



VASSETI BERHAD
(Company No: 887017-M)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2010

Registered office:
No. 28, 3rd Floor
Lorong Medan Tuanku Satu
50300 Kuala Lumpur

Principal place of business:
Suite 2B-G-1, Ground Floor
Block 2B, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur

Company No.

| | |
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| 887017 | M |
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VASSETI BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
31 DECEMBER 2010

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VASSETI BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period from 20 January 2010 (date of incorporation) to 31 December 2010.

Principal Activities

The Company has commenced its business operations during the financial period and its principal activity is that of investment holding.

The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements respectively.

Other than the above, there has been no significant change in the nature of this activity during the financial period.

Financial Results

| | Group RM | Company RM |
|-------------------------------------|---------------------|-----------------------|
| Net profit for the financial period | 19,682,815 | 297,053 |
| Attributable to: | | |
| Equity holders of the parent | 18,964,862 | 297,053 |
| Minority shareholders' interests | 717,953 | - |
| | 19,682,815 | 297,053 |

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transactions or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial period.

Dividends

Dividends were declared by Directors for the Group and the Company as disclosed in Note 17 to the financial statements respectively.

No final dividend has been recommended by the Directors in respect of the financial period ended 31 December 2010.

Reserves and Provisions

There were no material transfers to or from reserves or provision during the financial period under review other than those disclosed in the financial statements.

Issue of Shares and Debentures

The Company was incorporated with authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each were subscribed for on the date of incorporation.

During the financial period, the authorised share capital of the Company was increased from RM100,000 to RM1,100,000,000 by the creation of:

- (a) 449,900,000 new ordinary shares of RM1.00 each;
- (b) 5,000,000 new ordinary shares of RM100.00 each;
- (c) 5,000,000,000 new preference shares of RM0.01 each; and
- (d) 100,000,000 new preference shares of RM1.00 each.

In addition, the issued and paid-up share capital of the Company was increased from RM2 to RM411,355,000 by the issue of:

- (a) 14,999,998 ordinary shares of RM1.00 each at par for cash consideration to provide additional working capital purpose;
- (b) 3,960,000 ordinary shares of RM100.00 each at par for share consideration of V Telecoms Berhad ("V Tels") representing 91% of the ordinary share capital in V Tels;
- (c) 10,500,000 redeemable preference shares of RM0.01 each at par for cash consideration to provide additional working capital purpose; and
- (d) 250,000 redeemable preference shares of RM1.00 each at par for cash consideration to provide additional working capital purpose.

The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issues of debentures during the financial period under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial period under review.

Directors

The Directors who served since the date of incorporation are as follows:

| | |
|--|--|
| Gen. Dato' Sri Hj. Suleiman Bin Mahmud (RTD) | (First Director) |
| Ranjeet Singh Sidhu | (First Director) |
| Dato' M. Harisharan Pal Singh | (Appointed on 12.3.2010) |
| YBhg Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir | (Appointed on 16.4.2010) |
| Dr. Sulaiman Abdulaziz Yusof Alturki | (Appointed on 16.7.2010) |
| Loo Seng Kit | (Appointed on 30.4.2011) |
| Simon Richard Marriott | (Appointed on 20.6.2011) |
| Dato' Mohamad Taufik Bin Haji Omar | (Appointed on 20.6.2011) |
| Azhari Arshad | (Appointed on 27.1.2010; Resigned 16.4.2010) |
| Dato' Paduka Burhanuddin bin Basiron | (Appointed on 27.1.2010; Resigned 16.4.2010) |
| Ahmad Razmy Bin Abdul Rashid | (Appointed on 27.1.2010; Resigned 30.4.2011) |
| Michael Gerd Ehlert | (Appointed on 15.7.2010; Resigned 30.4.2011) |

Directors' Interests

Details of holdings and deemed interests in the ordinary share capital of the Company or its related corporations by the Directors in office at the end of the financial period, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

| | No. of ordinary shares of RM1.00 each | | | At 31.12.2010 |
|---|---------------------------------------|-----------|----------|------------------|
| | At date of incorporation | Acquired | Disposed | |
| Direct Interest | | | | |
| Gen. Dato' Sri Hj. Suleiman Bin Mahmud (RTD) | - | 1 | - | 1 |
| Ranjeet Singh Sidhu | - | 9,999,999 | - | 9,999,999 |
| Dato' M. Harisharan Pal Singh | - | 1,000,000 | - | 1,000,000 |
| YBhg Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir | - | 4,000,000 | - | 4,000,000 |

By virtue of his interest in the shares of the Company, Gen. Dato' Sri Hj. Suleiman Bin Mahmud (RTD), Ranjeet Singh Sidhu, Dato' M. Harisharan Pal Singh and YBhg Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir are deemed to have an interest in the shares of all its subsidiary companies to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial period had any interest in the shares of the Company or its related corporations during the financial period under review.

Directors' Benefits

Since the date of incorporation, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial period, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value 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 which would render:
- (i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
 - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which have arisen since the end of the financial period which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Company or its subsidiary companies which has arisen since the end of the financial period.

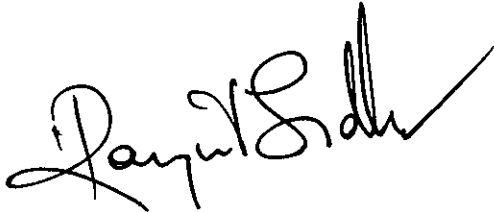
Staff Information

The total number of employees of the Group and of the Company (excluding Directors) at the end of the financial period was 112 and 17 respectively.

