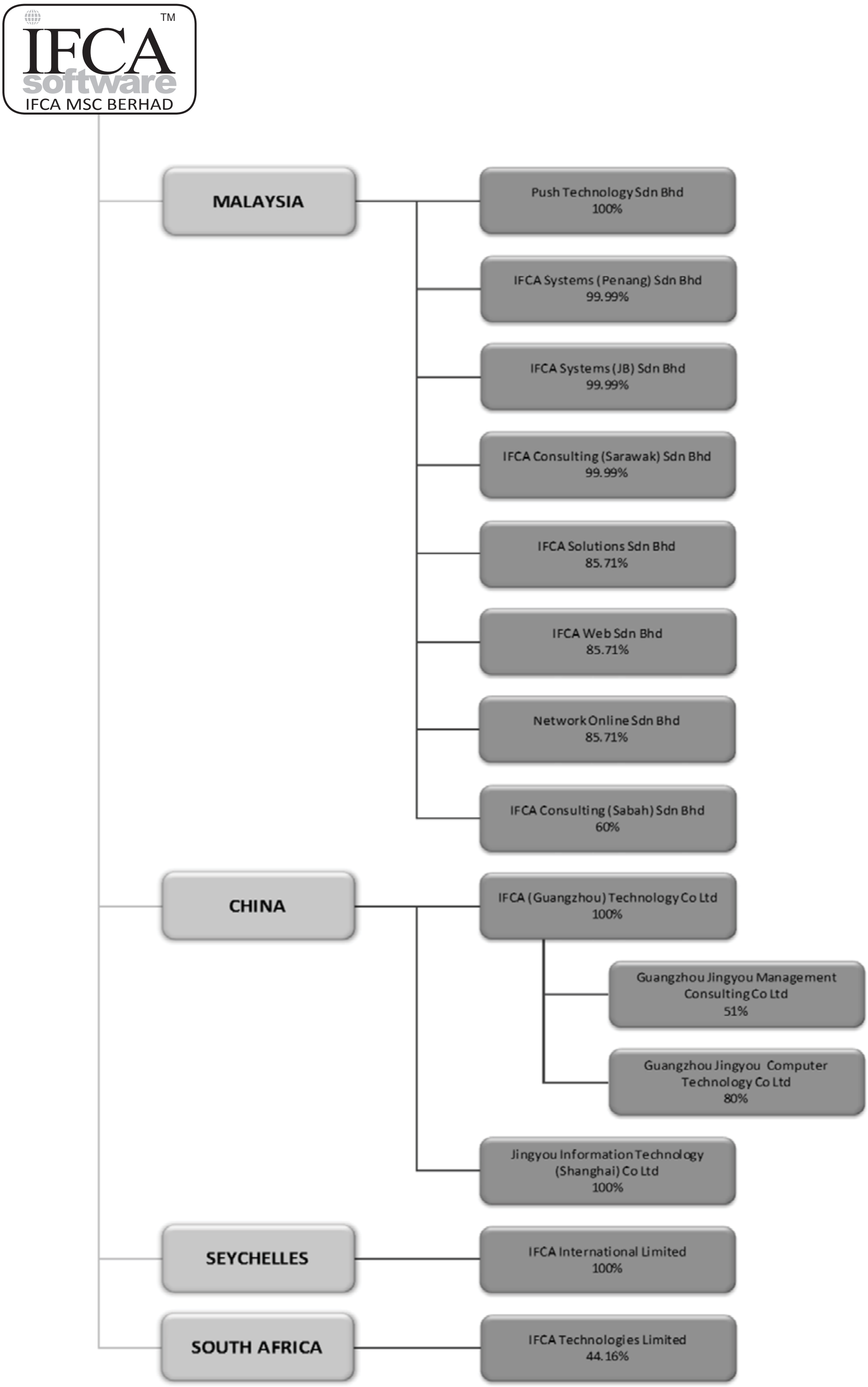
Ms. Ooi Bee Bee was appointed to the Board on 3 February 2010. She also sits on the Audit Committee of the Company and is a member of the Remuneration Committee of the Company.

She holds a Bachelor of Arts Degree and Postgraduate Diploma in Computer Science from University of Malaya. She also has The London Chamber of Commerce and Industry Intermediate Stage Certificate for book-keeping.

She served in IFCA Group from 1987 to 2007. During her tenure in IFCA, she was involved in research and development, customer services, project management and overseas offices operations in Thailand, Indonesia, Philippines and China.

She has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. Within the last 10 years, she has not been convicted for any offences other than traffic offences, if any.

Corporate Structure



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of IFCA MSC Berhad ("the Company") will be held at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 22 June 2011 at 2.00 p.m. to transact the following business:-

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees of RM114,500 for the financial year ended 31 December 2010. **Resolution 2**

3. To re-elect Mr. Yong Keang Cheun who retires as a Director of the Company pursuant to Article 85 of the Company's Articles of Association. **Resolution 3**

4. To re-appoint Messrs Ernst & Young as the Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Directors to fix their remuneration. **Resolution 4**

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolution:

5. Proposed renewal of the authority for Directors to issue shares.

   "THAT, pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue new ordinary shares in the Company from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be are also empowered to obtain the approval for the listing of and quotation for the additional new ordinary shares so issued on the Bursa Malaysia Securities Berhad." **Resolution 5**

6. To transact any other ordinary business of which due notice has been duly given in accordance with the Companies Act, 1965.

By Order Of The Board
Wong Kam Khan (MIA 3153)
Yap Kim Sing (LS 01376)
Company Secretaries

Kuala Lumpur
31 May 2011

Notice of Annual General Meeting (cont'd)

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his stead. A proxy need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 are not applicable to the Company.

2. 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. In such instance, the member shall specify the securities account number for each appointment.

3. In the case of a corporate member, the instrument appointing a proxy or proxies shall be under its Common Seal or under the hand of its attorney duly authorised in writing.

4. Where a member appoints more than one proxy, he shall specify the proportions of his holdings to be represented by each proxy.

5. The instrument appointing a proxy or proxies duly completed must be deposited at the Registered Office of the Company situated at 24B, Persiaran Zaaba, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time set for the Annual General Meeting or adjourned meeting.

Explanatory Notes on Special Business:

1. **Renewal of Authority for the Directors to Issue Shares**

   The proposed Resolution No. 5, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot ordinary shares in the Company up to and not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by at a general meeting, will expire at the next Annual General Meeting of the Company.

   The Company has not issued any new shares pursuant to Section 132D of the Companies Act under the general authority which was approved at the Twelfth Annual General Meeting held on 23 June 2010 and will lapse at the conclusion of the Thirteenth Annual General Meeting. A renewal of this authority is being sought at the Thirteenth Annual General Meeting under the proposed Resolution No. 5.

   The renewal mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

Statement Accompanying Notice of Annual General Meeting

1. **THE NAME OF INDIVIDUAL WHO IS STANDING FOR RE-ELECTION**

   Mr. Yong Keang Cheun is retiring by rotation pursuant to Article 85 of the Company's Articles of Association.

2. **FURTHER DETAILS OF DIRECTOR WHO IS STANDING FOR RE-ELECTION**

   The profile of the director standing for re-election is set out in Directors' Profile on Page 9 and 10 of the Annual Report. Mr. Yong Keang Cheun does not hold any directorshop in any other public company.

   Mr. Yong Keang Cheun's interests in the Company is presented in the Directors' Report on Page 30 to 32 of this Annual Report.

Corporate Governance Statement

The Board of Directors of IFCA MSC Bhd (“the Board”) is pleased to report on the manner the Group has applied the Principles of Good Governance (‘Principles’) and the extent of compliance with the Code of Best Practices (‘Code’) set out in the Malaysian Code on Corporate Governance.

THE BOARD OF DIRECTORS

The Board of Directors currently comprises of five (5) members, two (2) of whom are Executive Directors and three (3) of whom are Independent Non-Executive Directors. The profile of the Directors are presented on pages 11 to 12 of this Annual Report. Prior to 1 February 2011, the Company had six (6) members, three (3) of whom are executive and three (3) of whom are independent non-executive.

The roles of the Chairman and Managing Director in the Board are divided. Mr. Yong Keang Cheun, who is Executive Chairman, is responsible for the Board’s effectiveness and conduct as well as spearheading the strategic direction of the Group while Mr. Yong Kian Keong, who is the Group Managing Director, is primarily responsible for the overall management and implementation of business policies and decisions at the Group.

The Board believes that it has the right mix of skills, knowledge and experience to ensure that all matters tabled to the Board for consideration are well reviewed and deliberated.

The Independent Non-Executive Directors provide adequate independent judgement and views and the appropriate check and balance in particular to ensure decisions taken are in the best interest of all shareholders.

The Board will review its composition and size from time to time to ensure its continued effectiveness and the process of assessing the performance of directors is an on-going responsibility of the entire Board.

The Chairman of the Audit Committee, Mr. Chew See Chiew, has been appointed as the senior Independent Non-Executive Director to whom concerns may be conveyed.

Appointments to the Board and Re-election

The Company does not have a Nomination Committee, as all new nominations received shall be assessed and approved by the entire Board in accordance with its policy of ensuring nominees are persons of calibre, credibility, necessary skill and experience to complement the diverse background and experience of the existing Board.

Under the Company’s Articles of Association, an election of Directors shall take place each year during the Annual General Meeting and all Directors are subject to retirement and re-election at least once every three (3) years. The Articles also provide that any director who is appointed by the Board to fill a vacancy shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

Board Meetings

The Board meets on a quarterly interval, at least four (4) times a year with additional meetings convened as and when required. During the financial year ended 31 December 2010, six (6) Board meetings were held and the attendance of Board members is as follows:-

Corporate Governance Statement (cont'd)

Board Meetings (cont'd)

Directors	Number of Meetings Attended	Percentage of Attendance
Yong Keang Cheun	6/6	100%
Yong Kian Keong	6/6	100%
Ian Jeremy Jones *(resigned on 1 February 2011)*	6/6	100%
Chew See Chiew *(appointed on 3 February 2010)*	5/5	100%
Hoe Kah Soon	6/6	100%
Ooi Bee Bee *(appointed on 3 February 2010)*	5/5	100%
Yong Teck Ming *(resigned on 3 February 2010)*	1/1	100%
Chan Hiok Khiang *(resigned on 3 February 2010)*	1/1	100%

Prior to each Board meeting, an agenda and accompanying Board papers for items to be discussed at the meeting are distributed to all Directors. The Executive Directors, Company Secretary and/or invited members of the management team present the relevant Board papers during the meeting. The issues are discussed thoroughly by the Board prior to decision-making.

The Company Secretary provides guidance to the Board on Directors' obligations arising from the Malaysian Code on Corporate Governance, the Listing Requirements of Bursa Malaysia Securities Berhad, the Companies Act and other relevant rules and regulations.

The Board members have access to the advice and services of the Company Secretary and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in carrying out their duties. Where necessary, the Directors may engage independent professionals at the Group's expense on specialized issues to enable the Board to discharge their duties with adequate knowledge on the matters being deliberated.

Directors' Training and Continuing Education

All the directors of the Company have completed the Mandatory Accreditation Programme and are supportive of the need for continuous education to enable them to discharge their responsibilities effectively.

The Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogue available that would best enable them to enhance their knowledge and contributions to the Board. Areas of concern include those related to corporate governance, as well as changes in laws and regulations affecting the business community.

Descriptions of the type of training attended by the Directors for the financial year ended 31 December 2010 are as follows:

Director	Training	Mode of Training	No. of Hours/day(s)
Ian Jeremy Jones	Corp. Governamce & Financial Mgnt *	Seminar	4 hours
Chew See Chiew	Corp. Governamce & Financial Mgnt *	Seminar	4 hours
Hoe Kah Soon	Corp. Governamce & Financial Mgnt *	Seminar	4 hours

* Enhancing Corporate Integrity, Accountability and Transparency Through The Best Practices of Audit Committee Meeting

Corporate Governance Statement (cont'd)

Directors' Training and Continuing Education (cont'd)

Ms. Ooi Bee Bee has no training on record for the financial year ended 31 December 2010 since she was only appointed to the Board on 3 February 2010. The other Directors who have not attended any training during the year had an exceptionally committed schedule for the year. However, they will continue to undergo other relevant training programmes to keep abreast with regulatory developments and requirements in compliance with Bursa Malaysia Listing Requirements on Continuing Education.

Throughout the year, all the directors as part of their training and continuing education has been regularly updated on developments in corporate governance, developments in accounting standards, changes to the relevant legislation, rules and regulations and business practices in order to aid their discharge of duties as directors.

The Company does not have a formal training programme for new directors. However familiarization programme with the operations of the Group shall be arranged for any new appointee to the Board.

