



STEVEN LIM & ASSOCIATES (AF: 1470)
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

AGLSM SDN. BHD. (Company No. 736891-H)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of AGLSM Sdn. Bhd., which comprise the balance sheet as at 31 March 2010, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 20.

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 Accounting Standards for Private Entities 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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.

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STEVEN LIM & ASSOCIATES (AF: 1470)
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

AGLSM SDN. BHD. (Company No. 736891-H) (CONT'D)
(Incorporated in Malaysia)

Opinion

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the 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.

STEVEN LIM & ASSOCIATES

[AF: 1470]

Chartered Accountants

LIM HOO TECK C.A. (M), CPA, A.T.I.I.

[Approval Number: 2359/10/10(J)]

Managing Partner

Dated **21 JUN 2010**

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AGLSM SDN. BHD.
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BALANCE SHEET AS AT 31 MARCH 2010

	Note	<u>31 March</u> <u>2010</u> RM	<u>31 December</u> <u>2008</u> RM
SHARE CAPITAL	4	545,140	545,140
ACCUMULATED LOSSES		(361,143)	(276,013)
SHAREHOLDERS' FUNDS		<u>183,997</u>	<u>269,127</u>
Represented by:			
CURRENT ASSETS			
Trade receivables		179,418	220,280
Other receivables, prepayments and deposits		74,511	87,160
Bank and cash balances		210,806	110,252
		<u>464,735</u>	<u>417,692</u>
LESS: CURRENT LIABILITIES			
Other payables and accruals		406,430	366,076
		<u>406,430</u>	<u>366,076</u>
NET CURRENT ASSETS		58,305	51,616
PROPERTY, PLANT AND EQUIPMENT	1.2 & 5	125,692	217,511
		<u>183,997</u>	<u>269,127</u>

The Notes on pages 13 - 20 form an integral part of these financial statements.

AGLSM SDN. BHD.
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**STATEMENT OF CHANGES IN EQUITY FOR THE
FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2010**

	Share Capital RM	Accumulated Losses RM	Total	
			<u>15 months to 31 March 2010</u> RM	<u>12 months to 31 December 2008</u> RM
At beginning of the period/year	545,140	(276,013)	269,127	212,594
(Loss)/Profit after taxation for the period/year	-	(85,130)	(85,130)	56,533
At end of the period/year	<u>545,140</u>	<u>(361,143)</u>	<u>183,997</u>	<u>269,127</u>

The Notes on pages 13 - 20 form an integral part of these financial statements.

AGLSM SDN. BHD.
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**INCOME STATEMENT FOR THE
FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2010**

	Note	<u>15 months to</u> <u>31 March</u> <u>2010</u> RM	<u>12 months to</u> <u>31 December</u> <u>2008</u> RM
REVENUE	6	1,670,443	852,594
DIRECT COSTS		<u>(1,062,923)</u>	<u>(194,985)</u>
GROSS PROFIT		607,520	657,609
LESS:			
Selling and distribution costs		(5,449)	(18,564)
Administrative expenses		(509,068)	(479,493)
Other operating expenses		<u>(178,133)</u>	<u>(103,019)</u>
(LOSS)/PROFIT FROM OPERATIONS		(85,130)	56,533
Finance costs		<u>-</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION	7	(85,130)	56,533
TAXATION	8	<u>-</u>	<u>-</u>
(LOSS)/PROFIT AFTER TAXATION FOR THE PERIOD/YEAR		<u><u>(85,130)</u></u>	<u><u>56,533</u></u>

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**CASH FLOW STATEMENT FOR THE
FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2010**

	<u>15 months to</u> <u>31 March</u> <u>2010</u> RM	<u>12 months to</u> <u>31 December</u> <u>2008</u> RM
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(85,130)	56,533
Adjustment for:		
Depreciation	109,999	84,363
Operating profit before working capital changes	24,869	140,896
Trade receivables	40,862	(100,335)
Other receivables, prepayments and deposits	12,649	(26,574)
Other payables and accruals	40,354	3,675
Net cash generated from operating activities	118,734	17,662
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(18,180)	(8,110)
Net cash used in investing activities	(18,180)	(8,110)
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,554	9,552
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF THE PERIOD/YEAR	110,252	100,700
END OF THE PERIOD/YEAR	210,806	110,252

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE
FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention, unless indicated otherwise in the significant accounting policies, and in accordance with Accounting Standards for Private Entities issued by the Malaysian Accounting Standards Board ('MASB') and comply with the provisions of the Companies Act, 1965 in Malaysia.

1.2 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight line method basis to write off the cost of each asset to its residual value over its expected useful life. The principal annual rates used are:

Computers	20 %
Computers software	20 %
Furniture and fittings	20 %
Office equipment	20 %
Renovation	20 %

1.3 Impairment of Assets

The carrying amount of assets, other than assets arising from properties under development, deferred tax assets and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.4 Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Known bad debts are written off and allowances for doubtful debts are made for debts that are considered to be doubtful for collection.