Auditors

The auditors, UHY, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.



RANJEET SINGH SIDHU



LOO SENG KIT

KUALA LUMPUR

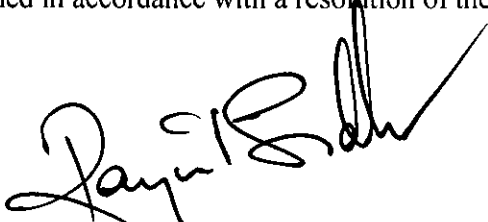
08 JUN 2011

VASSETI BERHAD
(Incorporated in Malaysia)

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

We, RANJEET SINGH SIDHU and LOO SENG KIT, being two of the Directors of VASSETI BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 39 are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial period then ended.

Signed in accordance with a resolution of the Directors.



RANJEET SINGH SIDHU



LOO SENG KIT

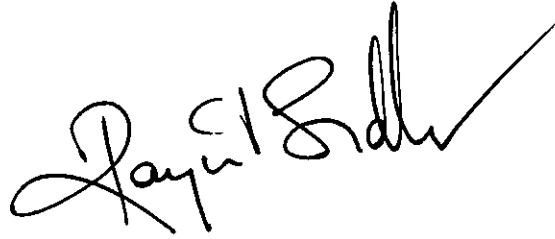
KUALA LUMPUR
08 JUN 2011

VASSETI BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant To Section 169(16) Of The Companies Act, 1965

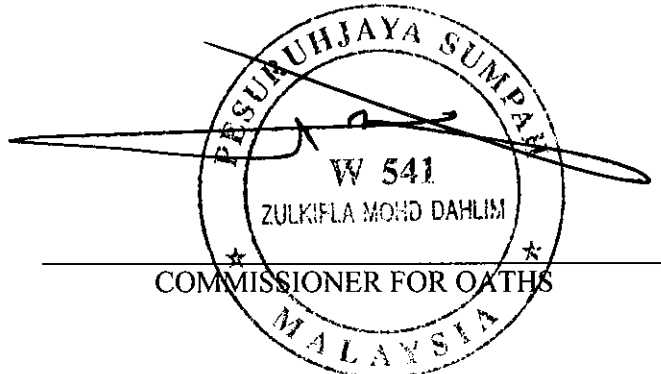
I, RANJEET SINGH SIDHU, being the Director primarily responsible for the financial management of VASSETI BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 11 to 39 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed RANJEET SINGH)
SIDHU at KUALA LUMPUR in the)
Federal Territory this 08 JUN 2011)



RANJEET SINGH SIDHU

Before me,



NO. 17, JALAN PEKALING
50000 KUALA LUMPUR

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VASSETI BERHAD**

(Company No.: 887017-M)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Vasseti 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 financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 39.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial period then ended.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VASSETI BERHAD (CONT'D)**

(Company No.: 887017-M)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



UHY
Firm Number: AF 1411
Chartered Accountants



TEE GUAN PIAN
Approved Number: 1886/05/12 (J/PH)
Chartered Accountant

KUALA LUMPUR
08 JUN 2011

VASSETI BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

| | Note | Group 2010 RM | Company 2010 RM |
|--|------|---------------------|-----------------------|
| Non-Current Assets | | | |
| Property, plant and equipment | 3 | 17,286,197 | 524,655 |
| Investment in subsidiary companies | 4 | - | 407,300,006 |
| Other investment | 5 | 97,000,000 | - |
| | | <u>114,286,197</u> | <u>407,824,661</u> |
| Current Assets | | | |
| Work in progress | | 506,872,181 | - |
| Trade and other receivables | 6 | 27,183,292 | 1,499,243 |
| Amount owing by subsidiary companies | 7 | - | 19,761,387 |
| Cash and bank balances | | 7,510,440 | 39,825 |
| | | <u>541,565,913</u> | <u>21,300,455</u> |
| Total Assets | | <u>655,852,110</u> | <u>429,125,116</u> |
| Equity | | | |
| Ordinary share capital | 8 | 411,000,000 | 411,000,000 |
| Preference share capital | 9 | 105,325,000 | 10,750,000 |
| Retained profit | | 17,301,196 | 14,198 |
| Equity attributable to equity holders of the Parent | | 533,626,196 | 421,764,198 |
| Minority shareholders' interests | | 106,716,821 | - |
| Total Equity | | <u>640,343,017</u> | <u>421,764,198</u> |

The accompanying notes form an integral part of the financial statements.

VASSETI BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010 (CONT'D)

| | Note | Group 2010 RM | Company 2010 RM |
|-------------------------------------|------|---------------------|-----------------------|
| Non-Current Liabilities | | | |
| Hire purchase payables | 10 | 103,475 | - |
| Deferred tax liability | 11 | 25,061 | 20,000 |
| | | 128,536 | 20,000 |
| Current Liabilities | | | |
| Trade and other payables | 12 | 8,060,195 | 72,111 |
| Hire purchase payables | 10 | 16,565 | - |
| Amount owing to a Director | 13 | 7,039,847 | 7,023,807 |
| Tax payable | | 263,950 | 245,000 |
| | | 15,380,557 | 7,340,918 |
| Total Liabilities | | 15,509,093 | 7,360,918 |
| Total Equity and Liabilities | | 655,852,110 | 429,125,116 |

The accompanying notes form an integral part of the financial statements.