Board Committees

The Board has established the following committees:-

(i) The Audit Committee

Terms and reference as well as further information on the Audit Committee are set out on pages 22 to 26 of this Annual Report.

The Board has adopted the recommendations of the Code for its Audit Committee to comprise only of non-executive directors.

(ii) The Remuneration Committee

The Remuneration Committee is responsible for recommending to the Board the remuneration framework and package of the Executive Directors.

As at the date of this report, the members of the Remuneration Committee comprises of:

Chairman : Chew See Chiew *(Independent Non-Executive Director)*
Member : Ooi Bee Bee *(Independent Non-Executive Director)*
Yong Keang Cheun *(Executive Director)*

The Executive Director does not participate in any deliberation and decision of the Committee regarding his own remuneration.

The details of the remuneration for Directors during the financial year ended 31 December 2010 are as below:

	Executive	**Non-Executive**	**Total**
Fees (RM)	48,000	66,500	114,500
Salaries & other emoluments (RM)	1,367,652	-	1,367,652
Total (RM)	1,415,652	66,500	1,482,152

Corporate Governance Statement (cont'd)

Board Committees (cont'd)

(ii) The Remuneration Committee (cont'd)

The eight (8) Directors' total remuneration fall within the following bands:-

Remuneration Band (RM)	Executive Director	Non-Executive Director
0 - 50,000	-	5
400,001 - 450,000	2	-
500,001 - 550,000	-	-
550,000 - 600,000	1	-

ACCOUNTABILITY AND AUDIT

Internal Control

The Board acknowledges its responsibility to ensure an effective system of internal controls is in place within the Group safeguard shareholders' investment and the Company's assets.

As at to-date, the Board is comfortable with the current internal controls and will improve the system of internal controls should the Board become aware of any weaknesses.

A Statement of Internal Control of the Group is set out on page 27 of this Annual Report.

Financial Reporting

Through the issuance of audited annual financial statements, quarterly announcements and corporate announcements on significant developments to shareholders, the Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects. In this respect, the Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

Directors' Responsibility Statement

The Board is responsible for ensuring that the financial statements of the Company and the Group are in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 to present a true and fair view of the state of affairs of the Company and the Group.

The Directors are satisfied that in preparing the financial statements of the Group for year ended 31 December 2010, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably, and that all accounting standards, which it considers applicable, have been followed in the preparation of the financial statements.

Relationship with External Auditors

The Board through the establishment of an Audit Committee maintains an active, transparent and professional relationship with the External Auditors in seeking professional advice and ensuring compliance with the relevant accounting standards and other related regulatory requirement.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report on pages 22 to 26 in this Annual Report.

Corporate Governance Statement (cont'd)

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

Investors' Relations and Shareholders' Communication

The Board recognizes the importance of to have timely dissemination of information on the Group's performance and other developments. Shareholders, investors and analysts are kept abreast of all major developments concerning the Group through the quarterly financial statements, annual report, announcements on major developments via the Bursa Malaysia website (www.bursamalaysia.com), the Company's corporate website (www.ifca.com.my) and Company's general meetings.

As part of the Company's continuing disclosure obligation under the Listing Requirements of Bursa Malaysia Securities Berhad, the Company aims to ensure timely announcements are made through the Bursa Malaysia website and the Company's corporate website to enable investors to make informed investment decisions.

The Annual General Meeting

The Annual General Meeting, usually in June each year, is the principal forum for dialogue with shareholders. The Board encourages shareholders to attend and participate in the Annual General Meeting. At each Annual General Meeting shareholders are given the opportunity to ask questions, seek clarifications and comment on the Group's businesses and financial performance and the resolutions being proposed at the meeting.

Additional Compliance Information
Pursuant to Bursa Malaysia ACE Market Listing Requirements

1. Share Buy-Back

There were no share buy-back exercises undertaken by the Company during the financial year.

2. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year.

3. Depository Receipt Programme

There were no Depository Receipt Programmes sponsored by the Company during the financial year.

4. Imposition of Sanctions and/or Penalties

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

5. Non-Audit Fee

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries by the External Auditors, Messrs Ernst & Young was RM55,000.00 for the financial year ended 31 December 2010.

6. Variation in Results

There were no variances of 10% or more between the audited results for the financial year and the unaudited results announced.

7. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

8. Material Contract

During the financial year under review, there was no material contract other than those in the ordinary course of business entered into by the Company and/or its subsidiaries involving Directors and/or major shareholders’ interest.

9. Revaluation Policy of Landed Properties

The revaluation policy in relation to landed and investment properties is set out in Note 2.7 and 2.8 of the Notes to the Financial Statements on page 53 and 54 of this Annual Report.

10. Recurrent Related Party Disclosures (“RRPTS”) of a Revenue or Trading Nature

Disclosure to this effect was set out in Note 34 of the Financial Statements on Page 92.

11. Share Options Offered To Non-executive Directors

There were no share options granted to non-executive directors during the year ended 31 December 2010.

Additional Compliance Information (cont'd)

Pursuant to Bursa Malaysia ACE Market Listing Requirements

12. Corporate Social Responsibility ("CSR")

The Board recognizes the importance of being a responsible corporate citizen to enhance and positively contribute to society. Although no CSR activities have been carried out during the year under review, moving forward the Group will look into implementing the best practices of CSR in areas of environment, community, workplace and marketplace.

13. Utilisation of Rights Issue Proceeds

As at 20 April 2011, the Company has utilized approximately 4% of the proceeds raised from its Rights Issues in February 2011.

Audit Committee Report

1. Membership and Attendance

During the financial year ended 31 December 2010, the Audit Committee met five (5) times and the details of attendance of each member are as follows:-

Name of Director	No. of Meeting Attended
Chew See Chiew (Chairman / Independent Non-Executive Director)	5/5
Hoe Kag Soon (Member / Independent Non-Executive Director)	5/5
Ooi Bee Bee (Member / Independent Non-Executive Director)	5/5

Mr. Chew See Chiew and Ms. Ooi Bee Bee were appointed on 3 February 2010 to replace Mr. Yong Teck Ming and Mr. Chan Hiok Khiang who resigned on the same day.

2. Activities

The Audit Committee carried out its duties as set out in the terms of reference for the year 2010 including the selection and appointment of an independent third party internal audit service provider and the review of the services of the independent third party internal audit service provider.

3. Summary of Activities of the independent third party internal audit service provider

The Group's internal audit function are outsourced to an independent professional firm, Crowe Horwath Governance Sdn Bhd, which reports to the Audit Committee and assists the Audit Committee in discharging its duties and functions by providing an independent and objective assessment on the organisation's management, operations records, accounting policies and internal controls.

The Audit Committee adopted a risk based approach to identify any major deficiency in the internal controls and aligned the year's Internal Audit Plan to this approach.

A brief summary of the internal audit activities performed during the financial year are as follows:

(i) Reviewed the adequacy and effectiveness of internal controls over the expenditure cycle;

(ii) To map out the business processes on the scope defined (document the workflow of key business activities from input to output process);

(iii) To perform a system of controls evaluation on high-risk areas within the business processes (identify business risks, benchmark the existing control system and identify design inadequacy, implementation lapses and process improvements);

(iv) Followed up on findings and ensure that management action plans from previous reviews are carried out.

The costs incurred on the outsourced internal audit function for the financial year ended 31 December 2010 was RM30,000.00.

Audit Committee Report (cont'd)

TERMS OF REFERENCE

1. Objective

The principal objective of the Committee (as a committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

2. Reporting Responsibility

The Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

3. Composition of Audit Committee

The Audit Committee ("Committee") shall be appointed by the Board of Directors ("Board"), and shall fulfill the following requirements:

(i) The Committee shall consist of no fewer than three (3) members;

(ii) All members of the Committee shall be non-executive director, with a majority of them being independent directors;

(iii) All members of the Committee should be financially literate;

(iv) No alternate director shall be appointed as a member of the Committee;

(v) The appointment of a Committee member terminates when the member ceases to be a Director;

(vi) In the event that a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members;

(vii) The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board and shall report on each meeting of the Committee to the Board;

(viii) The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Audit Committee Report (cont'd)

TERMS OF REFERENCE (cont'd)

4. Authority of the Committee

The Committee in the course of discharging its duties, is authorized to:

(i) Investigate any matter within its terms of reference;

(ii) Have the Internal Audit Function report directly to the Committee;

(iii) Have the resources which are required, at the Company's expense to perform its duties including appointing an internal audit outsourcing party;

(iv) Have full and unrestricted access to any information pertaining to the Company and its subsidiary companies for the purpose of discharging its functions and responsibilities;

(v) Have direct communication channels with the external auditors, person(s) carrying out the internal audit function of activity and any employee(s) of the Group;

(vi) Obtain outside legal or other independent professional advice it considers necessary and reasonable for the performance of its duties;

(vii) Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;

(viii) Have the right to pass resolutions by a simple majority of vote from the Committee and that the Chairman shall have the casting vote should a tie arise;

(ix) The Chairman of the Audit Committee shall have access on a continuous basis to senior management, such as the Chairman, the Chief Executive Officer, the Head of Finance, the Head of Internal Audit and the external auditors in order to be keep informed of matters affecting the Company.

5. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:

(i) To consider the nomination or appointment of the external auditors, the terms of engagement, the audit fee and any questions of resignation or dismissal;

(ii) To review the external auditors' audit plan and scope of the annual audit or other examinations for the Company and the Group;

(iii) To review the external auditors and/or internal auditors' audit report, management letter and management's response;

(iv) To review with the external auditors with regard to problems and reservations arising from interim and final audits and any matter the external auditors may wish to discuss (in the absence of management where necessary);

(v) To determine the extent of cooperation and assistance given by the employees to the external auditors;

Audit Committee Report (cont'd)

TERMS OF REFERENCE (cont'd)

5. Duties and Responsibilities (cont'd)

(vi) To review any financial information for publication, including the quarterly and annual financial statement before submission to the Board, focusing on:

i. Any changes in or implementation of major accounting policies changes and practices

ii. Significant and unusual events

iii. Significant adjustments and issues arising from the audit

iv. The going concern assumption

v. Compliance with approved accounting standards and other legal requirements

(vii) To review the adequacy of independence, competency, scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;

(viii) To review the internal audit programme, processes, scope, and results of the audit programme, processes or investigation undertaken and ensure that appropriate action is taken on the recommendations of the internal audit function;

(ix) To review the assessment of the performance of members of the internal audit function, approve the appointment or termination of Head of the internal audit function and provide resigning member an opportunity to submit his/her reasons for doing so and /or the performance of the outsource internal audit service provider;

(x) To review any related party transaction entered by the Group to ensure it is within normal commercial terms and any potential conflict of interest situations that may arise within the Company or Group including any transactions, procedure or course of conduct that raises questions of Management integrity;

(xi) To consider the major findings of internal investigations authorised by the Board and Management's response;

(xii) To report to the Bursa Malaysia Securities Berhad 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;

(xiii) To review the adequacy of the Risk Management policies and procedures;

(xiv) To undertake any other activities as may be agreed to by the Committee and the Board.

6. Meetings and Quorum

The Committee shall meet at least four (4) times a year or more frequently as circumstances dictate.

The Committee shall convene a meeting if requested to do so by any member, the Board or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

Audit Committee Report (cont'd)

TERMS OF REFERENCE (cont'd)

6. Meetings and Quorum (cont'd)

The members of the Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

All decisions shall be decided on a show of hands by a majority of votes.

A resolution in writing signed and approved by a majority of the Committee and who are sufficient to form a quorum shall be valid and effective as if it had been passed at a meeting of the Committee duly called and constituted.

The Head of Finance and Head of Internal Audit Function and representatives of the external auditors shall normally be invited to attend the meetings. The Committee may also invite non-member directors and employees to attend any of its' meeting to assist in resolving and clarifying matters, where necessary.

The Committee shall meet with the external auditors at least twice a year, without executive board members present.

The majority of members present must be independent non-executive directors to form a Quorum and the number of independent non-executive directors shall not be less than two (2).

Statement of Internal Control

INTRODUCTION

The Board of Directors is pleased to present the following Statement of Internal Control which outlines the state, nature and scope of internal controls of the Group during the year pursuant to Section 15.26 (b) of the Bursa Malaysia Listing Requirements and the Malaysian Code on Corporate Governance.

RESPONSIBILITIES

The Board is responsible for establishing an appropriate control environment and framework on risk management, organizational, financial and operational controls including reviewing its adequacy and integrity.