1.5 Other Payables

Other payables are stated at cost.

1.6 Provisions for Liabilities

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

1.7 Cash and Cash Equivalents

The Company adopts the indirect method in the preparation of the cash flow statement.

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash with insignificant risk of changes in value.

1.8 Income Recognition

Revenue is recognised upon performance of services.

1.9 Employee Benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and other non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contribution to the national pension scheme, the Employees Provident Fund ('EPF'). The Company's contributions to defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further legal or constructive obligations.

1.9 Taxation

Tax on the profit or loss for the period comprises of current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Board of Directors recognises the importance of financial risk management in the overall management of the Company's business. A sound risk management system will not only mitigate financial risk but will be able to create opportunities if risk elements are properly managed.

The Company's overall financial risk management objective is to ensure that the Company creates value for its shareholders while minimising potential adverse effects on the performance of the Company. Financial risk management carried out through risk reviews, internal control system and adherence to the Company's financial risk management policies, are set out as follows:

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2. FINANCIAL INSTRUMENTS (CONT'D)

2.1 Liquidity Risk

The Company practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

2.2 Cash Flow Risk

The Company reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

2.3 Credit Risk

The carrying amount of cash and receivables represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Company has no significant concentration of credit risk and places its cash with creditworthy financial institutions.

3. PRINCIPAL ACTIVITIES

The Company is principally involved in creating, developing and providing Multimedia, Information Technology and Telecommunication based contents and solutions. There have been no significant changes in these principal activities during the financial period.

4. SHARE CAPITAL

	<u>31 March</u> <u>2010</u> RM	<u>31 December</u> <u>2008</u> RM
Authorised: 1,000,000 ordinary shares of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid: 545,140 ordinary shares of RM1 each	<u>545,140</u>	<u>545,140</u>

There were no issues of shares during the financial period.

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5. PROPERTY, PLANT AND EQUIPMENT

	Computers RM	Computers Software RM	Furniture and Fittings RM	Office Equipment RM	Renovation RM	Total	
						<u>15 months to 31 March 2010</u>	<u>12 months to 31 December 2008</u>
At Cost							
At beginning of the period/year	166,997	76,812	19,455	6,622	151,933	421,819	413,709
Additions	15,000	-	880	2,300	-	18,180	8,110
Disposals/Written off	-	-	-	-	-	-	-
At end of the period/year	181,997	76,812	20,335	8,922	151,933	439,999	421,819
Accumulated Depreciation							
At beginning of the period/year	96,501	30,724	10,877	3,678	62,528	204,308	119,945
Charge for the period/year	45,499	19,203	5,084	2,230	37,983	109,999	84,363
Disposals/Written off	-	-	-	-	-	-	-
At end of the period/year	142,000	49,927	15,961	5,908	100,511	314,307	204,308
Net Book Value							
At 31 March 2010	39,997	26,885	4,374	3,014	51,422	125,692	-
At 31 December 2008	70,496	46,088	8,578	2,944	89,405	-	217,511

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6. **REVENUE**

Revenue represents commission received and receivable during the financial period.

7. **(LOSS)/PROFIT BEFORE TAXATION**

	<u>15 months to</u> <u>31 March</u> <u>2010</u> RM	<u>12 months to</u> <u>31 December</u> <u>2008</u> RM
(Loss)/Profit before taxation is arrived at after charging:		
Auditors' remuneration	6,573	5,946
Depreciation	109,999	84,363
Directors' remuneration:		
- fees	-	-
- emoluments other than fees	12,000	12,000
Rental of premises	180,734	137,702
Rental of equipment	2,250	1,800
	<u> </u>	<u> </u>

8. **TAXATION**

No taxation is provided for the financial period as the Company has no chargeable income.

The potential tax savings relating to tax losses have not been accounted for in the income statement. The Company has unutilised tax losses and unabsorbed capital allowances carried forward amounting to approximately RM193,000 (31 December 2008: RM193,000) and RM71,000 (31 December 2008: RM131,000) respectively.

Reconciliation of income tax expense applicable to loss or profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	<u>15 months to</u> <u>31 March</u> <u>2010</u>	<u>12 months to</u> <u>31 December</u> <u>2008</u>
(Loss)/Profit before taxation	<u>(85,130)</u>	<u>56,533</u>
Taxation at Malaysian statutory tax rate of 20% (31 December 2008: 20%)	(17,026)	11,307
Tax effect of:		
- expenses not deductible for tax purposes	33,445	19,208
- utilisation of capital allowances brought forward	(16,419)	(30,515)
Tax expense for the period/year	<u> </u>	<u> </u>

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9. OTHER CORPORATE INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia.