VASSETI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 20 JANUARY 2010 TO 31 DECEMBER 2010

| | Note | Group 2010 RM | Company 2010 RM |
|---|------|---------------------|-----------------------|
| Revenue | 14 | 15,440,127 | 3,244,000 |
| Cost of sales | | <u>(4,332,375)</u> | <u>-</u> |
| Gross profit | | 11,107,752 | 3,244,000 |
| Other operating income | | 514 | - |
| Reserve on consolidation | | 13,835,772 | - |
| Goodwill written off | | (251,716) | - |
| Administration expenses | | (5,636,790) | (2,681,947) |
| Finance cost | | <u>(3,296)</u> | <u>-</u> |
| Profit before taxation | 15 | 19,052,236 | 562,053 |
| Taxation | 16 | <u>630,579</u> | <u>(265,000)</u> |
| Net profit for the financial period, representing total comprehensive income for the financial period | | <u>19,682,815</u> | <u>297,053</u> |
| Net profit for the financial period attributable to: | | | |
| Equity holders of the parent | | 18,964,862 | |
| Minority shareholders' interests | | <u>717,953</u> | |
| | | <u>19,682,815</u> | |

The accompanying notes form an integral part of the financial statements.

VASSETI BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 20 JANUARY 2010 TO 31 DECEMBER 2010**

| Group | Note | Attributable to Equity Holders of the Parent | | | | | Total Equity RM |
|---|------|--|---|--------------------------|--|--------------------|-----------------------|
| | | Ordinary Share Capital RM | Non- Distributable Preference Share Capital RM | Retained Profit RM | Minority Shareholders' Interests RM | Total RM | |
| At date of incorporation | 2 | | - | - | - | 2 | 2 |
| Arising from acquisition of the subsidiary companies | - | | - | - | - | - | 106,418,868 |
| Issued of share capital during the financial period | | 410,999,998 | 105,325,000 | - | - | 516,324,998 | 516,324,998 |
| Net profit for the financial period, representing total comprehensive income for the financial period | | - | - | 18,964,862 | 717,953 | 18,964,862 | 19,682,815 |
| Dividends | 17 | - | - | (1,663,666) | (420,000) | (1,663,666) | (2,083,666) |
| At 31 December 2010 | | <u>411,000,000</u> | <u>105,325,000</u> | <u>17,301,196</u> | <u>106,716,821</u> | <u>533,626,196</u> | <u>640,343,017</u> |

VASSETI BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 20 JANUARY 2010 TO 31 DECEMBER 2010 (CONT'D)**

| Company | Note | Ordinary Share Capital RM | Preference Share Capital RM | Retained Profit RM | Total RM |
|---|-------------|--|--|-----------------------------------|---------------------|
| At date of incorporation | 2 | 2 | - | - | 2 |
| Issued of shares during the financial period | | 410,999,998 | 10,750,000 | - | 421,749,998 |
| Net profit for the financial period, representing total comprehensive income for the financial period | | - | - | 297,053 | 297,053 |
| Dividends | 17 | - | - | (282,855) | (282,855) |
| Balance at 31 December 2010 | | <u>411,000,000</u> | <u>10,750,000</u> | <u>14,198</u> | <u>421,764,198</u> |

The accompanying notes form an integral part of the financial statements.

VASSETI BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 20 JANUARY 2010 TO 31 DECEMBER 2010

| | Group 2010 RM | Company 2010 RM |
|--|------------------------------|--------------------------------|
| Cash Flows From Operating Activities | | |
| Profit before taxation | 19,052,236 | 562,053 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 201,431 | 51,992 |
| Dividend income | - | (1,584,000) |
| Goodwill written off | 251,716 | - |
| Interest expenses | 3,296 | - |
| Reserve on consolidation | (13,835,772) | - |
| Operating profit/(loss) before working capital changes | <u>5,672,907</u> | <u>(969,955)</u> |
| (Increase)/Decrease in working capital | | |
| Work in progress | (39,737,507) | - |
| Trade and other receivables | (9,939,882) | (1,499,243) |
| Trade and other payables | 1,537,597 | 72,111 |
| Amount owing to a Director | 7,035,409 | 7,023,807 |
| Amount owing by subsidiary companies | - | (19,761,387) |
| | <u>(41,104,383)</u> | <u>(14,164,712)</u> |
| Cash used in operations | (35,431,476) | (15,134,667) |
| Interest paid | (3,296) | - |
| Net cash used in operating activities | <u>(35,434,772)</u> | <u>(15,134,667)</u> |