The Board acknowledges its responsibility to maintain a sound system of internal controls and risk management for good corporate governance practice. Notwithstanding that inherent limitation exist in any system of internal controls, the system is designed to manage rather than eliminate the risk of failure to safeguard shareholders' investments, the Group's assets and to achieve business objectives. Therefore, the system is expected to provide reasonable but not absolute assurance against material misstatement or losses.

RISK MANAGEMENT

The Board recognizes that effective risk management framework is an essential and indispensable part of the corporate management.

The Board, after a thorough review of the existing risk management policies and practices and weighing the independent third party service providers, concluded that management's existing risk management policies and practices are adequate to support the Group's existing size and nature of operations.

INTERNAL CONTROL

The Group relies on its internal control mechanism such as its in-house Knowledge Management (KM+) software to provide management the required level of assurance that the business entities within the Group are operating in an orderly and satisfactory manner. The level of assurance is further enhanced with the outsourced internal audit function conducting a top down risk-based audit approach and presenting its findings and recommendation together with management's response to the Audit Committee. In additions, the Audit Committee is also briefed of internal control deficiencies by the statutory auditors and the remedial actions taken by management to address these deficiencies. The Audit Committee in turn reports to the Board areas of major concern and its recommendation.

As part of the management process, the Group's system of internal control are regularly reviewed, updated and improved in line with the changes in the operating environment.

In respect of its associate company, the Board does not review its internal control system. However, the Board is represented in all the Board of Directors' meetings to ensure that all identified risks are addressed and mitigated. In addition, Management reviews the management accounts of its associate to gauge it business operations.

The Statement on Internal Control was approved by the Board on 20 April 2011.

Financial Statements

Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activities of the Company are the research and development of enterprise-wide business solutions.

The principal activities of its subsidiaries are described in Note 16 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM	Company RM
Loss net of tax	(665,922)	(220,028)
Loss attributable to:		
Owners of the parent	(447,055)	(220,028)
Minority interests	(218,867)	-
	(665,922)	(220,028)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement as disclosed in Note 2.2 to the financial statements.

Dividends

No dividend was paid or declared in respect of the current financial year by the Company since the end of the previous financial year.

The directors do not recommend any payment of dividends in respect of the current financial year.

Directors' Report (cont'd)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Yong Keang Cheun
Yong Kian Keong
Ian Jeremy Jones (resigned on 1 February 2011)
Hoe Kah Soon
Chew See Chiew
Ooi Bee Bee

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby directors might 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

Directors' interest

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its subsidiaries during the financial year were as follows:

The Company

		Number of Ordinary Shares RM0.10 each			
		1 January 2010	**During the financial year Acquired**	**Sold**	**31 December 2010**
Direct Interest					
Yong Keang Cheun		30	-	-	30
Yong Kian Keong		1,452,910	-	-	1,452,910
Ian Jeremy Jones		10,000	-	-	10,000
Ooi Bee Bee		3,332,598	-	-	3,332,598
Indirect Interest					
Yong Keang Cheun	*(a)*	134,722,672	-	-	134,722,672
Yong Kian Keong	*(b)*	133,269,792	-	-	133,269,792

Directors' Report (cont'd)

Directors' interest (cont'd)

Subsidiaries

	Number of Ordinary Shares RM1.00 each			
	1 January 2010	**During the financial year Acquired**	**Sold**	**31 December 2010**
IFCA Web Sdn Bhd				
Direct Interest				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
IFCA Solutions Sdn Bhd				
Direct Interest				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
IFCA Systems (JB) Sdn Bhd				
Direct Interest				
Yong Keang Cheun	1	-	-	1
Yong Kian Keong	1	-	-	1
IFCA Consulting (Sarawak) Sdn Bhd				
Direct Interest				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
IFCA Systems (Penang) Sdn Bhd				
Direct Interest				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
Network Online Sdn Bhd				
Direct Interest				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000

(a) By virtue of his substantial shareholdings in IFCA Software (Asia) Sdn Bhd and the shareholdings of his brother, Yong Kian Keong, Yong Keang Cheun is deemed to have an interest in the shares of the Company to the extent that IFCA Software (Asia) Sdn Bhd and Yong Kian Keong have an interest.

(b) By virtue of his substantial shareholdings in IFCA Software (Asia) Sdn Bhd and the shareholdings of his brother, Yong Keang Cheun, Yong Kian Keong is deemed to have an interest in the shares of the Company to the extent that IFCA Software (Asia) Sdn Bhd and Yong Keang Cheun have an interest.

Directors' Report (cont'd)

Directors' interest (cont'd)

By virtue of their interests in shares in the Company and IFCA Software (Asia) Sdn Bhd, Yong Keang Cheun and Yong Kian Keong are also deemed interested in shares in all the subsidiaries to the extent of the Company's interests in the respective subsidiary.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

Directors' Report (cont'd)

Other statutory information (cont'd)

(f) In the opinion of the directors:

(i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

Significant events are disclosed in Note 39 to the financial statements.

Subsequent events

Subsequent events are disclosed in Note 40 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 April 2011.

Yong Keang Cheun

Yong Kian Keong

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Yong Keang Cheun and Yong Kian Keong, being two of the directors of IFCA MSC Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 37 to 105 are drawn up in accordance with Financial Reporting Standards and Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 42 on page 106 to the financial statements have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 April 2011.

Yong Keang Cheun

Yong Kian Keong

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Lam Chin Fai, being the officer primarily responsible for the financial management of IFCA MSC Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 106 are in my opinion 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 Lam Chin Fai at
Kuala Lumpur in the Federal Territory
on this day of 20 April 2011

Lam Chin Fai

Before me,

Independent Auditors' Report

to the members of IFCA MSC Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of IFCA MSC Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 105.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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 of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report (cont'd)
to the members of IFCA MSC Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 42 on page 106 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
No. 2697/01/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
20 April 2011

Statements of Comprehensive Income
for the financial year ended 31 December 2010

		Group		Company	
		2010	**2009**	**2010**	**2009**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	4	37,435,574	29,912,627	8,604,885	9,407,090
Cost of sales	5	(12,528,947)	(12,672,509)	(3,813,514)	(5,939,211)
Gross profit		24,906,627	17,240,118	4,791,371	3,467,879
Other income	6	772,850	904,455	655,020	195,964
Selling and marketing expenses		(3,553,078)	(3,478,498)	(677,688)	(544,352)
General and administrative expenses		(22,298,323)	(21,153,599)	(4,795,239)	(4,788,480)
Finance costs	7	(110,914)	(35,043)	(74,896)	(13,975)
Loss before tax	8	(282,838)	(6,522,567)	(101,432)	(1,682,964)
Income tax (expense)/benefit	11	(383,084)	554,043	(118,596)	633,582
Loss net of tax		(665,922)	(5,968,524)	(220,028)	(1,049,382)
Other comprehensive income:					
Foreign currency translation representing total other comprehensive loss for the year, net of tax		(233,756)	586,609	-	-
Total comprehensive loss for the year, net of tax		(899,678)	(5,381,915)	(220,028)	(1,049,382)
Loss attributable to:					
Owners of the parent		(447,055)	(5,774,378)	(220,028)	(1,049,382)
Minority interests		(218,867)	(194,146)	-	-
		(665,922)	(5,968,524)	(220,028)	(1,049,382)
Total comprehensive loss attributable to:					
Owners of the parent		(681,517)	(5,184,071)	(220,028)	(1,049,382)
Minority interests		(218,161)	(197,844)	-	-
		(899,678)	(5,381,915)	(220,028)	(1,049,382)
Loss per share attributable to owners of the parent (sen per share)	12				
- Basic		(0.16 sen)	(2.01 sen)		
- Diluted		(0.16 sen)	(2.01 sen)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
for the financial year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	13	8,530,320	8,121,922	5,681,367	6,047,372
Investment properties	14	265,000	740,228	55,000	130,000
Deferred development costs	15	5,983,161	7,502,286	-	-
Investment in subsidiaries	16	-	-	8,399,889	4,649,982
Investment in an associate	17	-	-	-	-
Other investments	18	128,174	97,174	91,000	60,000
Amounts due from subsidiaries	19	-	-	10,716,977	-
		14,906,655	16,461,610	24,944,233	10,887,354
Current assets					
Trade receivables	20	12,895,497	10,087,177	1,715,460	1,533,037
Other receivables	21	868,288	1,162,837	98,984	217,361
Other current assets	22	1,631,615	1,097,904	743,581	27,210
Amounts due from subsidiaries	19	-	-	5,711,750	18,279,570
Cash and bank balances	23	5,047,055	8,275,125	794,389	2,550,029
		20,442,455	20,623,043	9,064,164	22,607,207
Non current asset classified as held for sale	24	-	75,660	-	75,660
		20,442,455	20,698,703	9,064,164	22,682,867
Total assets		35,349,110	37,160,313	34,008,397	33,570,221
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	25	28,670,200	28,670,200	28,670,200	28,670,200
Share premium	26	6,447,361	6,447,361	6,447,361	6,447,361
Accumulated losses		(6,665,217)	(6,218,162)	(3,892,493)	(3,672,465)
Foreign exchange reserve		(4,595,211)	(4,361,455)	-	-
		23,857,133	24,537,944	31,225,068	31,445,096
Minority interests		138,975	357,136	-	-
Total equity		23,996,108	24,895,080	31,225,068	31,445,096

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position (cont'd)
for the financial year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Non-current liabilities					
Trade payables	27	206,529	-	206,529	-
Other liabilities	28	29,688	31,678	-	-
Hire purchase and finance lease payables	29	775,356	424,669	176,545	251,522
Deferred tax liabilities	30	150,511	33,519	88,642	-
		1,162,084	489,866	471,716	251,522
Current liabilities					
Trade payables	27	1,391,094	1,657,777	694,563	-
Other payables	31	3,311,763	3,607,407	921,258	1,139,404
Other liabilities	28	5,029,234	6,236,267	21,887	530,000
Amounts due to subsidiaries	32	-	-	578,678	109,789
Hire purchase and finance lease payables	29	377,699	273,348	95,227	94,410
Income tax payable		81,128	568	-	-
		10,190,918	11,775,367	2,311,613	1,873,603
Total liabilities		11,353,002	12,265,233	2,783,329	2,125,125
Total equity and liabilities		35,349,110	37,160,313	34,008,397	33,570,221

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
for the financial year ended 31 December 2010

	Attributable to owners of the parent						
	Non-distributable						
	Share capital RM	Share premium RM	Foreign exchange reserve RM	Accumulated losses RM	Total RM	Minority Interests RM	Total Equity RM
Group							
At 1 January 2009	28,670,200	6,447,361	(4,948,064)	(443,784)	29,725,713	325,493	30,051,206
Total comprehensive loss	-	-	586,609	(5,774,378)	(5,187,769)	(197,844)	(5,385,613)
Transactions with owners							
Minority interests arising from incorporation/acquisition of subsidiaries	-	-	-	-	-	229,487	229,487
At 31 December 2009	28,670,200	6,447,361	(4,361,455)	(6,218,162)	24,537,944	357,136	24,895,080
At 1 January 2010	28,670,200	6,447,361	(4,361,455)	(6,218,162)	24,537,944	357,136	24,895,080
Total comprehensive loss	-	-	(233,756)	(447,055)	(680,811)	(218,161)	(898,972)
At 31 December 2010	28,670,200	6,447,361	(4,595,211)	(6,665,217)	23,857,133	138,975	23,996,108

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

for the financial year ended 31 December 2010

	← Non-distributable →			
	Share capital RM	**Share premium RM**	**Accumulated losses RM**	**Total RM**
Company				
At 1 January 2009	28,670,200	6,447,361	(2,623,083)	32,494,478
Total comprehensive loss	-	-	(1,049,382)	(1,049,382)
At 31 December 2009	28,670,200	6,447,361	(3,672,465)	31,445,096
At 1 January 2010	28,670,200	6,447,361	(3,672,465)	31,445,096
Total comprehensive loss	-	-	(220,028)	(220,028)
At 31 December 2010	28,670,200	6,447,361	(3,892,493)	31,225,068

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
for the financial year ended 31 December 2010

