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THE TRULY LOVING COMPANY SDN BHD 740627-D  
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50490 KUALA LUMPUR, MALAYSIA

The Directors are pleased to present the Audited Financial Report for the Period Ended 31 December 2010 as follows:

### INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2010

	Ended 31 December	
	2010 RM	2009 RM
<b>REVENUE</b>	1,205,482	740,114
Cost Of Sales	(1,131,249)	(856,987)
<b>GROSS PROFIT</b>	74,233	(116,873)
Other Income	107,315	619,303
	181,548	502,430
Selling & Distribution Expenses	(804,893)	(1,052,818)
Administrative Expenses	(1,519,751)	(1,541,307)
Other Expenses	(140,288)	(100,654)
<b>LOSS FROM OPERATIONS</b>	(2,283,384)	(2,192,349)
Finance Costs	(1,428)	(1,428)
<b>LOSS BEFORE TAXATION</b>	(2,284,812)	(2,193,777)
Income Tax Expenses	0	0
<b>LOSS AFTER TAXATION</b>	(2,284,812)	(2,193,777)

**BALANCE SHEET AS AT 31 DECEMBER 2010**

	<b>As at 31.12.2010 RM</b>	<b>As At 31.12.2009 RM</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Equipment	73,253	146,311
<b>CURRENT ASSETS</b>		
Inventories, finished goods at cost	215,724	438,245
Trade Receivables	403,821	602,600
Other receivables, Deposits and Prepayments	82,165	198,824
Tax Refundable	0	8,503
Cash and bank balances	320,173	72,345
	<b>1,021,883</b>	<b>1,320,517</b>
<b>TOTAL ASSETS</b>	<b>1,095,136</b>	<b>1,466,828</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Issued and paid up capital	1,500,000	1,500,000
Accumulated losses	(9,270,964)	(6,986,153)
<b>TOTAL EQUITY</b>	<b>(7,770,964)</b>	<b>(5,486,153)</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Hire-Purchase Payables - Non Current Portion	0	9,160
<b>CURRENT LIABILITIES</b>		
Trade payables	372,758	131,412
Other payables and accruals	1,408,182	1,644,073
Amount owing to director	7,076,000	5,150,000
Hire-Purchase - Current portion	9,160	18,336
	<b>8,866,100</b>	<b>6,943,821</b>
<b>TOTAL LIABILITIES</b>	<b>8,866,100</b>	<b>6,952,981</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,095,136</b>	<b>1,466,828</b>

## CASH FLOW STATEMENT FOR PERIOD ENDED 31 DECEMBER 2010

	Ended 31 December	
	31.12.2010 RM	31.12.2009 RM
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Loss Before Taxation	(2,284,812)	(2,193,777)
Adjustment for:-		
Allowance for impairment loss on receivables	66,000	-
Depreciation of Equipment	74,284	100,219
Interest Expenses	1,428	1,428
Equipment written of	4	-
Allowance for slow moving inventories	84,244	224,225
Loss on disposal of euqipment	-	435
Operating Loss Before Working Capital Changes	(2,058,852)	(1,867,470)
Decrease / (Increase) in Inventories	138,277	(266,072)
Decrease / (Increase) in Trade and Other Receivables	249,438	(645,150)
Decrease in Trade and Other Payables	5,455	1,041,001
Cash Used in Operations	(1,665,682)	(1,737,691)
Income Tax Paid	8,503	-
Interest Paid	(1,428)	(1,428)
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(1,658,607)</b>	<b>(1,739,119)</b>
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>		
Proceeds from Disposal of Equipments	-	1,891
Purchase of Equipment	(1,230)	(21,522)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(1,230)</b>	<b>(19,631)</b>
<b>NET CASH FROM FINANCING ACTIVITY</b>		
Advance from Directors	1,926,000	1,738,000
Acquisition via Hire Purchase	-	-
Repayment of Hire Purchase Obligations	(18,336)	(18,336)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>1,907,664</b>	<b>1,719,664</b>
<b>NET (DECREASE) / INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>247,827</b>	<b>(39,086)</b>
<b>CASH &amp; CASH EQUIVALENT AS AT 1 JANUARY</b>	<b>72,345</b>	<b>111,431</b>
<b>CASH &amp; CASH EQUIVALENT AS AT 31 DECEMBER</b>	<b>320,172</b>	<b>72,345</b>

## STATEMENT OF CHANGES IN EQUITY FOR PERIOD ENDED 31 DECEMBER 2010

	SHARE CAPITAL RM	ACCUMULATED LOSSES RM	TOTAL RM
As At 01.01.2010	1,500,000	(6,986,153)	(5,486,153)
Loss for the financial period	-	(2,284,812)	(2,284,812)
<b>Balance as at 31.12.2010</b>	<b>1,500,000</b>	<b>(9,270,965)</b>	<b>(7,770,965)</b>
As At 01.01.2009	1,500,000	(4,792,376)	(3,292,376)
Loss for the financial period	-	(2,193,777)	(2,193,777)
<b>Balance as at 31.12.2009</b>	<b>1,500,000</b>	<b>(6,986,153)</b>	<b>(5,486,153)</b>

Notes:

**1 BASIS OF PREPARATION**

The audited financial report has been prepared in compliance with Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standard Board ("MASB"). The accounting policies and methods of computation used in this audited report are consistent with those adopted in the financial statements for the year ended 31 December 2010.

The explanatory notes attached to the audited financial statement of the Company for the financial period ended 31 December 2010 provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial period ended 31 December 2010.

**2 AUDITOR'S REPORT OF PRECEDING FINANCIAL STATEMENTS**

The audited report of the Company for the financial period ended 31 December 2010 was subjected to audit qualification.

**3 SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS**

The Company's operations are affected by economic cycles and festive seasons.

**4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW**

There were no items affecting assets, liabilities, equity, net income or cash flows that unusual because of their nature, size or incidence during the financial period to date.

**5 CHANGE IN ESTIMATES**

There were no significant change in estimates for prior period or previous financial year that have materially affected the result of this period.

**6 DIVIDEND**

No dividend was paid or proposed for the period ended 31 December 2010.

**7 RELATED PARTY TRANSACTIONS**

There are no related party transactions during the period under review.