



NOVA MSC BERHAD
(591898-H)

ANNUAL REPORT
2007

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ANNUAL REPORT 2007

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 26 September 2007 at 3.00 p.m. for following purposes:-

As Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31 March 2007, together with the Reports of Directors and Auditors thereon. (Resolution 1)
2. To re-elect Dr. Victor John Stephen Price who retires as Director pursuant to Article 96 of the Company's Articles of Association. (Resolution 2)
3. To approve the payment of Directors' fees for the year ended 31 March 2007. (Resolution 3)
4. To appoint Messrs. Folks DFK & Co. as Auditors of the Company and to authorize the Directors to fix the Auditors' remuneration. (Resolution 4)

As Special Business

5. To consider and, if thought fit, pass with or without any modification, the following as ordinary resolution:-

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant regulatory authorities, the Directors be and are hereby authorized to issue shares in the Company, at any time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 5)
6. Special Resolution – Proposed Amendment to the Articles of Association of the Company

"That the alteration, modifications and/or additions to the Articles of Association of the Company as set under Appendix I in the Annual Report dated 4 September 2007 be and are approved." (Resolution 6)
7. To transact any other business for which due notice has been given.

BY ORDER OF THE BOARD

Loy Tuan Bee (BC/L/168)
Wong Wai Yin (MAICSA 7003000)
Kuala Lumpur
4 September 2007

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hands of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal, or the hand of its attorney duly authorised.
4. The Proxy Form must be deposited at the Registered Office of the Company at 39 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
5. Explanatory note on item 5 of the Agenda.
The resolution 5 proposed under item 5 of the Agenda, if passed will empower the Directors to allot and issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for such purpose as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the next Annual General Meeting.
6. Explanatory note on item 6 of the Agenda.
The resolution 6 proposed under item 6, if passed, will give effect to the proposed amendments to the Articles of Association ("the Articles") as stated in Appendix I in the Annual Report dated 4 September 2007 and render the Articles consistent to the amendments to Chapter 7 of the Listing Requirements of the Bursa Securities.

1. Directors who retire by rotation and standing for re-election pursuant to the Article of Association of the Company

(i) Dr. Victor John Stephen Price

2. The profiles of Dr Victor John Stephen Price, who is standing for re-election, is set out in the Directors' Profiles appearing on page 6 of this Annual Report. The details of his interest in the securities of the Company are set out in the analysis of shareholdings on page 53 of this Annual Report.

3. Details of attendance of Directors at Board of Directors' Meetings

There were 4 Board of Directors' Meetings held during the financial year ended 31 March 2007. The details of the attendance of the Directors are as follows:

	Number of Meetings Attended
Executive Directors	
Chan Wing Kong	4/4
Dr Victor John Stephen Price	4/4
Non-Executive Directors	
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	4/4
Onn Kien Hoe	4/4

4. Place, date and time of the Fifth Annual General Meeting

The Fifth Annual General Meeting is scheduled to be held on Wednesday, 26 September 2007 at 3pm at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur.

Corporate Information

BOARD OF DIRECTORS

Y.A.M. Tunku Dato' Seri Nadzaruddin
Ibni Tuanku Ja'afar
- Chairman, Non-Executive Independent Director

Chan Wing Kong
- Chief Executive Officer

Victor John Stephen Price
- Chief Technology Officer

Onn Kien Hoe
- Non-Executive Independent Director

Audit Committee Nomination Committee Remuneration Committee

Y.A.M. Tunku Dato' Seri Nadzaruddin
Ibni Tuanku Ja'afar
- Chairman, Non-Executive Independent Director

Victor John Stephen Price
- Chief Technology Officer

Onn Kien Hoe
- Non-Executive Independent Director

Esos Committee

Y.A.M. Tunku Dato' Seri Nadzaruddin
Ibni Tuanku Ja'afar
- Chairman, Non-Executive Independent Director

Victor John Stephen Price
- Chief Technology Officer

Onn Kien Hoe
- Non-Executive Independent Director

Chan Wing Kong
- Chief Executive Officer

Company Secretaries

Loy Tuan Bee (BC/L/168)
Wong Wai Yin (MAICSA 7003000)

Registered Office

39 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: (03) 2161 3633
Fax: (03) 2162 5633
e-mail: steven.chan@nova-hub.com
website: www.novamsc.com

Head Office

Lot L3-E-3A
Enterprise 4
Technology Park Malaysia (TPM)
Lebuhraya Puchong - Sg. Besi
Bukit Jalil 57000 Kuala Lumpur
Tel: (03) 8996 9688
Fax: (03) 8996 6628

Sponsor

OSK Securities Berhad
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: (03) 2162 4388
Fax: (03) 2164 9684

Registrars and Transfer Office

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel No: (603) 2721 2222
Fax No: (603) 2721 2530

Auditors

Folks DFK & Co
12th Floor, Wisma Tun Sambanthan
No.2, Jalan Sultan Sulaiman
50000 Kuala Lumpur

Stock Exchange Listing

MESDAQ Market of Bursa Malaysia

Dear Shareholders:

On behalf of the Board of Directors, I hereby present to you the Annual Report and Financial Statements of Nova MSC Berhad ("Company") and its subsidiaries ("Group") for the financial year ended 31 March 2007.

The Year under review

It has been a particularly trying period for the Group over the last few years but we have made significant progress. For the financial year ended 31 March 2007, the Group recorded revenue of RM17.7 million as compared to RM14.7 million in the previous year. The Group also recorded a profit before taxation of approximately RM0.6 million as compared to a loss before taxation of RM9.8 million in the previous year. The significantly better result was possible mainly due to positive yield from our focused approach to implement business and cost control measures during the past years. The improvement was mainly due to higher revenue achieved coupled with a write back of impairment loss on intangible asset of RM1.8 million and bad debt recovered of RM0.4 million. Earning per shares was recorded at 0.18 sen as compared to loss per shares of 3.66 sen for the previous financial year.

New Shares Issued

During the financial year, the Company undertook the following issuance of new ordinary shares of RM0.10:

1. the issue of 13,000,000 new ordinary shares of RM0.10 each of the Company at RM0.107 per share pursuant to the private placement exercise for cash;
2. the issue of 11,865,000 new ordinary shares of RM0.10 each of the Company at par from the exercise of the Company's Employees' Stock Option Scheme.

The proceeds of approximately RM2.5 million had been fully utilized for the working capital of the Group during the financial year under review. Shareholders' fund as at 31 March 2007 stood at approximately RM18.0 million as compared to RM14.4 million as at 31 March 2006.

Research and Development

R&D is a very essential component for every successful software company in driving business growth and improving operational efficiency. The Group recognizes this and hence, for the financial year ended 31 March 2007, expenditure of approximately RM6.0 million was incurred to enhance the current suite of products namely, PAVO™, FORNAX™ and VESALIUS™. The Group intends to further develop new functional modules embarked in our current suite of products in the coming years.