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from operating activities				
Loss before tax	(282,838)	(6,522,567)	(101,432)	(1,682,964)
Adjustments for:				
Depreciation of property, plant and equipment	973,208	732,470	442,438	438,233
Amortisation of deferred development costs	2,780,220	4,517,221	-	1,202,791
Net (gain)/loss on disposal of plant and equipment	(56,792)	61,915	-	-
Gain on disposal of asset held for sale	(46,340)	-	(46,340)	-
Loss on disposal of other investments	-	500	-	-
Loss on disposal of investment property	83,798	-	-	-
Impairment loss on trade and other receivables	1,163,143	1,370,849	200,821	83,593
Bad debts written off	46,994	-	-	-
Reversal of impairment loss on trade and other receivables	(401,997)	(522,138)	-	-
Plant and equipment written off	-	53,302	-	-
Net loss from fair value adjustments of investment properties	75,000	5,442	75,000	70,000
Net unrealised loss/(gain) on foreign exchange	315,955	50,615	(6,571)	(83,593)
Interest expense	110,914	35,043	74,896	13,975
Interest income	(39,048)	(69,105)	(588,909)	(49,393)
Operating profit/(loss) before working capital changes	4,722,217	(286,453)	49,903	(7,358)
Changes in working capital:				
Receivables	(4,246,359)	(3,678,555)	(1,045,772)	(1,573,200)
Payables	(1,564,821)	3,785,189	174,833	1,205,134
Subsidiaries	-	-	(866,658)	(262,792)
Net cash used in operations	(1,088,963)	(179,819)	(1,687,694)	(638,216)
Income taxes refunded/(paid)	179,548	(517,885)	41,151	(62,742)
Net cash used in operating activities	(909,415)	(697,704)	(1,646,543)	(700,958)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the financial year ended 31 December 2010

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from investing activities				
Interest received	39,048	69,105	25,392	49,393
Purchase of property, plant and equipment (Note a)	(895,482)	(436,046)	(53,933)	(67,386)
Purchase of other investment	(31,000)	-	(31,000)	-
Proceeds from disposal of asset held for sale	122,000	340,000	122,000	-
Proceeds from disposal of plant and equipment	343,569	130,213	-	-
Proceeds from disposal of other investments	-	5,000	-	-
Proceeds from disposal of investment properties	292,826			
Development costs	(1,595,700)	(1,016,831)	-	-
Capital contribution by minority shareholders	-	229,487	-	-
Net cash (used in)/generated from investing activities	(1,724,739)	(679,072)	62,459	(17,993)
Cash flows from financing activities				
Interest paid	(110,914)	(35,043)	(74,896)	(13,975)
Payments to hire purchase and finance lease payables	(359,962)	(282,020)	(96,660)	(74,959)
Net cash used in financing activities	(470,876)	(317,063)	(171,556)	(88,934)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the financial year ended 31 December 2010

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Net decrease in cash and cash equivalents	(3,105,030)	(1,693,839)	(1,755,640)	(807,885)
Effects on foreign exchange rate changes	(123,040)	79,653	-	-
Cash and cash equivalents at beginning of year	8,275,125	9,889,311	2,550,029	3,357,914
Cash and cash equivalents at end of year	5,047,055	8,275,125	794,389	2,550,029

Note a:
Acquisitions of plant and equipment during the financial year were made by way of the following arrangements:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Hire purchase and finance lease financing	(815,000)	(359,800)	(22,500)	(337,000)
Cash purchases	(895,482)	(436,046)	(53,933)	(67,386)
	(1,710,482)	(795,846)	(76,433)	(404,386)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
for the financial year ended 31 December 2010

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia whose shares is listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company's principal place of business is located at Wisma IFCA, 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan whilst its registered office is located at 24B, Persiaran Zaaba, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The principal activities of the Company are the research and development of enterprise-wide business solutions. The principal activities of its subsidiaries are described in Note 16. There have been no significant changes in the nature of these principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS, amendments to FRSs, IC Interpretations and Technical Releases mandatory for annual financial periods beginning on or after 1 January 2010:

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

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 for those discussed below:

<u>FRS 7 Financial Instruments: Disclosures</u>

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

<u>FRS 8 Operating Segments</u>

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 38 to the financial statements.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital (see Note 37).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions.

The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Equity instruments**

  Prior to 1 January 2010, the Group and the Company classified their investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. The difference between the carrying amount and fair value is immaterial.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

- **Impairment of amount due from subsidiaries, trade and other receivables**

  Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Company has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 in respect of amount due from subsidiaries which are not materially different from the carrying amount as at 31 December 2009.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 December 2010 RM	As at 1 January 2010 RM
Statements of financial position		
Company		
Investment in subsidiaries	-	3,749,907
Amount due from subsidiaries	563,517	(3,749,907)
Accumulated losses	(563,517)	-

	Increase/(decrease) 2010 RM
Statements of comprehensive income	
Company	
Interest income	563,517
Loss before tax	(563,517)
Loss net of tax	(563,517)

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective as follows:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: First-time Adoption of Financing Reporting Standards [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 3: Business Combinations [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7: Financial Instruments - Disclosures [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 101: Presentation of Financial Statements [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 128: Investments in Associates [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 132: Financial Instruments: Presentation [Improvements to FRSs (2010)]	1 January 2011

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective as follows: (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to FRS 134: Interim Financial Reporting [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 139: Financial Instruments: Recognition and Measurement [Improvements to FRSs (2010)]	1 January 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosures (Revised)	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

<u>Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full, except for unrealised losses where they are not eliminated when there is an indication of impairment.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group’s share in the net fair value of the acquired subsidiary’s identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9(a). Any excess of the Group’s share in the net fair value of the acquired subsidiary’s identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders’ equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company’s functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Foreign currency transactions

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, motor vehicles, equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	1% - 2%
Motor vehicles	20%
Office and computer equipment	10% - 20%
Renovations, furniture and fittings	10% - 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.8 Investment properties (cont'd)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets (cont'd)

(a) Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.12 Associates (cont'd)

The Group's investments in associate is accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associate is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.13 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 profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and categorised it as loans and receivables.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

(a) 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 profit or loss 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 reporting date which are classified as non-current.

Loans and receivables are consist of trade and other receivables, amount due from subsidiaries, cash and bank balances. The carrying amounts of loans and receivables are disclosed in Note 23.

A financial asset is derecognised when 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 profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.14 Impairment of financial assets

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

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.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

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

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 profit or loss.

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 Provisions

Provisions are recognised when the Group and Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 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. Financial liabilities are classified as other financial liabilities.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.17 Financial liabilities (cont'd)

(a) Other financial liabilities

The Group’s and the Company's other financial liabilities include trade payables, other payables and hire purchase and finance lease 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.

Hire purchase and finance lease payables are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss 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 profit or loss.

2.18 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 Leases

(a) As lessee

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.19 Leases (cont'd)

(a) As lessee (cont'd)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group and the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(e).

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue of project works is recognised based on the stage of completion.

(b) Rendering of services

Revenue from rendering of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(c) Deposits and maintenance fees

Deposits and maintenance fees received in advance from customers are recognised over the respective periods to correlate with the delivery of goods or service obligations, as applicable.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.20 Revenue (cont'd)

(d) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the assets.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Royalty income

Royalty income is recognised on an accrual basis in accordance with the licensing agreements.

2.21 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.21 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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

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

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting judgements and estimates

The preparation of the Group’s and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There were no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements during the current financial year.

3.2 Key sources of estimation uncertainty

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

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(a) Capitalisation and amortisation of deferred development costs

The Group capitalised costs relating to the development and enhancement of its new and existing products respectively, upon meeting all the criteria for capitalisation as described in Note 2.9(b). Amortisation, which commences upon commercialisation or sale of products, is recognised in the income statement based on a straight-line basis over the products' estimated economic lives of 5 years. The Group review the amortisation period and amortisation method at least once a year.

However, if there are indications that the products are unable to meet expected future cash flow, immediate impairment loss would be recognised. Details of deferred development costs are disclosed in Note 15.

(b) Impairment of receivables

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

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. The carrying amount of the Group’s and Company's receivables at the reporting date is disclosed in Note 20. If the present value of estimated future cash flows varies by 10% from management's estimates, the Group's and the Company's allowance for impairment will vary by RM345,154 and RM60,421 (2009: RM257,810 and RM40,339) respectively.

(c) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates or whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expenses are disclosed in Note 11.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Depreciation of plant and equipment

The useful lives and residual values of plant and equipment including motor vehicles are estimated based on common life expectancies and commercial factors applied in the industry. The residual values of the plant and equipment including motor vehicles were revised by the Group as if the assets were already of the age and in the condition expected of them at the end of their useful lives.

The estimated useful lives of plant and equipment are reviewed periodically and changes in expected level of usage, technological improvements and economic situation could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised. Details of property, plant and equipment are disclosed in Note 13.

(e) Revenue recognition

Revenue from contract work/sale of software applications is recognised on the percentage of completion method determined on the proportion of cost incurred to date against total estimated cost. Significant judgement is required to determine the stage of completion. In all cases, anticipated losses are provided in full.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

4. Revenue

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Royalty income	891,004	374,719	1,131,771	1,067,025
Software applications	10,369,007	7,614,550	-	-
Hardware, networking and operating systems	11,408,535	9,299,469	4,516,257	5,487,503
Maintenance, support system, training and implementation	14,767,028	12,623,889	2,956,857	2,852,562
	37,435,574	29,912,627	8,604,885	9,407,090

5. Cost of sales

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Amortisation of deferred development costs (Note 15)	2,780,220	4,517,221	-	1,202,791
Hardware, networking and operating systems	9,038,608	7,289,526	3,619,264	4,704,045
Maintenance, support system, training and implementation	710,119	865,762	194,250	32,375
	12,528,947	12,672,509	3,813,514	5,939,211

6. Other income

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Interest income from:				
- Due from subsidiaries arising from unwinding of discount	-	-	563,517	-
- Others	39,048	69,105	25,392	49,393
Rental income	14,400	17,102	13,200	13,200
Reversal of impairment loss on trade and other receivables	401,997	522,138	-	-
Gain from fair value adjustment of investment properties	-	64,558	-	-
Gain on disposal of plant and equipment	68,698	-	-	-
Gain on disposal of asset held for sale	46,340	-	46,340	-
Realised gain on foreign exchange	3,855	38,933	-	-
Unrealised gain on foreign exchange	6,571	102,353	6,571	83,593
Miscellaneous	191,941	90,266	-	49,778
	772,850	904,455	655,020	195,964

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

7. Finance costs

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Hire purchase interest	49,275	35,043	13,257	13,975
Others	61,639	-	61,639	-
	110,914	35,043	74,896	13,975

8. Loss before tax

The following items have been included in arriving at loss before tax:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Auditors' remuneration	101,757	102,451	22,000	22,000
Depreciation of property, plant and equipment (Note 13)	973,208	732,470	442,438	438,233
Directors' remuneration (Note 9)	1,559,540	1,761,492	1,418,420	1,620,372
Plant and equipment written off	-	53,302	-	-
Loss on disposal of other investment	-	500	-	-
Loss on disposal of plant and equipment	11,906	61,915	-	-
Loss on disposal on investment property	83,798	-	-	-
Bad debts written off	46,994	-	-	-
Impairment loss on trade and other receivables	1,163,143	1,370,849	200,821	83,593
Loss from fair value adjustment of investment properties	75,000	70,000	75,000	70,000
Realised loss on foreign exchange	263,020	31,008	-	-
Unrealised loss on foreign exchange	322,526	152,968	-	-
Rent of premises	669,816	667,404	28,000	15,000
Employee benefits expense (Note 10)	13,612,784	14,090,976	405,843	483,756
Legal and other professional fees	267,063	45,028	260,100	-
Utility charges	282,289	260,614	48,014	45,402
Direct operating expenses arising from investment properties - non-rental generating properties	1,815	2,866	609	609

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

9. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Executive:				
Salaries and other emoluments	1,188,000	1,323,812	1,188,000	1,323,812
Fees	48,000	72,000	48,000	72,000
Defined contribution plan	115,920	142,560	115,920	142,560
Total executive directors' remuneration (excluding benefits-in-kind)	1,351,920	1,538,372	1,351,920	1,538,372
Estimated money value of benefits-in-kind	63,732	72,776	63,732	72,776
Total executive directors' remuneration (including benefits-in-kind)	1,415,652	1,611,148	1,415,652	1,611,148
Non-executive:				
Fees	66,500	82,000	66,500	82,000
Total directors' emoluments	1,482,152	1,693,148	1,482,152	1,693,148
Other Director of the Group:				
Executive:				
Salaries and other emoluments	111,600	111,600	-	-
Contributions to defined contribution plan	15,120	15,120	-	-
Benefits-in-kind	14,400	14,400	-	-
	141,120	141,120	-	-
Total directors' remuneration	1,623,272	1,834,268	1,482,152	1,693,148
Non-monetary benefits-in-kind paid to executive directors	79,950	62,788	23,950	17,963
Total directors' remuneration	1,703,222	1,897,056	1,506,102	1,711,111
Represented by:				
Directors' remuneration (Note 8)	1,559,540	1,761,492	1,418,420	1,620,372
Non-monetary benefits-in-kind	158,082	149,964	87,682	90,739
	1,717,622	1,911,456	1,506,102	1,711,111