The financial statements are prepared in Ringgit Malaysia.

10. EMPLOYEES INFORMATION

	<u>15 months to</u> <u>31 March</u> <u>2010</u> RM	<u>12 months to</u> <u>31 December</u> <u>2008</u> RM
Staff costs	<u>203,046</u>	<u>232,833</u>

The average number of employees (including working Directors) for the year was 4 (31 December 2008: 4).

Staff costs include contributions of the Company to the Employees Provident Fund of RM19,925 (31 December 2008: RM19,310).

11. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant business transactions with holding company are as follows:

	<u>15 months to</u> <u>31 March</u> <u>2010</u> RM	<u>12 months to</u> <u>31 December</u> <u>2008</u> RM
Management fees	<u>63,059</u>	<u>26,212</u>

The above transactions are entered into in the ordinary course of business and are based on commercial terms applicable to the Company.

Included below are the amounts due to holding company which are interest free, unsecured and have no fixed terms of repayment.

	<u>2010</u> RM	<u>2008</u> RM
Other payables	<u>(323,621)</u>	<u>(327,604)</u>

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12. HOLDING COMPANY

The Directors regard Aptech Limited, a company incorporated in India, as its immediate and ultimate holding company.

13. CHANGE OF FINANCIAL YEAR END

The financial year end of the Company was changed from 31 December to 31 March for the financial period ended 31 March 2010 to be co-terminus with the financial year end of the holding company.

Company No.

736891-H

AGLSM SDN. BHD.
(Incorporated in Malaysia)

**DETAILED INCOME STATEMENT FOR THE
FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2010**

(For Management Purposes Only)

AGLSM SDN. BHD.
(Incorporated in Malaysia)

**DETAILED INCOME STATEMENT FOR THE
FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2010**

	<u>15 months to</u> <u>31 March</u> <u>2010</u> RM	<u>12 months to</u> <u>31 December</u> <u>2008</u> RM
<u>REVENUE</u>	1,670,443	852,594
<u>LESS: DIRECT COSTS</u>		
Newspaper and periodicals	-	1,503
Trainers' fees	1,062,923	193,482
TOTAL DIRECT COSTS	<u>1,062,923</u>	<u>194,985</u>
<u>GROSS PROFIT</u>	607,520	657,609
<u>LESS:</u>		
<u>SELLING AND DISTRIBUTION COSTS</u>		
Petrol, parking and toll	5,449	13,813
Travelling expenses	-	4,751
	<u>5,449</u>	<u>18,564</u>
<u>ADMINISTRATIVE EXPENSES</u>		
TOTAL AS PER SCHEDULE 2	509,068	479,493
<u>OTHER OPERATING EXPENSES</u>		
TOTAL AS PER SCHEDULE 3	178,133	103,019
<u>FINANCE COSTS</u>	-	-
TOTAL EXPENSES	<u>692,650</u>	<u>601,076</u>
<u>NET (LOSS)/PROFIT for the period/year</u>	<u>(85,130)</u>	<u>56,533</u>

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**SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE
FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2010**

	<u>15 months to</u> <u>31 March</u>	<u>12 months to</u> <u>31 December</u>
	<u>2010</u>	<u>2008</u>
	RM	RM
<u>SCHEDULE 1</u>		
Advertisement	480	3,869
Bank charges	860	95
Directors' remuneration:		
- fees	-	-
- emoluments other than fees	12,000	12,000
Entertainment	1,456	11,087
Electricity	11,695	6,201
EPF and Socso	21,957	24,782
General expenses	13,710	31,336
Insurance	2,887	2,550
Management fees	63,059	26,212
Postages and courier charges	2,260	1,931
Printing and stationery	5,877	632
Rental of equipment	2,250	1,800
Rental of premises	180,734	137,702
Repair and maintenance	5,177	4,112
Salaries, wages and allowances	165,036	191,254
Seminar and training	-	7,370
Staff welfare and refreshment	4,053	4,797
Subscription fees	1,000	400
Telephone and fax	14,577	11,363
TOTAL	509,068	479,493

**SCHEDULE OF OTHER OPERATING EXPENSES FOR THE
FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2010**

	<u>15 months to</u> <u>31 March</u>	<u>12 months to</u> <u>31 December</u>
	<u>2010</u>	<u>2008</u>
	RM	RM
<u>SCHEDULE 3</u>		
Attestation fee	40	-
Auditors' remuneration	6,573	5,946
Depreciation	109,999	84,363
Professional fees	56,496	11,114
Service charge	1,800	200
Service tax	225	-
Stamp duty	-	1,396
Tax agent's fees	3,000	-
TOTAL	178,133	103,019