Business Direction

The Group operates in a highly competitive environment. However, we believe that with the improvement in the regional economies, the demand for e-government and healthcare solutions is also expected to increase.

Plans implemented since our last financial year had started to show result and hence, the Group will continue its effort to improve its financial performance and position. These plans include marketing efforts to seek customers outside the traditional markets to improve revenue, cost reduction exercises to improve efficiencies and fund raising exercises to ensure that the Group have sufficient financial resources for its operations. Hence, the Group is cautiously optimistic about the challenges that the Group will face in the new financial period.

Appreciation

On behalf of the Board of Directors, I would like to express my sincere appreciation to the management and staff for their hard work and dedication. I would also like to thank our customers, bankers, suppliers and business partners who have given us their unwavering support. I am also taking this opportunity to thank fellow Board Members for their invaluable counsel and contributions.

As mentioned in my letter to you last year, "Together with continued commitment, we stand ready to embrace and overcome the challenges in the year ahead."

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar
Chairman, Non-Executive Independent Director

Directors' Profiles

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, a Malaysian, age 48, was appointed a Non-Executive Independent Director on 27 June 2003. He was then appointed Chairman of the Group on 1 July 2003. He is also Chairman of the Audit Committee and ESOS Committee. He graduated from Middlesex University (formerly known as Middlesex Polytechnic) with a degree in Bachelor of Science (Honours) in Mathematics in 1984.

He is currently an Executive Director of Hwang-DBS Investment Management Berhad. He also holds directorships in Box-Pak (Malaysia) Berhad, Kian-Joo Can Factory Berhad, Hwang-DBS (Malaysia) Berhad, Hwang-DBS Unit Trust Berhad, HwangDBS Bank Berhad and Universal Trustee (Malaysia) Berhad.

Tunku Nadzaruddin was President of the Persatuan Broker Niaga Hadapan Malaysia (Malaysia Futures Brokers Association) and is the current Patron.

Tunku Nadzaruddin does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years. Tunku Nadzaruddin has attended all four of the Board Meetings held in the financial year ended 31 March 2007.

Mr Chan Wing Kong, a Singapore citizen age 48, is the founder and Chief Executive Officer of Nova MSC Berhad ("Company"). He was appointed on 31 October 2002. His responsibilities include the overall development of the business strategies and policies of the Group to achieve long-term business objectives. He leads the senior management in the development and implementation of the Group's business vision.

He has more than twenty-three (23) years of working experience at various organizations in the areas of marketing and implementation of large IT projects. Mr Chan obtained his Bachelor of Surveying (Hons) degree from the University of Newcastle in Australia under a Colombo Plan Scholarship awarded by the Singapore Government and a Master of Science degree from the University of Queensland.

Mr Chan does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years. Mr Chan has attended all four of the Board Meetings held in the financial year ended 31 March 2007.

Dr Victor John Stephen Price, a South African age 64, is a founder of the Company and was appointed Executive Director and Chief Technology Officer of the Company on 31 October 2002. He is also a member of the Audit Committee and ESOS Committee. Dr Price is responsible for directing the overall technology strategies of the Group. In this capacity, he oversees the acquisition and early adoption of emerging technologies, research and development to exploit and apply these technologies to the Group's products. Dr Price is also responsible for the Group's quality assurance and leads a team of senior managers and engineers in developing and implementing the Company's ISO9001-certified Quality Management System.

Dr Stephen Price has 40 years of experience in land planning, development and management in both the government and private sectors.

Dr Price does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years. Dr Price has attended all four of the Board Meetings held in the financial year ended 31 March 2007.

Mr Onn Kien Hoe, a Malaysian, age 42, was appointed a Non-Executive Independent Director on 5 June 2003. He is also a member of the Audit Committee and ESOS Committee. Mr Onn completed his professional qualification with the Chartered Association of Certified Accountants in 1988, and has been in the accounting profession since then. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Onn joined Horwath (Kuala Lumpur Office), an international accounting firm, in 1994. He is currently the partner in charge of Horwath's audit and assurance and corporate advisory departments. Mr Onn has acted as a Special Administrator over several Danaharta cases, as well as having served as an examiner for the Malaysian Institute of Certified Public Accountants and as a member of the Interpretation Committee of the Malaysian Accounting Standards Board. He holds directorship in M3Nergy Berhad, Malaysian Merchant Marine Berhad and Mithril Berhad.

Mr Onn does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years. Mr Onn has attended all four of the Board Meetings held in the financial year ended 31 March 2007.

Statement of Corporate Governance

The Board of Directors recognizes the importance of good corporate governance and is committed to the establishment and implementation of a proper framework and controls that are in line with the principles and best practices as recommended by the Malaysian Code of Corporate Governance (“the Code”).

The following statements set out the application of the principles of the Code:

1. THE BOARD OF DIRECTORS

1.1 Composition and Board Balance

Composition

The Board currently has four members, comprising two Executive Directors, and two Non-Executive Independent Directors (including the Chairman of the Company). The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board of the Company. The wide spectrum of knowledge, skills and experience of the Board gives added strength to the leadership which is necessary for the effective stewardship of the Group.

Board Balance

The two Non Executive Independent Directors of the Company, which form half (2/4) of the Board, provides the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgment to many aspects of the Group’s strategy so as to safeguard the interests of minority shareholders and to ensure that higher standards of conduct and integrity are maintained by the Group.

The profiles of the Directors are provided in page 6 of the Annual Report.

1.2 Duties and Responsibilities

The Executive Directors are in charge of the day-to day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Director contributes her expertise and experience to give an independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct. The roles of the Non-Executive Independent Directors are to ensure that the strategies proposed by the executive management are fully reviewed and examined. They also undertake the responsibility of protecting and securing the varied long-term interests of the shareholders, employees, customers, and the communities in which the Group conducts its business.

No individual or group of individuals dominates the Board’s decision-making. Together, the Directors possess the wide range of business, commercial and financial knowledge, expertise and skills essential in the management and direction of a corporation with regional presence.

1.3 Access to Information and Advice

Before each Board meeting, the Directors are provided with the agenda and full set of Board papers containing relevant information relating to the business of the meeting. Where necessary, additional information is provided during the Board meeting on significant issues that arise or when specifically requested by a Director.

The directors also have access to the services of the Company Secretary and senior management staff whether as a full board or in their individual capacity. In certain instances as deemed appropriate, the Board may also engage the services of professionals at the expense of the Group on specialized issues.

1.4 Appointment Process

The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met. The Board has set up a Nomination Committee on 28 August 2007.

Statement of Corporate Governance (Cont'd)

1. THE BOARD OF DIRECTORS (CONT'D)

1.5 Re-election of Directors

Directors appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments and thereafter shall retire at least once every 3 years and retiring directors shall be eligible for re-election.