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

9. Directors' remuneration (cont'd)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2010	**2009**
Executive directors:		
RM300,001 - RM350,000	-	1
RM400,001 - RM450,000	2	-
RM500,001 - RM550,000	-	1
RM550,001 - RM600,000	1	-
RM700,001 - RM750,000	-	1
Non-Executive directors:		
Less than RM50,000	5	3

10. Employee benefits expense (excluding directors)

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Salaries and wages	12,821,799	12,202,807	331,579	406,587
Social security contributions	623,721	829,548	2,702	3,380
Contributions to defined contribution plans	1,403,582	1,418,898	66,949	51,764
Other staff related expenses	287,665	494,500	4,613	22,025
Total employee benefits expense	15,136,767	14,945,753	405,843	483,756
Less: Amount capitalised under deferred development costs (Note 15)	(1,523,983)	(854,777)	-	-
Amount expensed to the income statements	13,612,784	14,090,976	405,843	483,756

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

11. Income tax expense

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Malaysian income tax:				
Current year	275,303	104,754	29,954	12,348
Overprovision in prior years	(9,211)	(217,788)	-	(222,853)
	266,092	(113,034)	29,954	(210,505)
Deferred income tax (Note 30):				
Origination and reversal of temporary differences	65,701	(296,382)	37,705	(286,858)
Under/(over)provision in prior years	51,291	(144,627)	50,937	(136,219)
	116,992	(441,009)	88,642	(423,077)
	383,084	(554,043)	118,596	(633,582)

Domestic current income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

<u>Reconciliation between tax expense and accounting loss</u>

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

Group	2010 RM	2009 RM
Loss before tax	(282,838)	(6,522,567)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(70,710)	(1,630,642)
Effect of income not subject to tax	(902,703)	(108,816)
Effect of expenses not deductible for tax purpose	848,825	1,059,155
Deferred tax assets not recognised	1,041,940	1,034,402
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(558,208)	(116,927)
Deferred tax assets recognised on tax losses and unabsorbed capital allowances brought forward from previous years	(18,140)	(428,800)
Overprovision of income tax expense in prior years	(9,211)	(217,788)
Under/(over)provision of deferred tax in prior years	51,291	(144,627)
Income tax expense/(benefit) for the year	383,084	(554,043)
Tax savings during the financial year arising from:		
- utilisation of current year tax losses	4,579	409
- utilisation of tax losses brought forward from previous years	539,149	123,200

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

11. Income tax expense (cont'd)

Company	2010 RM	2009 RM
Loss before tax	(101,432)	(1,682,964)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(25,358)	(420,741)
Effect of income not subject to tax	(152,464)	-
Effect of expenses not deductible for tax purpose	245,481	118,993
Deferred tax assets not recognised on tax losses	-	27,238
Overprovision of income tax expense in prior years	-	(222,853)
Under/(over)provision of deferred tax in prior years	50,937	(136,219)
Income tax expense/(benefit) for the year	118,596	(633,582)

12. Earnings per share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Group	
Earnings	**2010 RM**	**2009 RM**
Loss attributable to owners of the parent for the computation of basic and diluted earnings per share	(447,055)	(5,774,378)
Number of shares		
Weighted average number of shares in issue for computation of basic and diluted earnings per share	286,702,000	286,702,000
Loss per share		
- Basic	(0.16) sen	(2.01) sen
- Diluted	(0.16) sen	(2.01) sen

There are no potential ordinary shares outstanding as at 31 December 2010. As such, the fully diluted loss per share of the Group is equivalent to the basic loss per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements except as disclosed in Note 39.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

13. Property, plant and equipment

	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Group						
Cost						
At 1 January 2009	633,000	5,233,030	3,378,981	5,670,281	1,280,525	16,195,817
Additions	-	-	375,810	360,489	59,547	795,846
Disposals	-	-	(335,001)	(128,493)	-	(463,494)
Write offs	-	-	-	(42,570)	(16,548)	(59,118)
Exchange differences	-	-	625	(13,304)	(1,432)	(14,111)
At 31 December 2009/ 1 January 2010	633,000	5,233,030	3,420,415	5,846,403	1,322,092	16,454,940
Additions	-	-	1,265,375	415,418	29,689	1,710,482
Disposals	-	-	(1,067,703)	(43,555)	-	(1,111,258)
Write offs	-	-	-	(2,989,977)	(344,255)	(3,334,232)
Exchange differences	-	-	(9,167)	(72,045)	(4,870)	(86,082)
At 31 December 2010	633,000	5,233,030	3,608,920	3,156,244	1,002,656	13,633,850

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

13. Property, plant and equipment (cont'd)

	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Group (contd.)						
Accumulated depreciation and impairment loss						
At 1 January 2009	-	732,269	2,273,159	4,022,848	764,558	7,792,834
Recognised in profit or loss (Note 8)	-	119,122	120,274	392,039	101,035	732,470
Capitalised in deferred development costs (Note 15)	-	-	4,607	85,133	3,881	93,621
Charge for the year	-	119,122	124,881	477,172	104,916	826,091
Disposals	-	-	(147,133)	(124,233)	-	(271,366)
Write offs	-	-	-	(1,108)	(4,708)	(5,816)
Exchange differences	-	-	(1,071)	(7,206)	(448)	(8,725)
At 31 December 2009/ 1 January 2010	-	851,391	2,249,836	4,367,473	864,318	8,333,018
Charge for the year (Note 8)	-	115,520	289,709	463,527	104,452	973,208
Disposals	-	-	(805,400)	(19,081)	-	(824,481)
Write offs	-	-	-	(2,989,977)	(344,255)	(3,334,232)
Exchange differences	-	-	(6,560)	(35,629)	(1,794)	(43,983)
At 31 December 2010	-	966,911	1,727,585	1,786,313	622,721	5,103,530
Net carrying amount						
At 31 December 2010	633,000	4,266,119	1,881,335	1,369,931	379,935	8,530,320
At 31 December 2009	633,000	4,381,639	1,170,579	1,478,930	457,774	8,121,922

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

13. Property, plant and equipment (cont'd)

Company	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Cost						
At 1 January 2009	633,000	5,233,030	347,603	3,107,286	666,466	9,987,385
Additions	-	-	375,810	28,076	500	404,386
At 31 December 2009/1 January 2010	633,000	5,233,030	723,413	3,135,362	666,966	10,391,771
Additions	-	-	-	74,431	2,002	76,433
Disposals	-	-	(93,500)	-	-	(93,500)
Write offs	-	-	-	(2,147,120)	(136,307)	(2,283,427)
At 31 December 2010	633,000	5,233,030	629,913	1,062,673	532,661	8,091,277
Accumulated depreciation and impairment loss						
At 1 January 2009	-	732,269	280,352	2,460,933	432,612	3,906,166
Charge of the year (Note 8)	-	119,122	77,010	183,221	58,880	438,233
At 31 December 2009/1 January 2010	-	851,391	357,362	2,644,154	491,492	4,344,399
Charge of the year (Note 8)	-	115,520	92,414	178,981	55,523	442,438
Disposals	-	-	(93,500)	-	-	(93,500)
Write offs	-	-	-	(2,147,120)	(136,307)	(2,283,427)
At 31 December 2010	-	966,911	356,276	676,015	410,708	2,409,910
Net carrying amount						
At 31 December 2010	633,000	4,266,119	273,637	386,658	121,953	5,681,367
At 31 December 2009	633,000	4,381,639	366,051	491,208	175,474	6,047,372

For the Group and the Company, the strata titles of certain properties with carrying amounts of RM46,438 (2009: RM48,219) have yet to be issued by the relevant authorities.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

13. Property, plant and equipment (cont'd)

Net carrying amounts of plant and equipment held under hire purchase and finance lease arrangements as at balance sheet date are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Motor vehicles	1,851,289	817,359	273,637	366,051
Office equipment	63,359	22,412	21,566	-
	1,914,648	839,771	295,203	366,051

14. Investment properties

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Carrying amount:				
At 1 January	740,228	751,766	130,000	200,000
Fair value adjustments	(75,000)	(5,442)	(75,000)	(70,000)
Disposal during the year	(376,624)	-	-	-
Exchange differences	(23,604)	(6,096)	-	-
At 31 December	265,000	740,228	55,000	130,000
Estimated fair value	265,000	740,228	55,000	130,000

Investment properties comprise a number of commercial properties available for leasing.

The fair value of the investment properties was valued by the directors based on comparable available market data.

The strata titles of certain properties for the Group and the Company with carrying amounts of RM265,000 (2009: RM340,000) and RM55,000 (2009: RM130,000) respectively have yet to be issued by the relevant authorities.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

15. Deferred development costs

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cost:				
At 1 January	14,727,909	22,385,930	-	8,603,734
Additions for the year	1,595,700	1,110,452	-	-
Write offs*	(1,679,208)	(9,338,022)	-	(8,603,734)
Exchange differences	(873,912)	569,549	-	-
At 31 December	13,770,489	14,727,909	-	-
Amortisation and impairment:				
At 1 January	7,225,623	12,074,720	-	7,400,943
Amortisation (Note 5)	2,780,220	4,517,221	-	1,202,791
Write offs*	(1,679,208)	(9,338,022)	-	(8,603,734)
Exchange differences	(539,307)	(28,296)	-	-
At 31 December	7,787,328	7,225,623	-	-
Net carrying amount:				
At 31 December	5,983,161	7,502,286	-	-

* The write off relates to the reversal of deferred development costs which have been fully amortised.

	Group	
	2010	2009
	RM	RM
Additions for the year include the followings:		
Employee benefits expense (Note 10)	1,523,983	854,777
Depreciation of plant and equipment (Note 13)	-	93,621

The Group capitalises costs on development work on enhancement of existing as well as development of new softwares. These products are assessed to have a finite life of 5 years upon commercialisation. The amortisation period and amortisation method are reviewed at least annually for appropriateness.

The recoverable amount for the above was based on its value-in-use and was determined by discounting pre-tax cash flows based on the following key assumptions:

(i) Cash flows were projected based on actual operating results and 5 years business plan;

(ii) Revenue was projected at anticipated annual average revenue growth rate of 13% (2009: 10%) per annum;

(iii) Expenses were projected at annual increase of approximately 36% (2009: 12%) per annum; and

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

15. Deferred development costs (cont'd)

(iv) A pre-tax discount rate of 6.5% (2009: 5.5%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the average cost of borrowing available in the market.

The directors have forecasted the cash flows based on past performance and its expectations of market development. There are no reasonable possible changes in key assumptions that may have any significant effect to the recoverable amount.

16. Investment in subsidiaries

	Company 2010 RM	2009 RM
Unquoted shares at cost:		
- Malaysia	5,249,978	5,249,978
- Foreign	8,673,927	8,673,927
	13,923,905	13,923,905
Less: Accumulated impairment losses	(9,273,923)	(9,273,923)
	4,649,982	4,649,982
Discount on amounts due from subsidiaries (Note 2.2)	3,749,907	-
	8,399,889	4,649,982

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Proportion (%) of ownership interest 2010 %	2009 %
IFCA Solutions Sdn Bhd	Turnkey solutions provider	85.71	85.71
IFCA Systems (JB) Sdn Bhd	Turnkey solutions provider	99.99	99.99
IFCA Systems (Penang) Sdn Bhd	Turnkey solutions provider	99.99	99.99
IFCA Consulting (Sarawak) Sdn Bhd	Turnkey solutions provider	99.99	99.99
IFCA Web Sdn Bhd	Turnkey solutions provider, but currently dormant	85.71	85.71

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

16. Investments in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Proportion (%) of ownership interest 2010 %	2009 %
Network Online Sdn Bhd	Installation and servicing of of computer hardware and networks	85.71	85.71
IFCA Consulting (Sabah) Sdn Bhd	Turnkey solutions provider	60.00	60.00
Push Technology Sdn Bhd	Turnkey solutions provider and research and development	100.00	100.00
Jingyou Information Technology (Shanghai) Co. Ltd.	Turnkey solutions provider	100.00	100.00
IFCA International Limited	Turnkey solutions provider	100.00	100.00
IFCA (Guangzhou) Technology Company Limited	Research and development	100.00	100.00
Subsidiaries of IFCA (Guangzhou) Technology Company Limited			
Guangzhou Jingyou Management Consulting Co. Ltd	Turnkey solutions provider	51.00	51.00
Guangzhou Jingyou Computer Technology Co. Ltd	Research and development	80.00	80.00