VASSETI BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 20 JANUARY 2010 TO 31 DECEMBER 2010
(CONT'D)

| | Note | Group 2010 RM | Company 2010 RM |
|--|------|---------------------|-----------------------|
| Cash Flows From Investing Activities | | | |
| Purchase of property, plant and equipment | 3(b) | (938,830) | (576,647) |
| Purchase of investment in subsidiary companies | | - | (11,300,006) |
| Net cash outflow arising from the acquisition of subsidiary companies | 4(b) | (9,152,132) | - |
| Dividend received | | - | 1,584,000 |
| Net cash used in investing activities | | <u>(10,090,962)</u> | <u>(10,292,653)</u> |
| Cash Flows From Financing Activities | | | |
| Proceeds from issued of ordinary shares | | 14,999,998 | 14,999,998 |
| Proceeds from issued of preference shares | | 40,125,000 | 10,750,000 |
| Repayment of hire purchase liability | | (5,160) | - |
| Dividends paid | | (2,083,666) | (282,855) |
| Net cash from financing activities | | <u>53,036,172</u> | <u>25,467,143</u> |
| Net increase in cash and cash equivalents | | 7,510,438 | 39,823 |
| Cash and cash equivalents at beginning of the financial period | | <u>2</u> | <u>2</u> |
| Cash and cash equivalents at end of the financial period | | <u>7,510,440</u> | <u>39,825</u> |
| Cash and cash equivalents at end of the financial period comprises: | | | |
| Cash and bank balances | | <u>7,510,440</u> | <u>39,825</u> |

The accompanying notes form an integral part of the financial statements.

VASSETI BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements respectively.

The Company is a public company limited by shares, incorporated in Malaysia under the Companies Act, 1965 and domiciled in Malaysia.

The registered office of the Company is located at No. 28, 3rd Floor, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur.

The principal place of business of the Company is located at Suite 2B-G-1, Ground Floor, Block 2B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies which are made up to the end of the financial period.

Subsidiary companies are those companies in which the Group has long term equity interest and has the power, directly or indirectly to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

The purchase method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate. Reserve on consolidation is recognised immediately in statements of comprehensive income.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill which were not previously recognised in the consolidated statements of comprehensive income.

Intra-group balance, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Minority interest is measured at the minorities' share of the fair value of identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on a straight line method at rates calculated to write off the cost of the assets to its residual value over their estimated useful lives at the following annual rates:

| | |
|---|----------|
| Computer and Software | 3 years |
| Furniture and Fittings and Office Communication Systems | 10 years |
| Office Equipment and Electrical Fittings and Mobile Phone | 5 years |
| Renovations | 4 years |
| Ethernet Systems | 20 years |
| Motor Vehicles | 5 years |
| Network Equipment | 5 years |
| Fibre Infrastructure | 20 years |

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each financial year end.

Upon disposal of an asset, the difference between the net disposal proceeds and the carrying amount of the assets is charged or credited to the statement of comprehensive income.

(d) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows.

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

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statements of comprehensive income immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(e) Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. Doubtful debts are provided based on specific review of the receivables.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(g) Trade and other payables

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

(h) Leases and hire purchases

A lease is recognised as a finance lease if it transfers substantially to the Group and to the Company all the risks and rewards incident to ownership. All other leases are treated as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as liabilities. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Group and the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the statements of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment which are owned.

Lease rental under operating lease is charged to the statements of comprehensive income on a straight line basis over the term of the relevant lease.

(i) Share capital

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

The preference shares are classified as shareholders equity of statement of financial position. Dividends on the preference shares are accounted for in shareholders' equity as an appropriation of unappropriated profits in the period in which they are declared and approved.

(j) Revenue recognition

(i) Goods sold and services rendered

Revenue from sales of goods and services is recognized when significant risks and rewards of ownership have been transferred to the buyer or performance of services, net of discounts.

(ii) Dividend income

Dividend income is recognized when the shareholder's right to receive payment is established.

(iii) Rental income

Rental income is recognised on an accruals basis unless ability to collect is in doubt.

(k) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the statements of financial position date.

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

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statements of financial position date. The carrying amount of a deferred tax asset is reviewed at each statements of financial position date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the statements of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(l) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the statements of financial position date.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the statements of comprehensive income as incurred.

3. Property, Plant and Equipment

| Group Cost | Computers and Software RM | Furniture and Fittings and Office Communi-cation System RM | Office Equipment and Electrical Fittings and Mobile Phones RM | Renovations RM | Ethernet Systems RM | Motor Vehicles RM | Network Equipment RM | Fibre Infra-structure RM | Total RM |
|--|---------------------------|--|---|----------------|---------------------|-------------------|----------------------|--------------------------|------------|
| At date of incorporation | - | - | - | - | - | - | - | - | - |
| Arising from acquisition of subsidiary companies | 1,930,589 | 158,661 | 237,847 | 479,668 | 5,991,936 | 34,500 | 2,873,415 | 10,511,525 | 22,218,141 |
| Additions | 232,809 | 146,600 | 74,155 | 300,102 | 131,943 | 178,421 | - | - | 1,064,030 |
| Disposal | - | - | - | - | - | (34,500) | - | - | (34,500) |
| At 31 December 2010 | 2,163,398 | 305,261 | 312,002 | 779,770 | 6,123,879 | 178,421 | 2,873,415 | 10,511,525 | 23,247,671 |
| Accumulated depreciation | | | | | | | | | |
| At date of incorporation | - | - | - | - | - | - | - | - | - |
| Arising from acquisition of subsidiary companies | 1,913,554 | 132,990 | 230,050 | 247,111 | 827,506 | 13,800 | 1,927,054 | 481,778 | 5,773,843 |
| Charge for the financial period | 30,224 | 10,298 | 7,150 | 25,520 | 25,516 | 11,035 | 47,890 | 43,798 | 201,431 |
| Disposal | - | - | - | - | - | (13,800) | - | - | (13,800) |
| At 31 December 2010 | 1,943,778 | 143,288 | 237,200 | 272,631 | 853,022 | 11,035 | 1,974,944 | 525,576 | 5,961,474 |
| Carrying amount | | | | | | | | | |
| At 31 December 2010 | 219,620 | 161,973 | 74,802 | 507,139 | 5,270,857 | 167,386 | 898,471 | 9,985,949 | 17,286,197 |