1.6 Meetings

During the year under review, four (4) Board Meetings have been held. The attendance record of each Director since the last financial year or the date of appointment is as follows:

	Number of Meetings Attended
Executive Directors	
Chan Wing Kong	4/4
Dr Victor John Stephen Price	4/4
Non-Executive Directors	
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	4/4
Onn Kien Hoe	4/4

During the financial year, the Board also resolved and approved the Company's matters through circular resolutions. Board members are provided sufficient detailed information for approvals via circular resolutions and are given full access to senior management to clarify any matters arising.

1.7 Directors' Training

All Directors had attended the Mandatory Accreditation Programme (MAP) as prescribed by the Bursa Securities Listing Requirements. At every Board Meeting, all Directors were briefed on the latest developments of the Group's business and operations to enhance and ensure that they have a comprehensive understanding on the Group's operations to enable them to discharge their responsibilities effectively and to keep abreast with developments in the market place. During the year, the Company Secretary had updated the Directors on the latest relevant regulatory requirements. In addition, all Directors had attended some training courses, seminars, conferences and programmes to enhance their knowledge and expertise during the financial year.

2 DIRECTORS' REMUNERATION

2.1 Remuneration Policy and Procedures

The directors' remuneration is determined in accordance to the performance and their capability to the Group. The Board recognizes that levels of remuneration must be sufficient to attract, retain and motivate the directors of the quality required to manage the business of the Company and the Group and to align the interest of the Directors with those of the shareholders.

The Board has set up a Remuneration Committee on 28 August 2007. The Remuneration Committee will be responsible for reviewing annually and recommending to the Board, the remuneration policy and packages of the Executive Directors.

2 DIRECTORS' REMUNERATION (CONT'D)

2.1 Remuneration Policy and Procedures (Cont'd)

Aggregate remuneration of the Directors during the financial year ended 31 March 2007 can be categorized into the following components:

Category	Director's Fees (RM)	Salaries and other emolument (RM)	Total (RM)
Executive Directors	–	605,478	605,478
Non-Executive Directors	80,000	–	80,000

Directors' remuneration is broadly categorized into the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below 50,000	–	2
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	1	–
RM150,001 to RM200,000	–	–
RM200,001 to RM300,000	–	–
RM300,001 to RM400,000	–	–
RM400,001 to RM500,000	1	–

The Board is of the view that the above disclosure, without divulging respective Director's individual remuneration, is sufficient.

During the financial year, the following share options were also granted to Executive and Non-Executive Directors as determined by the Option Committee in compliance with the ESOS By-Laws approved by the Board and shareholders:

Director	Number of Options granted
Executive Director	
Chan Wing Kong	4,000,000
Dr Victor John Stephen Price	1,500,000
Non-Executive Director	
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	1,000,000
Onn Kien Hoe	800,000

3 SHAREHOLDERS

Relation with Shareholders and Investors

The Board recognizes the importance of communicating with shareholders and investors. This is done through annual reports, press releases, announcements through Bursa Malaysia, and also via the Company's web site (subject to the disclosure requirements of Bursa Malaysia).

Shareholders and investors are kept informed of all major developments with the Group by way of announcements via the Bursa Malaysia Link, the Company annual reports and other circulars to shareholders.

The principle forum for dialogue with shareholders is during the Annual General Meeting ("AGM"). At the AGM, the Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, corporate developments in the Group, the resolutions being proposed and on the business of the Group in general.

4 ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the income statements of the Company and the Group for the year then ended.

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In preparing the financial statements, the Directors are required to select appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to do so.

The Directors have responsibility for ensuring that the Group keeps proper accounting records which disclose with accuracy at any time the financial position of the Group which enables them to ensure that the financial statements comply with the Companies Act, 1965. The Directors also have responsibility for taking such steps as are reasonable to safeguard the assets of the Group for prevention and detection of fraud and other irregularities.

4.2 Audit Committee

The Board has set up an Audit Committee, which composition is in compliance with the relevant regulatory requirements. The report of the Audit Committee is found on pages 12 to 15.

An appropriate relationship is maintained with the Company's external and internal auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both external and internal auditors.

4.3 ESOS Committee

The ESOS committee was established to administer the Company's ESOS. The Committee's principal function is to ensure that the Scheme is administered in accordance with the by-laws approved by the shareholders of the Company. The present ESOS was implemented on 31 October 2005 and is governed by the By-Laws that were approved by the shareholders on 28 September 2004.

4.4 Internal Control

The Group's Statement of Internal Control is set out on page 11 of this Annual Report.

4.5 Relationship with Auditors

The Group would continue to maintain a close and transparent relationship with its Auditors in seeking professional advice and ensure compliance with the appropriate accounting standards. The role of the Audit Committee in relation to the auditors may be found in the Report of the Audit Committee on pages 12 to 15.

4.6 Compliance with the Code

The Board has to the best of its ability and knowledge complied with the Best Practise in Corporate Governance set out in Part II of the Code. The Board expects to continue to improve and enhance the procedures from time to time, especially in both corporate governance and internal control.

Statement of Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board is required to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board is pleased to include a statement on the state of the Group's internal controls in accordance with paragraph 2.14 (s), Guidance Note 2 of the Malaysia Securities Exchange Berhad's Listing Requirements for the MESDAQ Market.

The Board of Directors is committed to maintaining a sound system of internal controls in the Group and is pleased to outline the nature and scope of the internal controls of the Group during the financial year.

The Group's system of internal controls includes establishing an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal controls covers, inter-alia, financial, operational and compliance controls and risk management procedures.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal controls and for implementing risk management practices for good corporate governance. However, the Board recognises that reviewing the adequacy of the Group's system of internal controls is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives.

In pursuing these objectives, internal controls can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an informal on-going process for identifying, evaluating and managing the significant risks faced by the Group for the financial year under review and up to date of approval of the annual report and financial statements.

KEY PROCESSES OF INTERNAL CONTROL

The key processes that the Board have established in reviewing the adequacy and integrity of the system of internal controls, are as follows:

- The Group has in place an organisational structure that supports business and operational requirements, with clearly defined levels of responsibilities, lines of accountability and delegated authority with appropriate reporting procedures.
- The Board is assisted by the Audit Committee in specific areas in order to enhance the system of internal controls and corporate governance.
- The Executive Directors are involved in the day-to-day business operations of the Group. Scheduled informal operational and management meetings are held with senior management to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board.
- The Company's subsidiaries are accredited with ISO9001:2000. Documented internal procedures and standard operating procedures have been put in place and surveillance/certification audits are conducted on a periodic basis by assessors of the ISO certification body to ensure that standard operating procedures are being adhered to.

INTERNAL AUDIT

Presently the Group does not have an internal audit department. The Company had engaged a professional consulting firm in March 2004 to carry out the internal audit services, which provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the year under review, the third party internal auditors carried out four audits based on the internal audit plan approved by the Audit Committee. The audit findings are deliberated and resolved with the senior management. The Audit Committee, on behalf of the Board, reviews internal control issues identified and recommendations from reports by internal and external auditors on a regular basis.