Except for Jingyou Information Technology (Shanghai) Co. Ltd., and IFCA (Guangzhou) Technology Company Limited and its subsidiaries, which are incorporated in the People's Republic of China, and IFCA International Limited which is incorporated in the Republic of Seychelles, all other subsidiaries are incorporated in Malaysia. Similarly, all subsidiaries are audited by Ernst and Young Malaysia with the exception of these entities which are audited by other firms of auditors.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2010

17. Investment in an associate

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Foreign investment:				
Unquoted shares at cost	9,019,176	9,019,176	13,339,495	13,339,495
Share of post acquisition reserve	(4,041,676)	(4,041,676)	-	-
	4,977,500	4,977,500	13,339,495	13,339,495
Less: Accumulated impairment losses	-	-	(13,339,495)	(13,339,495)
Less: Exchange differences	(4,977,500)	(4,977,500)	-	-
	-	-	-	-
Market value of quoted shares				
- as at balance sheet date	3,789,705	1,026,302	3,789,705	1,026,302
- as at 20 April 2011/21 April 2010	972,799	958,735	972,799	958,735

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activity	Proportion (%) of ownership interest 2010 %	Proportion (%) of ownership interest 2009 %
IFCA Technologies Limited*	Republic of South Africa	Investment holding	44.16	44.16

The financial year end of the associate is coterminous with those of the Group and the associate is audited by other firm of auditors.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

17. Investment in associate (cont'd)

The share of the associate's assets, liabilities, revenue and results for the year are as follows:

	2010	2009
Assets and liabilities	**RM**	**RM**
Current assets	1,122,268	1,122,268
Non-current assets	3,101,431	3,101,431
Total assets	4,223,699	4,223,699
Current liabilities	1,325,718	1,325,718
Non-current liabilities	-	-
Total liabilities	1,325,718	1,325,718
Equity	2,897,981	2,897,981
Total equity and liabilities	4,223,699	4,223,699
Results		
Revenue	-	-
Loss for the year	-	-

The Group has discontinued the recognition of its share of results/losses of IFCA Technologies Limited because the share of post acquisition reserve and exchange difference of the associate has exceeded the Group's interest in the associate. The Group's accumulated unrecognised share of losses of this associate for the current financial year and cumulatively were RM1,959,461 (2009: RM364,856) and RM3,559,764 (2009: RM1,600,303) respectively.

18. Other investments

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Investments in club memberships, at cost	128,174	97,174	91,000	60,000

The investment in club memberships is unquoted and the management are of the view that under such circumstances, it is not possible to disclose the range estimates within which a fair value is likely to lie.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

19. Amounts due from subsidiaries

	Company	
	2010 RM	2009 RM
Current		
Amounts due from subsidiaries (trade)	5,663,741	18,108,656
Less: Allowance for impairment	(1,283,627)	(1,283,627)
	4,380,114	16,825,029
Amounts due from subsidiaries (non-trade)	1,331,636	1,454,541
	5,711,750	18,279,570
Non-current		
Amounts due from subsidiaries (trade)	1,017,652	-
Amounts due from subsidiaries (non trade)	9,699,325	-
	10,716,977	-

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand, except for non-current position which are not expected to be recovered in the foreseeable future.

20. Trade receivables

	Group		Company	
	2010	2009	2010	2009
Third parties	16,300,042	12,665,277	2,319,670	1,936,426
Less: Allowance for impairment	(3,404,545)	(2,578,100)	(604,210)	(403,389)
Trade receivables, net	12,895,497	10,087,177	1,715,460	1,533,037

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2009: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their values on initial recognition.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

20. Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Neither past due nor impaired	7,832,197	7,557,209	522,177	1,228,404
1 to 30 days past due not impaired	860,941	395,534	186,566	-
31 to 60 days past due not impaired	1,253,249	1,184,227	87,031	304,633
61 to 90 days past due not impaired	2,949,110	926,656	919,686	-
91 to 120 days past due not impaired	-	23,551	-	-
	5,063,300	2,529,968	1,193,283	304,633
Impaired	3,404,545	2,578,100	604,210	403,389
	16,300,042	12,665,277	2,319,670	1,936,426

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 53% (2009: 50%) of the Group's trade receivables arises from customers with more than 5 years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM5,063,300 (2009: RM2,529,968) respectively that are past due at the reporting date but not impaired.

Although these receivables have exceeded the credit terms granted to them, the directors are reasonably confident that all debts can be recovered within the next 12 months.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

20. Trade receivables (cont'd)

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired		Company Individually impaired	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables				
- nominal amounts	3,404,545	2,578,100	604,210	403,389
Less: Allowance for impairment	(3,404,545)	(2,578,100)	(604,210)	(403,389)
	-	-	-	-

There are no balances that are collectively determined to be impaired.

Movement in allowance accounts:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	2,578,100	5,321,606	403,389	319,796
Charge for the year	1,163,143	943,977	200,821	83,593
Written off	(55,858)	(3,165,345)	-	-
Reversal of impairment losses	(280,840)	(522,138)	-	-
At 31 December	3,404,545	2,578,100	604,210	403,389

Trade receivables are individually determined to be impaired at the reporting date 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.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

21. Other receivables

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deposits	303,291	260,678	57,825	56,826
Amount due from associate	1,167,009	1,224,875	-	-
Sundry receivables	147,548	182,921	249	48,520
Tax recoverable	348,545	713,625	40,910	112,015
	1,966,393	2,382,099	98,984	217,361
Less: Allowance for impairment				
At 1 January	(1,219,262)	(815,160)	-	(22,770)
Reversal/(allowance)				
- Due from associate	121,157	(426,872)	-	-
Written off	-	22,770	-	22,770
At 31 December	(1,098,105)	(1,219,262)	-	-
	868,288	1,162,837	98,984	217,361

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

The amount receivable from the associate which mainly comprises charges on employee secondment, is unsecured, non interest-bearing and repayable on demand.

22. Other current assets

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Prepayments	338,377	531,340	24,315	27,210
Accrued billings	1,293,238	566,564	719,266	-
	1,631,615	1,097,904	743,581	27,210

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

23. Cash and bank balances

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at bank	4,440,601	5,298,160	187,935	373,064
Deposits with licensed banks	606,454	2,976,965	606,454	2,176,965
Cash and bank balances	5,047,055	8,275,125	794,389	2,550,029

The weighted average effective interest rates and average maturities of deposits at the reporting date were as follows:

	Group		Company	
	2010	2009	2010	2009
Licensed banks				
Weighted average effective interest rate (%)	2.6	1.9	2.6	1.8
Weighted average days to maturity (days)	15	18	15	17

Loans and receivables:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amounts due from subsidiaries	-	-	16,428,727	18,279,570
Trade receivables (Note 20)	12,895,497	10,087,177	1,715,460	1,533,037
Other receivables (Note 21)	868,288	1,162,837	98,984	217,361
Cash and bank balances	5,047,055	8,275,125	794,389	2,550,029
Total loans and receivables	18,810,840	19,525,139	19,037,560	22,579,997

24. Non-current asset classified as held for sale

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Property, at carrying amount	-	75,660	-	75,660

In previous financial year, a property was presented separately as held for sale in the statements of financial position following the decision of management to sell it to a third party for a total cash consideration of RM122,000. The sale was completed in current financial year.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

25. Share capital

	Group/Company Number of Ordinary Shares of RM0.10 each		Group/Company	
			Amount	Amount
	2010	2009	2010	2009
			RM	RM
Authorised:				
At 1 January/31 December	500,000,000	500,000,000	50,000,000	50,000,000
Issued and fully paid:				
At 1 January/31 December	286,702,000	286,702,000	28,670,200	28,670,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares rank equally with regard to the Company's residual assets.

26. Share premium

	Group/Company	
	2010	2009
	RM	RM
At 1 January/31 December	6,447,361	6,447,361

27. Trade payables

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Repayable within 12 months	1,391,094	1,657,777	694,563	-
Repayable after 12 months	206,529	-	206,529	-
	1,597,623	1,657,777	901,092	-

Included in the trade payables of the Group and of the Company are amounts of RM901,092 (2009: RM Nil) which bore interest at 7.32% (2009: Nil) per annum, which is also the effective interest rate. The amount will mature within 24 months (2009: Nil) from the balance sheet date.

The trade credit terms granted to the Group and to the Company vary between 30 and 60 days although in practice it is customary for certain suppliers to extend credit terms to exceed 60 days but generally not more than 120 days.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

28. Other liabilities

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current				
Deferred revenue	1,027,970	2,339,415	21,887	500,000
Deposits and advance maintenance fees	4,001,264	3,896,852	-	30,000
	5,029,234	6,236,267	21,887	530,000
Non-current				
Deposits and advance maintenance fee	29,688	31,678	-	-

29. Hire purchase and finance lease payables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Minimum lease payments:				
Not later than 1 year	425,731	297,894	103,976	107,665
Later than 1 year and not later than 5 years	836,746	445,368	184,306	268,033
	1,262,477	743,262	288,282	375,698
Less: Future finance charges	(109,422)	(45,245)	(16,510)	(29,766)
Present value of finance lease liabilities	1,153,055	698,017	271,772	345,932
Present value of hire purchase and finance lease liabilities:				
Not later than 1 year	377,699	273,348	95,227	94,410
Later than 1 year and not later than 5 years	775,356	424,669	176,545	251,522
	1,153,055	698,017	271,772	345,932
Analysed as:				
Due within 12 months	377,699	273,348	95,227	94,410
Due after 12 months	775,356	424,669	176,545	251,522
	1,153,055	698,017	271,772	345,932

The hire purchase liabilities of the Group and of the Company bore interest at rates between 4.24% and 8.29% (2009: 4.24% and 8.29%) per annum and at an average interest rate of 4.86% (2009: 4.86%) per annum respectively during the financial year.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

30. Deferred taxation

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
At 1 January	33,519	474,528	-	423,077
Transfer to profit or loss (Note 11)	116,992	(441,009)	88,642	(423,077)
At 31 December	150,511	33,519	88,642	-
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	1,525,663	1,473,472	88,642	115,736
Deferred tax assets	(1,375,152)	(1,439,953)	-	(115,736)
	150,511	33,519	88,642	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Deferred development costs RM	Investment properties RM	Receivables RM	Total RM
At 1 January 2009	240,510	976,971	3,000	3,105	1,223,586
Recognised in profit or loss	22,952	228,469	-	(1,535)	249,886
At 31 December 2009	263,462	1,205,440	3,000	1,570	1,473,472
Recognised in profit or loss	24,209	34,077	-	(6,095)	52,191
At 31 December 2010	287,671	1,239,517	3,000	(4,525)	1,525,663

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
At 1 January 2009	(30,169)	(718,889)	(749,058)
Recognised in profit or loss	(102,660)	(588,235)	(690,895)
At 31 December 2009	(132,829)	(1,307,124)	(1,439,953)
Recognised in profit or loss	64,935	(134)	64,801
At 31 December 2010	(67,894)	(1,307,258)	(1,375,152)

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

30. Deferred taxation (cont'd)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM	Deferred development costs RM	Total RM
At 1 January	122,379	300,698	423,077
Recognised in profit or loss	(6,643)	(300,698)	(307,341)
At 31 December 2009	115,736	-	115,736
Recognised in profit or loss	(27,094)	-	(27,094)
At 31 December 2010	88,642	-	88,642

Deferred tax assets of the Company:

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
At 1 January 2009	-	-	-
Recognised in profit or loss	(69,766)	(45,970)	(115,736)
At 31 December 2009	(69,766)	(45,970)	(115,736)
Recognised in profit or loss	69,766	45,970	115,736
At 31 December 2010	-	-	-

Deferred tax assets have not been recognised in respect of the following items:

	Group 2010 RM	Group 2009 RM
Unutilised tax losses	8,401,131	6,474,820
Unabsorbed capital allowances	53,143	117,086
	8,454,274	6,591,906

The unutilised tax losses and unabsorbed capital allowances of the Group and of the Company are available for offset against future taxable profits subject to guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which they may be utilised.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

31. Other payables

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Accruals	2,929,861	3,367,161	849,185	1,091,077
Sundry payables	381,902	240,246	72,073	48,327
	3,311,763	3,607,407	921,258	1,139,404

32. Amounts due to subsidiaries (current)

Amounts due to subsidiaries are non-trade in nature, unsecured, non interest-bearing and payable on demand.