3. Property, Plant and Equipment (Cont'd)

| Company | Computer and Software RM | Furniture and Fittings RM | Office Equipment RM | Renovations RM | Total RM |
|---------------------------------|-----------------------------|------------------------------|------------------------|-------------------|-------------|
| Cost | | | | | |
| At date of incorporation | - | - | - | - | - |
| Additions | 90,216 | 124,870 | 61,459 | 300,102 | 576,647 |
| At 31 December 2010 | 90,216 | 124,870 | 61,459 | 300,102 | 576,647 |
| Accumulated depreciation | | | | | |
| At date of incorporation | - | - | - | - | - |
| Charge for the financial period | 18,017 | 8,615 | 6,710 | 18,650 | 51,992 |
| At 31 December 2010 | 18,017 | 8,615 | 6,710 | 18,650 | 51,992 |
| Carrying amount | | | | | |
| At 31 December 2010 | 72,199 | 116,255 | 54,749 | 281,452 | 524,655 |

3. Property, Plant and Equipment (Cont'd)

- (a) Included in property, plant and equipment of the Group are motor vehicles acquired under hire purchase arrangements with carrying amount of RM154,486.
- (b) The aggregate additional cost for the property, plant and equipment of the Company transferred from work in progress and cash payment are as follows:

| | Group 2010 RM | Company 2010 RM |
|-------------------------------|------------------------------|--------------------------------|
| Aggregate costs | 1,064,030 | 576,647 |
| Less: Hire purchase financing | <u>(125,200)</u> | <u>-</u> |
| Cash payment | <u>938,830</u> | <u>576,647</u> |

4. Investment in Subsidiary Companies

| | Company 2010 RM |
|---|--------------------------------|
| Unquoted shares, at cost In Malaysia | <u>407,300,006</u> |

- (a) The subsidiary companies and shareholdings therein are as follows:

| Name of company | Country of incorporation | Effective equity interest 2010 | Principal activities |
|---------------------------|-------------------------------------|---|---|
| Direct holding: | | | |
| Ezreen Auto Berhad | Malaysia | 100% | Hiring and rental of vehicles |
| Kairos Asia Berhad | Malaysia | 100% | Rental of equipments and data network systems |
| Medina Real Estate Berhad | Malaysia | 100% | Intended activity is those of as a real estate investment and development |
| Vasseti Datatech Berhad | Malaysia | 100% | Provider of internet access, applications, content, equipment, data centre and related services |

4. Investment in Subsidiary Companies (Cont'd)

(a) The subsidiary companies and shareholdings therein are as follows (Cont'd):

| Name of company | Country of incorporation | Effective equity interest 2010 | Principal activities |
|---|--------------------------|--------------------------------|---|
| Direct holding: | | | |
| Vasseti Security Malaysia Berhad | Malaysia | 100% | Dormant |
| Vasseti Engineering Berhad | Malaysia | 100% | Dormant |
| Vasseti HR Services Berhad | Malaysia | 100% | Recruitment and human resource management services |
| Vasseti Farmlands Berhad | Malaysia | 100% | Dormant |
| Vasseti Life Concepts Berhad | Malaysia | 100% | Event management and lifestyle membership services |
| V Telecoms Berhad | Malaysia | 91% | Providers of telecommunication and broadband services and computer hardware and software dealer |
| Indirect holding: | | | |
| Subsidiary company of Vasseti Datatech Berhad | | | |
| Medic Channel (M) Sdn. Bhd. | Malaysia | 70% | Dormant |

4. Investment in Subsidiary Companies (Cont'd)**(b) Acquisition of subsidiary companies**

The effect of the acquisition on the financial results of the Group during the financial period is as follows:

| | Group 2010 RM |
|-------------------------------------|------------------------------|
| Revenue | 15,985,066 |
| Cost of sales | (4,332,375) |
| Gross profit | <u>11,652,691</u> |
| Other operating income | 515 |
| Reserve on consolidation | 13,835,772 |
| Administrative expenses | (5,159,782) |
| Finance cost | (3,296) |
| Profit before taxation | <u>20,325,900</u> |
| Taxation | 895,579 |
| Net profit after taxation | <u>21,221,479</u> |
| Dividends | (3,384,811) |
| Net profit for the financial period | <u><u>17,836,668</u></u> |

If the acquisition had occurred on 1 January 2010 the contribution to the Group's revenue and profit for the financial year would have been RM30,722,610 and RM22,441,981 respectively.