Some internal control weaknesses were identified from the internal audits conducted and are being addressed by management. None of these weaknesses have resulted in any material loss that would require disclosure in the Group's Annual Report.

Audit Committee Report

The Audit Committee was formed on 1 July 2003 as a committee within the Board of Directors primarily responsible to assist the Directors in carrying out their duties in relation to accounting and financial reporting of the Group and the Company.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of:

Name	Designation	Directorship
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	Chairman	Non-Executive Independent
Onn Kien Hoe	Member	Non-Executive Independent
Dr Victor John Stephen Price	Member	Executive

TERMS OF REFERENCE

MEMBERSHIP

The Audit Committee shall be appointed from amongst the Board and shall comprise at least three (3) members, a majority of whom shall be independent Directors and the chief executive officer shall not be a member of the Audit Committee.

The Chairman, who shall be elected by the Audit Committee, must be an independent director.

In the event the elected Chairman is not able to attend a meeting, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy must be filled within three (3) months.

AUTHORITY

The Audit Committee shall be granted the authority to investigate any activity of the Company and its subsidiaries and all employees shall be directed to co-operate as and when required by the Audit Committee. The Audit Committee shall also be empowered to consult independent experts where necessary to assist in executing its duties.

MEETINGS

The Audit Committee is to meet at least four times a year and as many times as the Audit Committee deems necessary.

The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

NOTICE OF MEETINGS AND ATTENDANCE

The agenda of the Audit Committee meetings shall be circulated before each meeting to members of the Audit Committee. The Audit Committee may require the external auditors and any officer of the Company to attend any of its meeting as it determines.

The external and internal auditors shall have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required to do so by the Audit Committee.

Upon the request of the external or internal auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters that the auditors believe should be brought to the attention of the Directors or shareholders.

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Company Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Audit Committee members.

DUTIES AND RIGHTS OF THE AUDIT COMMITTEE

The duties and rights of the Audit Committee shall be:-

1. To review the following:-
 - a. The nomination of external auditors;
 - b. The adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
 - c. The effectiveness of the internal audit function;
 - d. The effectiveness of the internal control and management information systems;
 - e. The financial statements of the Company with both the external auditors and management;
 - f. The external auditors' audit report;
 - g. Any management letters sent by the external auditors to the Company and the management's response to such letters;
 - h. Any letter of resignation from the Company's external auditors;
 - i. The assistance given by the Company's officers to the external auditors;
 - j. All areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
 - k. All related-party transactions and potential conflict of interests situations.
 - l. The implementation and allocation of the Group's Employee Share Option Scheme ("ESOS"), as being in compliance with the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the ESOS By-Laws as approved by the Board of Directors and shareholders.
2. The Audit Committee shall:-
 - a. Have explicit authority to investigate any matters within its terms of reference;
 - b. Have the resources which it needs to perform its duties;
 - c. Have full access to any information which it requires in the course of performing its duties;
 - d. Have unrestricted access to the chief executive officer and the chief financial officer;
 - e. Have direct communication channels with the external and internal auditors;
 - f. Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
 - g. Be able to invite outsiders with relevant experience to attend its meetings if necessary.
3. Where the Audit Committee is of the view that any matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee must promptly report such matters to the Bursa Malaysia Securities Berhad;
4. To make recommendations to the Board of Directors to outsource certain of its internal audit functions to an independent firm of consultants, if necessary.
5. To discuss problems and reservations arising from the interim and final audits, their evaluation of the system of internal controls, and any matters the external auditors may wish to discuss (in the absence of management, where necessary).

DUTIES AND RIGHTS OF THE AUDIT COMMITTEE (CONT'D)

6. To consider the major findings of internal investigations and management's response during the year with management and the external auditors, including the status of previous audit recommendations.
7. To carry out any other functions that may be mutually agreed upon by the Audit Committee and the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Audit Committee met 4 times during the financial year ended 31 March 2007. The attendance record of each Director since the last financial year or the date of appointment is as follows:

	Number of Meetings Attended
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	4/4
Dr Victor John Stephen Price	4/4
Onn Kien Hoe	4/4

During the financial year ended 31 March 2007, the Audit Committee reviewed the quarterly and yearly results/announcements of the Group to ensure compliance with approved accounting standards and adherence with other legal and regulatory requirements as well as making relevant recommendations to the Board for approval.

INTERNAL AUDIT FUNCTION

The Board outsources its internal audit function to a professional consulting firm which provides support to the Audit Committee in monitoring and managing risks and internal control systems of the Group.

The main responsibilities of the internal auditors are:

- (i) To assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board to make an accurate Statement of Internal Controls in the Annual Report;
- (ii) To support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhanced the internal control system;
- (iii) To perform a risk assessment of the Group to identify the business processes within the Group that the internal audit should focus on;
- (iv) To allocate resources to areas within the Group in order to provide management and the Audit Committee with efficient and effective levels of internal audit coverage.

All internal auditors' reports are deliberated by the Audit Committee and recommendations made to the Board and/or the management are acted upon.

STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO THE ESOS ALLOCATION

During the financial year, the Committee administered the Employee Share Option Scheme (“ESOS”). Shares options had been offered and granted to eligible employees of the Group pursuant to the criteria as set out in the By-Laws of the Company’s ESOS. The Audit Committee had reviewed the allocation of the share options granted and noted that they were made in compliance with the By-Laws of the Company’s ESOS.

The breakdown of the options offered to and exercised by Non-Executive Directors pursuant to the ESOS in respect of the financial year are as follows:

Non-Executive Director	Options offered as at 21 June 2006 (no. of options)	Amount of options exercised during the financial year (no. of options)	Balance of options as at 31 March 2007 (no. of options)
Y.A.M. Tunku Dato’ Seri Nadzaruddin	1,000,000	–	1,000,000
Ibni Tuanku Ja’afar	800,000	400,000	400,000
Onn Kien Hoe			

Additional Compliance Information

The following set out below is disclosed in compliance with the Listing Requirements of Bursa Securities:-

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

On 24 January 2006, the Company had proposed to implement a private placement of up to 32,303,500 new ordinary shares of RM0.10 each in the Company, representing not more than ten percent (10%) of the issued and paid-up share capital of the Company, to investors to be identified ("New Proposed Private Placement"). In August 2006, 13,000,000 new ordinary shares of RM0.10 each were issued at RM0.107 per share. The proceeds of approximately RM1.4 million raised from the said placement had been fully utilized in the working capital of the Group.

2. SHARE BUY-BACK

The Company does not have a scheme to buy back its own shares.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

At an extraordinary general meeting on 28 September 2004, the Company's shareholders approved the establishment of a ten (10) year ESOS of up to thirty percent (30%) of the issued and paid-up capital of the Company, subject to a maximum entitlement of fifteen percent (15%) for the first five (5) years to eligible Directors and employees of the Group

On 20 March 2006, a total of 17,810,000 options had been issued to eligible employees of the Group. On 21 June 2006, a total of 7,300,000 options had been issued to eligible Directors of the Group. On 30 August 2006, a total of 960,000 options had been issued to eligible employees of the Group. As at 31 March 2007, a total of 11,865,000 options had been exercised at RM0.10 each, resulting in the issuance of 11,865,000 new ordinary shares of RM0.10. As at 31 March 2007, 14,205,000 options have not been exercised.