33. Commitments

Non-cancellable operating lease commitments - Group and Company as lessees

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Future minimum rental payable:				
Not later than 1 year	657,580	747,483	36,000	8,000
Later than 1 year and not later than 5 years	1,319,097	2,050,464	48,000	-
	1,976,677	2,797,947	84,000	8,000

Operating lease payments represent rental payable by the Group and the Company for the use of its business operations. The tenure of the lease is between 1 and 4 years and the monthly rental consideration for the lease of these properties have been pre-determined over the same period.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

33. Commitments (cont'd)

Non-cancellable operating lease commitments - Group and Company as lessors

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Future minimum rental receivable:				
Not later than 1 year	14,400	11,100	13,200	13,200
Later than 1 year and not later than 5 years	3,950	8,450	28,600	2,200
	18,350	19,550	41,800	15,400

The Group and the Company entered into commercial property leases on its properties portfolio consisting of commercial and office space. These leases have remaining non-cancellable lease terms of between 1 and 3 years.

34. Related party disclosures

(a) Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2010 RM	**2009 RM**
Rental receivable from a subsidiary	(13,200)	(13,200)
Rental payable to a subsidiary	28,000	15,000
Interest receivable from subsidiaries	(563,517)	-
Services rendered by a subsidiary	248,790	32,375
Outsourced software maintenance fees charged by subsidiaries	3,304,053	1,407,235
Royalty receivable from subsidiaries	(3,894,378)	(3,881,826)
Sales to subsidiaries	(217,932)	(372,000)

The directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and at terms mutually agreed between the parties. Information regarding outstanding balances from the above related party transactions as at 31 December 2010 are disclosed in Note 19 and Note 32.

(b) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The key management personnel of the Group and of the Company are the executive directors and their remuneration are as disclosed in Note 9.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

35. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
2010				
Financial liabilities:				
Hire purchase and finance lease payables (Note 29)	1,153,055	1,080,235	271,772	244,526
2009				
Financial liabilities:				
Hire purchase and finance lease payables (Note 29)	698,017	660,412	345,932	333,977

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Except discussed in (A) above, all financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation at fair value are as follows:

	Note
Trade receivables	20
Other receivables	21
Amounts due from subsidiaries (current)	19
Trade payables	27
Other payables	31
Amounts due to subsidiaries	32

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) 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 arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Investments are acquired after assessing the quality of the relevant investments. Cash and cash equivalent is placed with reliable financial institution.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

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

Information regarding credit enhancements for trade receivables is disclosed in Note 20.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

36. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

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

Information regarding credit enhancements for trade receivables is disclosed in Note 20.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2010		2009	
	RM	% of total	RM	% of total
By Country:				
Malaysia	10,521,499	82%	7,648,112	76%
People's Republic of China	33,045	0%	310,324	3%
Singapore	57,849	0%	175,337	2%
Indonesia	316,465	3%	311,182	3%
Philippines	1,196,603	9%	1,189,110	12%
Other countries	770,036	6%	453,112	4%
	12,895,497	100%	10,087,177	100%

At the reporting date, approximately 54% (2009: 52%) of the Group's trade receivables were due from 10 (2009: 23) major customers who are reputable and located in Malaysia.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

36. Financial risk management objectives and policies (cont'd)

(b) 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's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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 reporting date based on contractual undiscounted repayment obligations.

	2010		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade payables	1,433,397	209,315	1,642,712
Other payables	3,311,763	-	3,311,763
Hire purchase and finance lease payables	424,814	836,751	1,261,565
Total undiscounted financial liabilities	5,169,974	1,046,066	6,216,040
Company			
Financial liabilities:			
Trade payables	736,866	209,315	946,181
Other payables	921,258	-	921,258
Amounts due to subsidiaries	578,678	-	578,678
Hire purchase and finance lease payables	103,977	184,311	288,288
Total undiscounted financial liabilities	2,340,779	393,626	2,734,405

(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 primary interest rate risk relates to interest-bearing hire purchase payables and the fixed deposits with licensed banks. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits. As the Group and the Company have no significant floating interest-bearing assets and liabilities, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

36. Financial risk management objectives and policies (cont'd)

(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 has transactional currency exposures arising from sales that are denominated in a currency other than the respective functional currencies of Group entities, primarily Thai Baht, Brunei Dollar and Australia Dollar. The foreign currencies in which these transactions are denominated are mainly US Dollar ("USD").

Approximately 1% (2009: 2%) of the Group's sales are denominated in foreign currencies.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM3,945 (2009: RM96,495) for the Group.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in People's Republic of China ("PRC"). The Group's net investment in PRC are not hedged as currency position in RMB are considered to be long-term in nature. Foreign exchange exposure in transactional currencies, other than functional currencies of the Group are kept to an acceptable level.

The net unhedged financial assets of the Group as at 31 December 2010 that are not denominated in their functional currencies are as follows:

Financial assets held in non-functional currencies

At 31 December 2010

	Thai Baht RM	Brunei Dollar RM	AUD RM	Ringgit Malaysia RM	Total RM
Ringgit Malaysia					
Receivables	-	9,321	-	-	9,321
United States Dollars					
Cash at bank	-	-	-	78,529	78,529
Receivables	22,514	-	149,997	-	172,511

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

36. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (contd.)

Financial assets held in non-functional currencies

At 31 December 2009

	Thai Baht RM	Brunei Dollar RM	AUD RM	Ringgit Malaysia RM	Total RM
Ringgit Malaysia					
Receivables	-	100,767	-	-	100,767
United States Dollars					
Cash at bank	-	-	-	79,558	79,558
Receivables	22,610	-	-	-	22,610

In the current financial year, the Group's exposure to foreign exchange risk in respect of its subsidiaries and associate is not material. The Group will continue to monitor the risk arising from foreign currency exchange from time to time and will formulate appropriate strategies should the risks be material.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the Thai Baht, Brunei Dollar, Australia Dollar and USD Dollar exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2010 RM Loss net of tax
Thai/USD	- strengthen 5%	4,901
	- weakened 5%	(4,901)
Brunei/RM	- strengthen 5%	3,117
	- weakened 5%	(3,117)
AUD/USD	- strengthen 5%	7,500
	- weakened 5%	(7,500)
RM/USD	- strengthen 5%	3,926
	- weakened 5%	(3,926)

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

37. Capital management

The primary objectives of the Group'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 manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 20%. The Group includes within net debt, trade and other payables, hire purchase liabilities and finance lease payable, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

	Group		**Company**	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Trade payables (Note 27)	1,597,623	1,657,777	901,092	-
Other payables (Note 31)	3,311,763	3,607,407	921,258	1,139,404
Amounts due to subsidiaries (Note 32)	-	-	578,678	109,789
Hire purchase and finance lease payable (Note 29)	1,153,055	698,017	271,772	345,932
Less: Cash and bank balances (Note 23)	(5,047,055)	(8,275,125)	(794,389)	(2,550,029)
Aggregate indebtedness	1,015,386	(2,311,924)	1,878,411	(954,904)
Equity attributable to the owners of the parent, representing total capital	23,857,133	24,537,944	31,225,068	31,445,096
Capital and net debt	24,872,519	22,226,020	33,103,479	30,490,192
Gearing ratio	4%	(10%)	6%	(3%)

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

38. Segmental information

(a) Primary reporting format - geographical segments

For the management purposes, the Group is organised into two geographical areas of the world, and has two reportable geographical segments as follows:

I. Malaysia - the areas of operation are principally a turnkey e-business application provider focused on customised functionality on in-house industry specific software.

II. Foreign - the main activities focused on the Group's research and development centre, as the central domain for all customised projects and undertake marketing activities that cater for China market.

Except as indicated above, no geographical segments have been aggregated to form the above reportable geographical segments.

Management monitors the operating results of its geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between geographical segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

38. Segmental information (cont'd)

(a) Primary reporting format - geographical segments (cont'd)

	Malaysia		Foreign		Eliminations		Note	Per consolidated financial statements	
	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM		2010 RM	2009 RM
Revenue:									
External revenue	33,590,260	27,065,056	3,845,314	2,847,571	-	-		37,435,574	29,912,627
Inter-segment revenue	1,114,352	840,374	-	-	(1,114,352)	(840,374)	A	-	-
Total revenue	34,704,612	27,905,430	3,845,314	2,847,571	(1,114,352)	(840,374)		37,435,574	29,912,627
Results:									
Segment results	6,835,455	3,800,339	(2,015,808)	(3,661,881)	-	-		4,819,647	138,458
Amortisation	(3,282,370)	(4,227,473)	(2,164,662)	(2,698,551)	2,666,812	2,408,803		(2,780,220)	(4,517,221)
Depreciation	(799,710)	(603,631)	(173,498)	(128,839)	-	-		(973,208)	(732,470)
Other non-cash expenses	(1,238,143)	(997,043)	-	(379,248)	-	-	B	(1,238,143)	(1,376,291)
Finance costs	(110,914)	(35,043)	-	-	-	-		(110,914)	(35,043)
Loss before tax	1,404,318	(2,062,851)	(4,353,968)	(6,868,519)	2,666,812	2,408,803		(282,838)	(6,522,567)
Income tax (expense)/benefit	(383,084)	554,043	-	-	-	-		(383,084)	554,043
Loss net of tax	1,021,234	(1,508,808)	(4,353,968)	(6,868,519)	2,666,812	2,408,803		(665,922)	(5,968,524)
Assets:									
Additions to non-current assets	1,827,483	5,300,453	1,628,625	1,303,445	(118,926)	(4,697,600)	C	3,337,182	1,906,298
Segment assets	33,004,351	35,238,899	10,642,689	12,960,955	(8,297,930)	(11,039,541)	D	35,349,110	37,160,313
Segment liabilities	10,676,998	11,763,031	9,239,939	7,611,210	(8,563,935)	(7,109,008)	E	11,353,002	12,265,233

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

38. Segmental information (contd.)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2010 RM	2009 RM
Impairment loss on trade receivables	8	1,163,143	1,370,849
Net fair value adjustment of investment properties	8	75,000	5,442
		1,238,143	1,376,291

C Additions to non-current assets consist of:

	2010 RM	2009 RM
Property, plant and equipment	1,710,482	795,846
Deferred development costs	1,595,700	1,110,452
Other investments	31,000	-
	3,337,182	1,906,298

D The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010 RM	2009 RM
Inter-segment assets	(8,297,930)	(11,039,541)

E The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010 RM	2009 RM
Inter-segment liabilities	(8,563,935)	(7,109,008)

<u>Information about a major customer</u>

Revenue from one major customer amount to RM5,108,000 (2009: RM3,863,000), arising from sales by the Malaysia segment.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

38. Segmental information (cont'd)

(b) Secondary reporting format - business segments

The Group is also organised on a worldwide basis into three major business segments:

(i) Software applications and royalty income
(ii) Hardware, networking and operating systems
(iii) Maintenance, support system, training and implementation

	Software applications and royalty income		Hardware, networking and operating systems		Maintenance, support system, training and implementation		Per consolidated financial statements	
	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM
Total revenue from external customers	11,260,011	7,989,269	11,408,535	9,299,469	14,767,028	12,623,889	37,435,574	29,912,627
Segment assets	21,453,203	12,600,683	3,025,334	3,338,039	10,870,573	21,221,591	35,349,110	37,160,313
Additions to non-current assets	262,214	461,417	579,781	6,307	2,495,187	1,438,574	3,337,182	1,906,298

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

39. Significant events

The corporate proposals announced on 29 October 2010 which were pending completion as at the date of financial statements are as follows:

(i) Renounceable rights issue of 143,351,000 new ordinary shares of RM0.10 each (“Shares”) in IFCA ("Rights Shares") together with 143,351,000 free detachable warrants ("Warrants") on the basis of one (1) Rights Share and one (1) free Warrant for every two (2) existing ordinary shares of RM0.10 each in IFCA ("IFCA Shares") held on an entitlement date to be determined later (“Rights Issue”);

(ii) Increase in authorised share capital of IFCA from RM50,000,000 comprising 500,000,000 IFCA Shares to RM75,000,000 comprising 750,000,000 IFCA Shares by the creation of an additional 250,000,000 Shares (“Increase in Authorised Share Capital”); and

(iii) Amendments to the Memorandum and Articles of Association (“M&A Amendments”) of IFCA.

(collectively referred to as “the Proposals”)

The approvals required for the Proposals are as follows:

(i) Bursa Malaysia Securities Berhad (“Bursa Securities”) for the admission of the Warrants to the Official List of Bursa Securities and the approval-in-principle for the listing of and quotation for the Rights Shares and Warrants to be issued under the Rights Issue and new Shares to be issued upon the exercise of the Warrants on Bursa Securities, which were obtained on 22 November 2010;

(ii) Bank Negara Malaysia for the issue of up to 143,351,000 Warrants to non-resident subscribing shareholders of IFCA pursuant to the Rights Issue, and any additional Warrants to be issued as a consequence of the adjustments which may be made from time to time pursuant to the provisions of the deed poll constituting the Warrants, which were obtained on 25 November 2010; and

(iii) The shareholders of IFCA for the Proposals, which were obtained on 17 December 2010 at the Company’s extraordinary general meeting.