The assets and liabilities arising from acquisition are as follows:

| | Group 2010 RM |
|---|------------------------------|
| Property, plant and equipment | 16,444,298 |
| Other investment | 97,000,000 |
| Work in progress | 59,134,674 |
| Trade and other receivables | 17,243,409 |
| Cash and bank balances | 2,447,874 |
| Trade and other payables | (6,543,298) |
| Amount owing by a Director | (4,437) |
| Deferred tax liability | (919,590) |
| Preference share capital | (47,677,500) |
| Share premium | (5,297,500) |
| Share application account | (225,000) |
| Net assets | <u>131,602,930</u> |
| Less : Minority shareholders' interests | <u>(106,418,868)</u> |
| Group's share of net assets | 25,184,062 |
| Goodwill on consolidation | 251,716 |
| Reserve arising on consolidation | (13,835,772) |
| Total cost of acquisition, discharged by cash | <u><u>11,600,006</u></u> |

4. Investment in Subsidiary Companies (Cont'd)**(b) Acquisition of subsidiary companies (Cont'd)**

The cash outflow arising from the acquisition is as follows:

| | Group 2010 RM |
|---|------------------------------|
| Purchase consideration satisfied by cash | 11,600,006 |
| Less: Cash and cash equivalents of the subsidiary companies | <u>(2,447,874)</u> |
| Net cash outflow of the Group | <u>9,152,132</u> |

5. Other Investment

| | Group 2010 RM | Company 2010 RM |
|--|------------------------------|--------------------------------|
| Unquoted preference shares, at cost In Malaysia | <u>97,000,000</u> | <u>-</u> |

6. Trade and Other Receivables

| | Group 2010 RM | Company 2010 RM |
|-------------------|------------------------------|--------------------------------|
| Trade receivables | 11,815,595 | - |
| Other receivables | 797,881 | 375,071 |
| Prepayments | 3,348,911 | 58,772 |
| Deposits | <u>11,220,905</u> | <u>1,065,400</u> |
| | <u>27,183,292</u> | <u>1,499,243</u> |

7. Amount Owing by Subsidiary Companies

This represents unsecured, interest free advances and repayable on demand.

8. **Ordinary Share Capital**

| | Group/Company 2010 RM |
|---|--------------------------------------|
| (i) Ordinary shares of RM1.00 each | |
| Authorised | |
| At date of incorporation | 100,000 |
| Created during the financial period | 449,900,000 |
| At 31 December | <u>450,000,000</u> |
| Issued and fully paid | |
| At date of incorporation | 2 |
| Issued of shares during the financial period | 14,999,998 |
| At 31 December | <u>15,000,000</u> |
| (ii) Ordinary shares (Class A) of RM100.00 each | |
| Authorised | |
| At date of incorporation | - |
| Allotted during the financial period | 500,000,000 |
| At 31 December | <u>500,000,000</u> |
| Issued and fully paid | |
| At date of incorporation | - |
| Issued of shares during the financial period | 396,000,000 |
| At 31 December | <u>396,000,000</u> |
| Total authorised ordinary shares | <u>950,000,000</u> |
| Total issued and fully paid | <u>411,000,000</u> |

9. Preference Shares Capital

| | Note | Group 2010 RM | Company 2010 RM |
|--|----------|---------------------|-----------------------|
| Authorised | | | |
| Redeemable Preference Share ("RPS") of RM0.01 each | 9(a)(i) | 50,038,500 | 50,000,000 |
| Redeemable Preference Share ("RPS") of RM1.00 each | 9(a)(ii) | 100,000,000 | 100,000,000 |
| Redeemable Convertible/Cumulative Preference Share ("RCPS/RCCPS") of RM0.10 each | 9(b) | 50,000,000 | - |
| | | <u>200,038,500</u> | <u>150,000,000</u> |
| RPS of RM0.01 each | | | |
| Issued and paid up | 9(a)(i) | 143,500 | 105,000 |
| Share premium | 9(a)(i) | 14,206,500 | 10,395,000 |
| | | <u>14,350,000</u> | <u>10,500,000</u> |
| RPS of RM1.00 each | | | |
| Issued and paid up | 9(a)(ii) | 250,000 | 250,000 |
| RCPS of RM0.10 each | | | |
| Issued and paid up | 9(b) | 7,547,500 | - |
| Share premium | 9(b) | 33,177,500 | - |
| | | <u>40,725,000</u> | <u>-</u> |
| RCCPS of RM0.10 each | | | |
| Issued and paid up | 9(b) | 5,000,000 | - |
| Share premium | 9(b) | 45,000,000 | - |
| | | <u>50,000,000</u> | <u>-</u> |
| Total preference share capital | | <u>105,325,000</u> | <u>10,750,000</u> |

9. **Preference Shares Capital (Cont'd)**

(a) Redeemable Preference Share ("RPS")

(i) RPS of RM0.01 each

| | Group 2010 RM | Company 2010 RM |
|--|------------------------------|--------------------------------|
| Authorised | | |
| At date of incorporation | - | - |
| Created during the financial period | 50,038,500 | 50,000,000 |
| At 31 December | <u>50,038,500</u> | <u>50,000,000</u> |
| Issued and fully paid | | |
| At date of incorporation | - | - |
| Issuance of RPS during the financial period | 143,500 | 105,000 |
| At December | <u>143,500</u> | <u>105,000</u> |
| Share premium | | |
| At date of incorporation | - | - |
| Arising in respect of RPS issued during the financial period | 14,206,500 | 10,395,000 |
| At December | <u>14,206,500</u> | <u>10,395,000</u> |

(ii) RPS of RM1.00 each

| | Group 2010 RM | Company 2010 RM |
|---|------------------------------|--------------------------------|
| Authorised | | |
| At date of incorporation | - | - |
| Created during the financial period | 100,000,000 | 100,000,000 |
| At 31 December | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued and fully paid | | |
| At date of incorporation | - | - |
| Issuance of RPS during the financial period | 250,000 | 250,000 |
| At December | <u>250,000</u> | <u>250,000</u> |