The Company does not have any warrants or convertible securities in issue.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme for the financial year ended 31 March 2007.

5. SANCTIONS AND/OR PENALTIES

None

6. NON- AUDIT FEES

There was no non-audit fees paid by the Group to the external auditors for the financial year ended 31 March 2007.

7. VARIATION OF RESULTS

There was no variation between the audited result for the financial year ended 31 March 2007 and that of the unaudited results previously announced on 29th May 2007.

8. PROFIT GUARANTEE

During the financial year ended 31 March 2007, the Group and the Company did not issue any profit guarantee.

9. MATERIAL CONTRACTS

For the financial year ended 31st March 2007, no contracts of a material nature were entered into or were subsisting between the Group and its Directors or major shareholders.

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Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the year ended 31st March 2007.

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, software research and development, provision of e-business solutions through the sale of application software and professional services for software customisation and implementation. The principal activities of the subsidiary companies are as stated in Note 9 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The Company is listed on the Mesdaq Market of Bursa Malaysia Securities Berhad.

2. RESULTS

	GROUP RM	COMPANY RM
Profit/(loss) for the year	547,370	(1,159,643)

3. RESERVES AND PROVISIONS

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

4. DIVIDENDS

No dividend was declared or paid since the end of the last financial year and the Directors do not recommend any dividend to be paid for the financial year.

5. DIRECTORS OF THE COMPANY

Directors who served since the date of the last Directors' Report are:-

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar (Chairman)
Chan Wing Kong
Victor John Stephen Price
Onn Kien Hoe

According to Article 96 of the Company's Article of Association, Victor John Stephen Price retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

6. DIRECTORS' INTERESTS

According to register of directors' shareholding, the interest of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.10 each in the Company			
	As at 1.4.2006	Bought	Sold	As at 31.3.2007
Direct interest				
Chan Wing Kong	21,958,930	1,500,000	(6,688,700)	16,770,230
Victor John Stephen Price	10,098,947	850,000	(2,840,736)	8,108,211
Onn Kien Hoe	-	400,000	-	400,000
Indirect interest				
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	-	8,000,000	-	8,000,000

6. DIRECTORS' INTERESTS (CONT'D)

	Exercise price RM/share	Number of options over ordinary shares of RM0.10 each in the Company			As at 31.3.2007
		As at 1.4.2006	Granted	Exercised	
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	0.10	-	1,000,000	-	1,000,000
Chan Wing Kong	0.10	-	4,000,000	(1,500,000)	2,500,000
Victor John Stephen Price	0.10	-	1,500,000	(800,000)	700,000
Onn Kien Hoe	0.10	-	800,000	(400,000)	400,000

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

7. DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in 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 the 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, other than certain Directors who have or are deemed to have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the Employees' Share Option Scheme as explained in Section 9 of the Directors' Report.

8. ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM28,090,000 comprising 280,900,000 ordinary shares of RM0.10 each to RM30,576,500 comprising 305,765,000 ordinary shares of RM0.10 each by way of:-

- (i) the issue of 13,000,000 new ordinary shares of RM0.10 each of the Company at RM0.107 per share pursuant to the private placement exercise for cash for the purpose of working capital; and
- (ii) the issue of 11,865,000 new ordinary shares of RM0.10 each of the Company at par from the exercise of the Company's Employees' Share Option Scheme for cash.

All shares issued during the year rank pari passu in all respects with the existing shares of the Company.

9. OPTIONS GRANTED OVER UNISSUED SHARES

The Company's Employees' Share Option Scheme ("ESOS") for eligible employees and Directors of the Group and the Company was approved by the shareholders at the extraordinary general meeting held on 28th September 2004. The ESOS is valid for a period of ten years.

The salient features of the scheme are as follows:-

- (i) The total number of new ordinary shares of RM0.10 each that may be made available under the ESOS shall not exceed thirty per cent (30%) of the issued and paid-up capital of the Company, subject to a maximum entitlement of fifteen per cent (15%) for the first 5 years.

9. OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

- (ii) Eligible employees are Directors and confirmed employees of the Group (save and except for companies which are dormant) who meet the criteria of eligibility for participation as set out in the By-Laws, at the date of the offer.
- (iii) The option is personal to the grantee and is non-assignable.
- (iv) An option may, at the discretion of the ESOS Committee, be determined based on a discount of not more than 10% from the 5-day weighted average market price of the underlying shares as shown in the Daily Official List issued by Bursa Malaysia for the 5 market days immediately preceding the Date of Offer in writing to the grantee.

The option price per new share shall in no event be less than the par value of the share.

- (v) An option may be exercised by notice in writing to the Company in the prescribed form from time to time during the option period in respect of all or any part of the new shares comprised in the option, provided that where an option is exercised in respect of a part of the new shares comprised therein, the number of new shares of which such an option may be exercised shall not be less than one hundred (100) and shall be in multiples of one hundred (100).

ESOS outstanding as at the end of the financial year are as follows:-

<u>Grant date</u>	<u>Exercise price</u> RM	<u>Number of options of RM0.10 in the Company</u>			
		<u>As at</u> 1.4.2006	<u>Granted</u>	<u>Exercised</u>	<u>As at</u> 31.3.2007
20th March 2006	0.10	17,810,000	-	(8,865,000)	8,945,000
21st June 2006	0.10	-	7,300,000	(2,700,000)	4,600,000
30th August 2006	0.10	-	960,000	(300,000)	660,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options in aggregate of less than 350,000 share options. The names of option holders (save as disclosed in Directors' interests) and the number of options granted during the financial year which in aggregate are 350,000 options or more are as follows:-

<u>Name of option holder</u>	<u>Number of share options</u>
Tan Meng Khiang	500,000

10. OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps to ascertain that:-

- (i) action had been taken in relation to writing off of bad debts and the making of allowances for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts; and
- (ii) any current assets which were unlikely to realise in the ordinary course of business, their values as stated in the accounting records of the Group and the Company have been written down to an amount which they might expect to realise.

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

- (i) that would render the amount of bad debts written off or the amount of the allowance for doubtful debts, in the financial statements of the Group and the Company inadequate to any substantial extent;
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and the Company misleading;

10. OTHER STATUTORY INFORMATION (CONT'D)

- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Group and the Company misleading.

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

- (i) any charge on the assets of the Group and the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; and
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, other than impairment loss on intangible assets written back and allowances for doubtful debts written back as disclosed in Note 22 to the financial statements, the results of the operations of the Group and the Company for the financial year ended 31st March 2007 have not been substantially affected by any item, transaction or event that occurred in the interval between the end of the financial year and the date of this report.

11. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 10th May, 2007, an additional 17,000,000 new ordinary shares of RM0.10 each were issued and allotted at RM0.117 per share via a private placement exercise approved by the Securities Commission on 27th March, 2007. The proceeds of approximately RM1.9 million from the said placement had been fully utilised in the working capital of the Group as at the date of this report.

12. AUDITORS

The auditors, Messrs Folks DFK & Co., have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors,

Y.A.M. TUNKU DATO' SERI NADZARUDDIN IBNI TUANKU JA'AFAR

CHAN WING KONG

Kuala Lumpur,
Date:

Balance Sheet as at 31st March 2007

	Note	GROUP		COMPANY	
		2007 RM	2006 RM	2007 RM	2006 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	7	178,357	497,492	50,054	111,904
Intangible assets	8	23,778,762	23,257,295	-	-
Investment in subsidiaries	9	-	-	-	-
		<u>23,957,119</u>	<u>23,754,787</u>	<u>50,054</u>	<u>111,904</u>
Current Assets					
Amount due from contract customers	10	994,523	249,892	12,338	-
Inventories	11	383,321	385,508	-	-
Trade and other receivables	12	4,367,673	8,345,417	21,048,285	19,578,915
Tax recoverable		1,006	11,937	1,006	11,937
Cash and bank balances	13	2,260,711	2,817,443	645,372	621,544
		<u>8,007,234</u>	<u>11,810,197</u>	<u>21,707,001</u>	<u>20,212,396</u>
TOTAL ASSETS		<u>31,964,353</u>	<u>35,564,984</u>	<u>21,757,055</u>	<u>20,324,300</u>
EQUITY					
Share capital	14	30,576,500	28,090,000	30,576,500	28,090,000
Share premium	15	8,370,188	8,009,003	8,075,696	8,009,003
Accumulated losses		(23,028,714)	(23,576,084)	(20,673,684)	(19,514,041)
Equity compensation reserve		310,570	-	82,847	-
Foreign currency translation reserve		1,744,086	1,926,923	-	-
Equity attributable to the shareholders of the Company		<u>17,972,630</u>	<u>14,449,842</u>	<u>18,061,359</u>	<u>16,584,962</u>
LIABILITIES					
Current Liabilities					
Trade and other payables	17	11,287,406	13,327,466	1,997,658	1,944,260
Borrowings	18	2,704,317	7,787,676	1,698,038	1,795,078
TOTAL LIABILITIES		<u>13,991,723</u>	<u>21,115,142</u>	<u>3,695,696</u>	<u>3,739,338</u>
TOTAL EQUITY AND LIABILITIES		<u>31,964,353</u>	<u>35,564,984</u>	<u>21,757,055</u>	<u>20,324,300</u>

Income Statement for the year ended 31st March 2007

	Note	GROUP		COMPANY	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	19	17,721,426	14,678,603	704,937	342,615
Other income		65,638	24,029	2,124	2,114
Employee benefits expenses	20	(8,758,905)	(8,799,259)	(1,399,084)	(1,126,310)
Hardware and material costs		(3,580,571)	(2,288,904)	(13,865)	-
Office rental		(734,978)	(814,852)	(217,296)	(217,296)
Other expenses		(1,926,223)	(5,560,457)	(451,260)	(12,199,596)
Depreciation and amortisation		(4,065,096)	(4,205,389)	(79,134)	(142,974)
Allowance for doubtful debts written back		400,000	-	400,000	-
Impairment loss on intangible assets written back/(recognised)		1,791,294	(2,402,016)	-	-
Interest income		40,975	35,173	19,445	18,402
Finance costs		(400,940)	(476,337)	(120,260)	(113,548)
Profit/(loss) before taxation	22	552,620	(9,809,409)	(1,154,393)	(13,436,593)
Tax expense	23	(5,250)	(6,631)	(5,250)	(6,631)
Profit/(loss) for the year		547,370	(9,816,040)	(1,159,643)	(13,443,224)
EARNINGS/(LOSS) PER ORDINARY SHARE					
Basic	24	0.19 sen	(3.66 sen)		
Fully diluted	24	0.18 sen	(3.66 sen)		

The notes on pages 28 to 50 form part of these financial statements.

Statements of Changes in Equity for the year ended 31st March 2007

	Attributable to the shareholders of the Company					Total RM
	Share Capital RM	Foreign Currency Translation Reserve RM	Non-distributable		Distributable	
Share Premium RM			Equity Compensation Reserve RM	Accumulated Losses RM		
GROUP						
At 1st April 2005	25,590,000	1,916,784	8,145,153	-	(13,760,044)	21,891,893
Foreign currency translation	-	10,139	-	-	-	10,139
Share issue expenses	-	-	(136,150)	-	-	(136,150)
Income/(expenses) recognised directly in equity	-	10,139	(136,150)	-	-	(126,011)
Loss for the year	-	-	-	-	(9,816,040)	(9,816,040)
Total recognised income/ (expense) for the year	-	10,139	(136,150)	-	(9,816,040)	(9,942,051)
Issue of shares	2,500,000	-	-	-	-	2,500,000
At 31st March 2006	28,090,000	1,926,923	8,009,003	-	(23,576,084)	14,449,842
Foreign currency translation	-	(182,837)	-	-	-	(182,837)
Share issue expenses	-	-	(66,035)	-	-	(66,035)
Expenses recognised directly in equity	-	(182,837)	(66,035)	-	-	(248,872)
Profit for the year	-	-	-	-	547,370	547,370
Total recognised (expense)/ income for the year	-	(182,837)	(66,035)	-	547,370	298,498
Equity compensation arising from Group ESOS	-	-	-	646,790	-	646,790
Issue of shares	2,486,500	-	91,000	-	-	2,577,500
Recognition of premium on ESOS exercised	-	-	336,220	(336,220)	-	-
At 31st March 2007	30,576,500	1,744,086	8,370,188	310,570	(23,028,714)	17,972,630

Statements of Changes in Equity for the year ended 31st March 2007 (Cont'd)

	Attributable to the shareholders of the Company				Total RM
	Share Capital RM	Share Premium RM	Equity Compensation Reserve RM	Distributable Retained Profits RM	
COMPANY					
At 1st April 2005	25,590,000	8,145,153	-	(6,070,817)	27,664,336
Share issue expenses charged directly to equity	-	(136,150)	-	-	(136,150)
Loss for the year	-	-	-	(13,443,224)	(13,443,224)
Total recognised (expense)/income for the year	-	(136,150)	-	(13,443,224)	(13,579,374)
Issue of shares	2,500,000	-	-	-	2,500,000
At 31st March 2006	28,090,000	8,009,003	-	(19,514,041)	16,584,962
Share issue expenses charged directly to equity	-	(66,035)	-	-	(66,035)
Loss for the year	-	-	-	(1,159,643)	(1,159,643)
Total recognised (expense)/income for the year	-	(66,035)	-	(1,159,643)	(1,225,678)
Equity compensation arising from Group ESOS	-	-	124,575	-	124,575
Issue of shares	2,486,500	91,000	-	-	2,577,500
Recognition of premium on ESOS exercised	-	41,728	(41,728)	-	-
As at 31st March 2007	30,576,500	8,075,696	82,847	(20,673,684)	18,061,359

The notes on pages 28 to 50 form part of these financial statements.