The Rights Issue was completed on 21 February 2011 following the admission of the Warrants to the Official List of Bursa Securities, and the listing of and quotation for the 143,351,000 Rights Shares and 143,351,000 Warrants on the ACE Market of Bursa Securities on 21 February 2011.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

40. Subsequent events

(i) Disposal of 12,939,000 shares representing 9.58% interest in the Associate, IFCA Technologies Limited ("IFCA Tech")

On 14 January 2011, the Company entered into a supplementary Sale of Shares Agreement with Kutana Investment Group Ltd for the disposal of 9.58% (or 12,939,000 shares) of the Company's interest in the associated company, namely IFCA Tech at a disposal price of South African Rand ("ZAR") 0.0338 per share. The total sales consideration of approximately RM195,994 shall be satisfied in cash upon completion.

(ii) Acquisition of a subsidiary

On 5 April 2011, the Company acquired 1,000 ordinary shares of South African Rand (“ZAR”) 1.00 each in ERF 235 Woodmead (Proprietary) Ltd (“ERF 235”), representing a 100% of the equity interest in the issued and paid-up share capital of ERF 235 for a total consideration of ZAR12,000 (equivalent to RM5,400 at the exchange rate of ZAR1 to RM0.45). The acquisition is excluding the landed property together with other assets and liabilities of ERF 235.

The acquisition which was satisfied by cash and will be accounted for the acquisition method of accounting in the financial year ending 31 December 2011.

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 20 April 2011.

Notes to the Financial Statements (cont'd)
for the financial year ended 31 December 2010

42. Supplementary explanatory note on disclosure of realised and unrealised accumulated losses

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2010 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 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 RM	Company RM
Total accumulated losses of the Company and its subsidiaries		
- Realised	(18,277,173)	(3,987,706)
- Unrealised	(432,947)	95,213
	(18,710,120)	(3,892,493)
Less: Consolidation adjustments	12,044,903	-
Accumulated losses as per financial statements	(6,665,217)	(3,892,493)

The determination of realised and unrealised losses above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

List of Properties

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2010 (RM)	Original Cost (RM)
Johor Property 4-storey shop office at 31, Jalan Permas 10/7, Taman Permas Jaya, 81750 Johor Bahru, Johor	Ground Floor - JB Office 1st - vacant, 2nd & 3rd - Tenanted	IFCA MSC BHD	16	1,920 sq. feet	Freehold	630,000	750,000
Penang Property Shop Office at 441-2-5, Pulau Tikus Plaza, Jalan Burmah, 10350 Penang	Penang Office	Developer - Pelita Abadi Sdn Bhd	14	136.85 sq. metres	Freehold	358,680	427,000
Selangor Properties 2 units of shoplots & 10 units of office lots at 17 and 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor	Head Office	IFCA MSC Bhd	12	20,311 sq. feet	Freehold	3,864,000	4,600,000
Apartment D-G-38 Block Rapis, Pangsapuri Las Palmas, Jalan Desa Ria, Bandar Country Homes, 48000 Rawang, Selangor	Vacant	Developer - Tanco Development Sdn Bhd	11	755 sq. feet	Freehold	46,438	88,800
Unit 1-1 in a 4-storey shop office at 2-1, Jalan Desa 9/5 Bandar Country Homes, 48000 Rawang, Selangor	Vacant	Developer - Tanco Development Sdn Bhd	9	1,629 sq. feet	Freehold	55,000	291,800
Perak Property Bukit Kinding Orchard Land, held under Green 31413, Lot 127202, Mukim of Hulu Kinta, Perak	Vacant	Sunrise Excelsior (M) Sdn Bhd	-	0.4050 hectare	Freehold	210,000	198,000

Analysis of Shareholdings & Warrantholdings
as at 3 May 2011

1. Analysis of Shareholdings

Authorised Capital	**: RM75,000,000**
Issued And Fully Paid-up Capital	**: RM43,005,300**
Class of Shares	**: Ordinary Shares of 10 sen each fully paid**
Voting Rights	**: One vote per 10 sen share**

Breakdown of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	3	0.10	130	-
100 - 1,000	171	5.63	130,248	0.03
1,001 - 10,000	1,162	38.25	7,410,800	1.72
10,001 - 100,000	1,288	42.40	50,926,800	11.84
100,001 and below 5%	413	13.59	171,680,379	39.92
5% and above	1	0.03	199,904,643	46.48
TOTAL	3,038	100.00	430,053,000	100.00

Substantial Shareholders As At 3 May 2011

	No of Shares Held			
Name of Shareholders	**Direct Interest**	**%**	**Indirect Interest**	**%**
OSK Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for IFCA Software (Asia) Sdn Bhd)	199,904,643	46.48	-	-

Directors' Shareholdings As At 3 May 2011

	No of Shares Held			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Yong Keang Cheun	45	-	202,084,008	46.99
Yong Kian Keong	2,179,365	0.51	199,904,688	46.48
Ooi Bee Bee	4,998,648	1.16	-	-
TOTAL	7,178,058	1.67		

Analysis of Shareholdings & Warrantholdings (cont'd)
as at 3 May 2011

1. Analysis of Shareholdings (cont'd)

List of Thirty (30) Largest Registered Shareholders As At 3 May 2011

No.	Name of Shareholders	No. of Shares	%
1.	OSK Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for IFCA Software (Asia) Sdn Bhd)	199,904,643	46.48
2.	Ong Lee Veng @ Ong Chuan Heng	11,000,000	2.56
3.	Ooi Sin Heng	4,500,000	1.05
4.	Lim Poh Fong	3,619,200	0.84
5.	Ooi Bee Bee	2,868,300	0.67
6.	Yong Kim Cheng	2,772,600	0.64
7.	Citigroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Jee Tien)	2,500,000	0.58
8.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ong Yew Beng)	2,382,000	0.55
9.	Wong Kok Sin	2,324,800	0.54
10.	Yong Kian Keong	2,179,365	0.51
11.	Cha Fui Yee	2,097,800	0.49
12.	Leong Thim Foo	2,062,000	0.48
13.	Ng Wai Yuan	1,971,864	0.46
14.	Yeoh Eng Chuan	1,900,000	0.44
15.	Tang Tick Huar	1,750,000	0.41
16.	Tee Chai Huat	1,680,000	0.39
17.	HLG Nominee (Tempatan) Sdn Bhd (Pledged Securities Account for Teo Ah Seng)	1,600,000	0.37
18.	Ooi Bee Bee	1,554,150	0.36
19.	Fun Hee Seong	1,411,500	0.33
20.	Tan Bee Lai	1,410,000	0.33
21.	Lee Seng Piow	1,304,500	0.30
22.	Lai Keat Sean	1,300,000	0.30
23.	Chai Min Kian	1,260,000	0.29
24.	Cheong Chee Chung	1,259,000	0.29
25.	Foong Sai Cheong	1,253,000	0.29
26.	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Vincent Tang Fook Lam)	1,220,000	0.28
27.	Lai Ming Chun @ Lai Poh Lin	1,200,000	0.28
28.	Tai Chin Chu	1,198,500	0.28
29.	Lee Kok Leong	1,173,900	0.27
30.	Wong Boon Kee	1,158,000	0.27
	Total:	263,815,122	61.34

Analysis of Shareholdings & Warrantholdings (cont'd)
as at 3 May 2011

2. Analysis of Warrantholdings

Warrants 2011/2016 : **143,351,000 outstanding**

Breakdown of Warrantholdings

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100	1	0.11	50	-
100 - 1,000	38	4.23	28,550	0.02
1,001 - 10,000	353	39.31	2,063,550	1.44
10,001 - 100,000	395	43.99	15,917,300	11.10
100,001 and below 5%	110	12.25	58,706,669	40.95
5% and above	1	0.11	66,634,881	46.48
TOTAL	898	100.00	143,351,000	100.00

Substantial Warrantholders As At 3 May 2011

	No of Warrants Held			
Name of Warrantholders	Direct Interest	%	Indirect Interest	%
OSK Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for IFCA Software (Asia) Sdn Bhd)	66,634,881	46.48	-	-

Directors' Warrantholdings As At 3 May 2011

	No of Warrants Held			
Name of Directors	Direct Interest	%	Indirect Interest	%
Yong Keang Cheun	15	-	67,361,336	46.99
Yong Kian Keong	726,455	0.51	66,634,896	46.48
Ooi Bee Bee	1,666,050	1.16	-	-
TOTAL	2,392,520	1.67		

Analysis of Shareholdings & Warrantholdings (cont'd)
as at 3 May 2011

2. Analysis of Warrantholdings (cont'd)

List of Thirty (30) Largest Registered Warrantholders As At 3 May 2011

No.	Name of Warrantholders	No. of Warrants	%
1.	OSK Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for IFCA Software (Asia) Sdn Bhd)	66,634,881	46.48
2.	Liu Ching-An	4,248,000	2.96
3.	Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Chee Sing)	3,075,000	2.15
4.	Pak Cheow Koon Jason	2,400,000	1.67
5.	Dan Yoke Pyng	2,356,700	1.64
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Leong Thim Choy	2,185,500	1.52
7.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Pek Kiam Kek)	2,100,000	1.46
8.	Wong Kok Sin	1,821,800	1.27
9.	Chua Seu Mooi	1,711,900	1.19
10.	Lee Seng Piow	1,601,500	1.12
11.	HLG Nominee (Tempatan) Sdn Bhd (Pledged Securities Account for Teo Ah Seng)	1,600,000	1.12
12.	Ooi Sin Heng	1,500,000	1.05
13.	Lum Yin Mui	1,351,000	0.94
14.	Leong Wai Mang	1,192,600	0.83
15.	Lim Chee Cheng	1,060,000	0.74
16.	Lim Kam Lin	1,010,000	0.70
17.	Chua Seu Mooi	1,000,000	0.70
18.	Tan Tuan Neo @ Tan Tuan New	1,000,000	0.70
19.	Cimsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teo Ah Seng)	990,000	0.69
20.	Ooi Bee Bee	956,100	0.67
21.	Tan Chin Kang	748,500	0.52
22.	Yong Kian Keong	726,455	0.51
23.	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Sew Chooi Lan)	666,400	0.46
24.	Chan Tuck Hoong	655,000	0.46
25.	Teo Meng Hai	611,900	0.43
26.	Ser Kong Lam	593,300	0.41
27.	Sim Siew Choon	559,900	0.39
28.	Ooi Bee Bee	518,050	0.36
29.	Leong Kon Kau	514,800	0.36
30.	Leong Thim Fatt	500,000	0.35
	Total:	105,889,286	73.87

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IFCA software™

IFCA MSC BERHAD

(Company No. 453392-T)

No. of Shares Held

FORM OF PROXY

I/We, ………………………………………………………………… NRIC/Passport/Company No. …………………..………..
(Full Name in Block Letters)

of ……………………………………..…………………………..………………………………………………………….
(Full Address)

being a member/members of **IFCA MSC BERHAD ("the Company"),** hereby appoint ………………..……………….……
(Full Name in Block Letters)

of ……………………………………..…………………………..………………………………………………………….
(Full Address)

or failing *him/her, the Chairman of the Meeting as my/our proxy to vote for *me/us on *my/our behalf at the 13th Annual General Meeting of the company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bikit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 22 June 2011 at 2.00 p.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	**Ordinary Business** Receive the Audited Financial Statements for the financial year ended 31 December 2010 and Reports of the Directors and Auditors		
2.	Approval of payment of Directors' fees of RM114,500 for the financial year ended 31 December 2010.		
3.	Re-election of Mr. Yong Keang Cheun, Director retiring pursuant to Article 85 of the Company's Articles of Association.		
4.	Re-appointment of Messrs Ernst & Young as the Company's auditors and to authorise the Directors to fix their remuneration.		
5.	Renewal of the authority for Directors to issue shares.		

** Strike out whichever not applicable*

Dated this ……….. day of ………………………… 2011

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

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.*
2. *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. In such instance, the member shall specify the securities account number for each appointment.*
3. *In the case of a corporate member, the instrument appointing a proxy or proxies shall be under its Common Seal or under the hand of its attorney duly autorised in writing.*
4. *Where a member appoints more than one proxy, he shall specify the proportions of his holdings to be represented by each proxy.*
5. *The instrument appointing a proxy or proxies duly completed must be deposited at the Registered Office of the Company situated at 24B, Persiaran Zaaba, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time set for the Annual General Meeting or adjourned meeting.*
6. *Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he/she thinks fit.*

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary

IFCA MSC BERHAD
24B, Persiaran Zaaba
Taman Tun Dr. Ismail
60000 Kuala Lumpur

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