9. Preference Shares Capital (Cont'd)

(b) Redeemable Convertible/Cumulative Preference Share ("RCPS/RCCPS")

| | Group 2010 RM | Company 2010 RM |
|--|------------------------------|--------------------------------|
| Authorised | | |
| At date of incorporation | 3,000,000 | - |
| Created during the financial period | 47,000,000 | - |
| At 31 December | <u>50,000,000</u> | <u>-</u> |
| RCPS of RM0.01 each | | |
| Issued and fully paid | | |
| At date of incorporation | 297,500 | - |
| Issuance of RCPS during the financial period | 7,250,000 | - |
| At December | <u>7,547,500</u> | <u>-</u> |
| Share premium | | |
| At date of incorporation | 2,677,500 | - |
| Arising in respect of RCPS issued during the financial period | 30,500,000 | - |
| At December | <u>33,177,500</u> | <u>-</u> |
| RCCPS of RM0.01 each | | |
| Issued and fully paid | | |
| At date of incorporation | - | - |
| Issuance of RCCPS during the financial period | 5,000,000 | - |
| At December | <u>5,000,000</u> | <u>-</u> |
| Share premium | | |
| At date of incorporation | - | - |
| Arising in respect of RCCPS issued during the financial period | 45,000,000 | - |
| At December | <u>45,000,000</u> | <u>-</u> |

9. Preference Shares Capital (Cont'd)

The salient terms of the RPS:

- (i) The RPS shall be converted to ordinary shares at the maturity date or upon approval for listing by the Securities Commission;
- (ii) The conversion of the RPS will be based on a Price Earnings multiple factor to be mutually agreed between the Subscriber and the Issuers;
- (iii) The RPS carries a minimum rate dividend of 8% per annum payable in arrears;
- (iv) The RPS shall rank pari passu among themselves and priority to any other classes of shares of the Issuers;
- (v) The Subscriber agrees that the Issuers shall have the sole and absolute discretion to require the Subscriber to allow the redemption of the RPS on a date earlier than maturity date; and
- (vi) In the absence of any dividend payment, the shareholders of the Issuers shall on the scheduled dividend payment date pay to the investors an amount equivalent to the dividend amount due and payable to the investors. Upon receipt of such payment, the Subscriber shall assign the unpaid dividend to the Issuers. The Issuers reserves the rights to convert the payments made to investors under this Shareholders Payment Guarantee as shareholders advances into the Issuers.

The salient terms of the RCPS:

- (i) The RCPS shall be converted to ordinary shares at the maturity date or upon approval for listing by the Securities Commission;
- (ii) The RCPS shall rank pari passu among themselves and priority to any other classes of shares of the Issuer;
- (iii) Prior to listing, Paneagle Holdings Berhad shall have the first right of refusal to redeem any RCPS outstanding;
- (iv) In the event of default, the shareholders of V Telecoms Berhad shall surrender all its rights under the 104,999,999 shares in the Issuer to Ingenious Growth Fund; and
- (v) The Subscriber agrees that the Issuer shall have the sole and absolute discretion to require the Subscriber to allow the redemption of the RCPS on a date earlier than maturity date.

9. Preference Shares Capital (Cont'd)

The salient terms of the RCCPS:

- (i) The Subscriber agrees that the Issuer shall have the sole discretion to require the Subscriber to allow the redemption of the RCCPS on a date earlier than the maturity date;
- (ii) The RCCPS carries a minimum cumulative dividend of 5% per annum payable in arrears;
- (iii) The RCCPS shall rank pari passu among themselves and priority to any other classes of redeemable preference shares of the Issuer;
- (iv) In the absence of any dividend payment, the shareholders of the Issuer shall on the scheduled dividend payment date, effect the Issuer pay to the investor an amount equivalent to the dividend amount due and payable to the investor. Upon receipt of such payment, the Subscriber shall assign the unpaid cumulative dividend to the Issuers; and

The Issuers reserves the rights to convert the payments made to investor under this Shareholders Payment Guarantee as shareholders advances into V Telecoms Berhad.

10. Hire Purchase Payables

| | Group/Company RM |
|---|-----------------------------|
| (a) Minimum hire purchase payments | |
| Payable within one year | 25,368 |
| Payable between one and five years | 101,472 |
| Payable after five years | 21,747 |
| | <hr/> |
| | 148,587 |
| Less: Future finance charges | (28,547) |
| Present value of hire purchase liabilities | <hr/> 120,040 |
| (b) Present value of hire purchase liabilities | |
| Payable within one year | 16,565 |
| Payable between one and five years | 82,531 |
| Payable after five years | 20,944 |
| | <hr/> |
| | 120,040 |
| | <hr/> 120,040 |
| Analysed as: | |
| Repayable within twelve months | 16,565 |
| Repayable after twelve months | 103,475 |
| | <hr/> |
| | 120,040 |
| | <hr/> 120,040 |

The hire purchase liabilities bore interest at rates ranging from 4.00% to 4.40% per annum.