Cash Flow Statements for the year ended 31st March 2007

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	552,620	(9,809,409)	(1,154,393)	(13,436,593)
Adjustment for:				
Depreciation of property, plant and equipment	362,569	539,777	79,134	142,974
Amortisation of intangible assets	3,702,527	3,665,612	-	-
Impairment loss on intangible assets (written back)/recognised	(1,791,294)	2,402,016	-	-
Loss/(gain) on disposal of property, plant and equipment	50	(1,164)	-	-
Impairment loss on investment in subsidiaries	-	-	-	7,680,455
Allowance for doubtful debts				
- subsidiaries	-	-	-	2,999,878
- others	-	81,315	-	81,315
Allowance for doubtful debts written back	(400,000)	-	(400,000)	-
Provision for foreseeable loss on contracts	-	3,003,674	-	523,650
Provision for sales return	-	790,039	-	-
Interest expense	400,940	476,337	120,260	113,548
Interest income	(40,975)	(35,173)	(19,445)	(18,402)
Share-based compensation expense	646,790	-	124,575	-
Operating profit/(loss) before working capital changes	3,433,227	1,113,024	(1,249,869)	(1,913,175)
Changes in working capital:				
Amount due from contract customers	(744,631)	3,642,088	(12,338)	-
Inventories	2,187	(505)	-	-
Trade and other receivables	4,377,744	(2,775,160)	(1,069,370)	(2,075,434)
Trade and other payables	(2,040,060)	(295,820)	53,398	783,479
Cash generated from/(used in) operations	5,028,467	1,683,627	(2,278,179)	(3,205,130)
Income tax refunded	5,681	-	5,681	-
Interest paid	(400,940)	(476,337)	(120,260)	(113,548)
Net cash generated from/(used in) operating activities	4,633,208	1,207,290	(2,392,758)	(3,318,678)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(45,671)	(104,851)	(17,284)	(65,062)
Proceeds from disposal of property, plant and equipment	-	1,513	-	-
Development expenditure incurred, net of government grant received	(2,564,613)	(5,082,556)	-	-
Interest received	40,975	35,173	19,445	18,402
Net cash (used in)/generated from investing activities	(2,569,309)	(5,150,721)	2,161	(46,660)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in pledged deposits placed with licensed banks	919,400	684,900	-	-
(Repayment of)/proceeds from borrowings	(1,852,907)	3,451,920	-	1,000,000
Proceeds from issue of shares	2,577,500	2,500,000	2,577,500	2,500,000
Share issue expenses	(66,035)	(136,150)	(66,035)	(136,150)

Cash Flow Statements for the year ended 31st March 2007 (Cont'd)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Net cash generated from financing activities	1,577,958	6,500,670	2,511,465	3,363,850
Exchange differences on translation of the financial statements of foreign entities	(36,282)	(15,677)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,605,575	2,541,562	120,868	(1,488)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(3,493,513)	(6,028,186)	(773,534)	(772,046)
FOREIGN EXCHANGE DIFFERENCE ON OPENING BALANCE	(12,455)	(6,889)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	99,607	(3,493,513)	(652,666)	(773,534)

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	834,330	14,442	7,525	3,142
Deposits with licensed banks (excluding pledged deposit)	370,581	827,801	37,847	18,402
Bank overdrafts	(1,105,304)	(4,335,756)	(698,038)	(795,078)
	99,607	(3,493,513)	(652,666)	(773,534)

The notes on pages 28 to 50 form part of these financial statements.

1. BASIS OF PREPARATION

- (a) The financial statements of the Group and the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements, and comply with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 on a going concern basis.

As at 31st March 2007, the accumulated losses of the Group and the Company were RM23,028,714 and RM20,673,684 respectively and on the same date, the Group's current liabilities exceeded its current assets by RM5,984,489. The Directors have continued to prepare the financial statements on a going concern basis in view of the following:

- (i) The Group will be able to generate sufficient cash flows from operations to meet their obligations as and when they fall due;
- (ii) the banks and other lenders will continue to provide financial support to the Group and the Company; and
- (iii) the proposed fund raising exercise through issuance of up to 34,517,825 new ordinary shares of RM0.10 each via private placements will be completed. The proposed exercise has been approved by the Securities Commission on 27th March 2007.

In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Consequently, adjustments may be required to reduce the values of assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets as current assets.

- (b) During the financial year, the Group and the Company adopted the following applicable Financial Reporting Standards ("FRS") issued by MASB which are effective for the Group and the Company's financial year beginning on or after 1st April, 2006:-

FRS 2	Share-based Payment
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the above revised FRSs have been made in accordance with their respective transitional provisions, if any, and did not result in any substantial financial impact on the results of the Group and the Company except as discussed below:

FRS 2 : Share-based Payment

Prior to 1st April 2006, share options granted to employees were not recognised as compensation expense in the income statement. Following the adoption of FRS 2, the total fair value of the employee services received in exchange for the grant of options is recognised as an employee benefits cost in the income statement with a corresponding increase in the equity compensation reserve within equity over the vesting period.

The adoption of FRS 2 has not given rise to any material adjustments to the opening balance of accumulated losses of the prior year or to changes in comparatives. During the financial year, the Group and the Company incurred additional expenses of RM646,790 and RM124,575 respectively in relation to the Company's Employees' Share Option Scheme.

1. BASIS OF PREPARATION (CONT'D)

- (c) The new FRSs that are mandatory for the Group's financial periods beginning on or after 1st April 2007, but which the Group has not early adopted, are as follows:-

FRS	Title	<i>Effective for annual periods commencing on or after</i>
FRS 117	Lease	1.10.2006
FRS 121 (Amendment)	The Effect of Changes in Foreign Exchange Rates - Net Investment in Foreign Operation	15.2.2007
FRS 124	Related Party Disclosures	1.10.2006
FRS 139	Financial Instruments: Recognition and Measurement	Yet to be determined by MASB

The above FRS and amendment to FRS are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Company will apply FRS 117, FRS 124 and the Amendment to FRS 121 from the financial year beginning on 1st April 2007 and FRS 139 when the standard becomes effective.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, software research and development, provision of e-business solutions through the sale of application software and professional services for software customisation and implementation. The principal activities of the subsidiary companies are as stated in Note 9 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

3. GENERAL INFORMATION

The financial statements were approved and authorised for issue by the Board of Directors on 27th July 2007.

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

The Company is listed on the Mesdaq Market of Bursa Malaysia Securities Berhad.