11. Deferred Tax Liability

| | Group 2010 RM | Company 2010 RM |
|---|------------------------------|--------------------------------|
| At date of incorporation | - | - |
| Relating to origination and reversal of temporary differences | 25,061 | 20,000 |
| At 31 December | <u>25,061</u> | <u>20,000</u> |

The components and movements of deferred tax liability of the Group and the Company are as follows:

| | Accelerated capital allowances RM | Total RM |
|---|--|---------------|
| Group | | |
| At date of incorporation | - | - |
| Relating to origination and reversal of temporary differences | 25,061 | 25,061 |
| At 31 December 2010 | <u>25,061</u> | <u>25,061</u> |
| Company | | |
| At date of incorporation | - | - |
| Relating to origination and reversal of temporary differences | 20,000 | 20,000 |
| At 31 December 2010 | <u>20,000</u> | <u>20,000</u> |

12. Trade and Other Payables

| | Group 2010 RM | Company 2010 RM |
|-------------------|------------------------------|--------------------------------|
| Trade payables | 4,264,401 | - |
| Other payables | 641,558 | - |
| Accruals | 534,395 | 72,111 |
| Deposits received | 2,619,841 | - |
| | <u>8,060,195</u> | <u>72,111</u> |

13. Amount Owing to A Director

This represents unsecured, interest free advances and repayment on demand.

14. Revenue

| | Group 2010 RM | Company 2010 RM |
|-------------------|------------------------------|--------------------------------|
| Management fee | - | 1,660,000 |
| Dividend received | - | 1,584,000 |
| Sales | 15,440,127 | - |
| | <u>15,440,127</u> | <u>3,244,000</u> |

15. Profit before Taxation

Profit from operations is derived after charging:

| | Group 2010 RM | Company 2010 RM |
|---|------------------------------|--------------------------------|
| Auditors' remuneration | 80,000 | 25,000 |
| Depreciation of property, plant and equipment | 201,431 | 51,992 |
| Directors' remuneration | | |
| - Salary and other emoluments | 866,332 | 658,332 |
| - EPF contribution | 32,400 | 32,400 |
| Rental of office | 589,616 | 369,307 |
| Rental of office equipment | 133,418 | 5,650 |
| Rental of motor vehicles | 60,150 | - |
| Preliminary expenses | 25,500 | 3,000 |
| | <u>25,500</u> | <u>3,000</u> |

16. Taxation

| | Group 2010 RM | Company 2010 RM |
|---|------------------------------|--------------------------------|
| Tax expenses for the finance period: | | |
| Current tax provision | 263,960 | 245,000 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | (894,529) | 20,000 |
| | <u>(630,579)</u> | <u>265,000</u> |

Current income tax is calculated at the statutory tax rate of 25% of the estimated assessable profit for the financial period.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

| | Group 2010 RM | Company 2010 RM |
|---|------------------------------|--------------------------------|
| Profit before taxation | 19,052,236 | 562,053 |
| Taxation at statutory tax rate of 25% | 4,763,059 | 143,013 |
| Expenses not deductible for tax purposes | 456,288 | 121,159 |
| Deferred tax liability not recognised | 87,975 | 828 |
| Reversal of deferred tax assets not recognised | (2,552,135) | - |
| Utilisation of previously unrecognised capital allowances | (3,385,766) | - |
| Tax expense for the financial period | <u>(630,579)</u> | <u>265,000</u> |

The Group have unused tax losses and unutilised capital allowances amounting to approximately RM14,217,000 available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

17. Dividends

| | Group 2010 RM | Company 2010 RM |
|--|------------------------------|--------------------------------|
| A single tier exempt dividend of 8% on 7,525,000 redeemable preference shares in respect of the financial year ended 31 December 2010 was paid on 31 December 2010 | 282,855 | 282,855 |
| A single tier exempt dividend of 13% on 72,500,000 redeemable preference shares in respect of the financial year ended 31 December 2010 was paid on 31 December 2010 | 1,380,811 | - |
| A single tier exempt dividend of 0.4% on 105,000,000 ordinary shares in respect of the financial year ended 31 December 2010 was paid on 31 December 2010 | 420,000 | - |
| | <u>2,083,666</u> | <u>282,855</u> |

18. Related Party Disclosure

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial period:

| | Group 2010 RM | Company 2010 RM |
|------------------------------------|------------------------------|--------------------------------|
| Subsidiary companies | | |
| Management fee received/receivable | - | 1,660,000 |
| Dividend received | - | 1,584,000 |
| Related company | | |
| Acquisition of subsidiary company | <u>-</u> | <u>396,000,000</u> |

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The nature and relationship between the Company and the related parties is a company in which the Directors of the Company have financial interest.

18. Related Party Disclosure (Cont'd)

- (b) Information regarding outstanding balances arising from related party transactions as at 31 December 2010 is disclosed in Notes 7 and 13 to the financial statements.
- (c) Information regarding the compensation of key management personnel is as follows:

| | Group 2010 RM | Company 2010 RM |
|------------------------------|------------------------------|--------------------------------|
| Short-term employee benefits | <u>866,732</u> | <u>690,732</u> |

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Director of the Company.

19. Staff Costs

| | Group 2010 RM | Company 2010 RM |
|-----------------------------------|------------------------------|--------------------------------|
| Staff costs (excluding Directors) | <u>2,810,914</u> | <u>586,611</u> |

Included in staff costs of the Group and of the Company are contributions made to the Employees Provident Fund under a defined contribution plan for the Company amounting to RM243,993 and RM55,790 respectively.

The total number of employees of the Group and of the Company (excluding Directors) at the end of the financial period was 112 and 17 respectively.

20. Comparative Figures

No comparative figures are available as these are first financial statements of the Company.

21. Date of Authorisation For Issue

The financial statements of the Group and of the Company for the financial period ended 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 8 June 2011.