The address of the Company's registered office is 39 Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principal place of business of the Company is located at Lot L3-E-3A, Enterprise 4, Technology Park Malaysia (TPM), Lebuhraya Puchong - Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur.

4. FUNCTIONAL AND PRESENTATION CURRENCY

Transactions and balances included in the financial statements of the Company and each of its subsidiary companies are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The critical assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:-

Intangible assets

The Group has intangible assets and the annual amortisation of intangible assets is charged to the income statement. The Group reviews the residual value and useful life of intangible assets at each balance sheet date in accordance with the accounting policy disclosed in Note 6(d) to the financial statements. The Group also assesses annually whether the intangible assets have been impaired. The carrying amount of intangible assets at 31st March 2007 was RM23,778,762 and the annual amortisation charge for the financial year ended 31st March 2007 was RM3,702,527.

Deferred tax assets

No deferred tax assets arising from the unutilised tax losses and unabsorbed capital allowances are recognised as the probability that taxable profits will be available against which the losses and capital allowances can be utilised is uncertain. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment on investment in subsidiaries

The Company reviews the carrying amount of investment in subsidiaries at each balance sheet date by referring to the net asset value of each subsidiary at that date. No reversal was made during the year as the net asset value of the subsidiaries were still in negative position even though the operations have shown some improvement on earnings.

6. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting date of the Company and are consolidated using the purchase method of accounting.

Under the purchase method of accounting the results of subsidiaries acquired or disposed are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' identifiable net assets are determined and these values are reflected in the Group's financial statements.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the subsidiaries' identifiable assets, liabilities and contingent liabilities represents goodwill. The carrying value of goodwill is reviewed at each balance sheet date and is written down for impairment, where necessary.

Negative goodwill represents the excess of the Group's interest in the net fair value of the subsidiaries net identifiable assets, liabilities and contingent liabilities over the cost of acquisition and is taken to consolidated income statement immediately on consolidation.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered.

(b) Property, Plant and Equipment

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, Plant and Equipment (Cont'd)

Property, plant and equipment is depreciated on a straight line basis to write down the depreciable amount of the assets over their estimated useful lives. Depreciable amount is the cost of an asset less its residual value.

The principal annual rates used for this purpose are:-

Renovations	33 1/3%
Computers and office equipment	33 1/3%
Furniture and fittings	33 1/3%

The residual value and the useful life of property, plant and equipment are reviewed at least at each financial year end. If the residual value and/or the useful life of the asset differ from the previous estimates, the revised depreciation charge will be adjusted immediately in the income statement in the year of the change.

(c) Investments

Investment in subsidiaries are stated at cost, less impairment loss where applicable. The investments are reviewed for impairment in accordance with the accounting policy for impairment of assets.

(d) Intangible Assets

Research costs and development expenditure

Research costs are charged as an expense in the income statement in the year in which they are incurred. Costs incurred on development project are recognised as intangible assets when all the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development cost are recorded as intangible assets.

Subsequent cost on capitalised product development expenditure are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are expensed as incurred.

Development expenditure capitalised are tested for impairment annually, in accordance with the accounting policy on impairment of assets.

Computer software

Computer software which is acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible Assets (Cont'd)

Amortisation

Capitalised development expenditure and other intangible assets are charged to the income statement on a straight line basis over their estimated useful lives of 8 years.

(e) Government Grants

Asset-related government grants for the development of e-business solutions are deducted from the product development expenditure incurred to arrive at the cost of the e-business solutions. The net carrying amount is amortised on a systematic basis based on the estimated revenue to be derived from the use of the intangible asset over its estimated useful life.

Income-related government grants are recognised in the income statement over the periods necessary to match them with the costs they are intended to compensate.

All government grants are accounted for at fair value on an accrual basis when there is reasonable assurance that the Group has complied with all terms and conditions attached to them and that there is reasonable certainty that the grants will be received.

(f) Inventories

Inventories comprise software purchased for resale and are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis.

(g) Construction Contracts

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that is probably recoverable and contract cost is recognised as expense.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised over the period of the contract as revenue and expenses respectively.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and cost to recognise in a given period. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceeds progress billings, the balance is shown as amounts due from customers on construction contracts under current assets. Where progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is shown as amounts due to customers on construction contracts under current liabilities.

Cost of construction contracts include direct labour and other costs related to contract performance.

(h) Trade and Other Receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(i) Cash and Cash Equivalents

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Liabilities

Borrowings and trade and other payables are stated at cost.

(k) Employee Benefits

Short term employee benefits

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

Defined contribution plan

The Group make contributions to the Employee Provident Fund ("EPF"), the national contribution plan in Malaysia and the Central Provident Fund ("CPF"), a defined contribution plan managed by the Government of Singapore. Contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Equity compensation benefits

The employee share option programme allows Group employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity compensation reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair values of share options are measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the equity compensation reserve until the option is exercised, upon which it will be transferred to share premium, or until the options expire, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(l) Impairment of Assets

The carrying amounts of the Group's and the Company's assets other than inventories, contract work-in-progress 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 assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of Assets (Cont'd)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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, if any, is recognised in the income statement.

(m) Income Tax

Tax on the profit or loss for the year comprises 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 is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for in full, 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 the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the 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.

(n) Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated into functional currencies at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Financial statements of foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the Group are translated into Ringgit Malaysia as follows:-

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- (ii) Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(o) Revenue

Design services

Revenue from consultancy contracts, principally relating to the sale of specific e-business solutions to customers, including licence and hardware revenue, is recognised on the percentage of completion method when the outcome of the contract can be estimated reliably. The percentage of completion is determined by the proportion that costs incurred for work performed to date bears to estimated total contract costs or services performed to date as a percentage of total services to be rendered, depending on the nature of transaction. Losses, if any, are recognised immediately when their existence is foreseen.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue (Cont'd)

Maintenance services

Revenue from maintenance services rendered are recognised on a straight line basis over the life of the contract.

Licensing revenue

Licensing revenue is recognised upon delivery, provided that no significant obligations remain, no significant uncertainties exist with respect to product acceptance and collection is probable.

(p) Expenses

Operating lease payments

Rental payable under operating leases are recognised in the income statement on a straight line basis over the period of the respective leases.

Interest expense

Interest expense and similar charges are expensed in the income statement in the year in which they are incurred.

7. PROPERTY, PLANT AND EQUIPMENT

GROUP	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
2007				
Cost				
At 1st April 2006	285,864	2,091,141	357,809	2,734,814
Additions	-	45,671	-	45,671
Disposals	-	-	(10,107)	(10,107)
Exchange differences	(1,049)	(9,824)	(1,928)	(12,801)
At 31st March 2007	284,815	2,126,988	345,774	2,757,577
Deduct : Accumulated depreciation				
At 1st April 2006	201,673	1,763,842	271,807	2,237,322
Charge for the year	68,265	227,091	67,213	362,569
Disposal	-	-	(10,057)	(10,057)
Exchange differences	(611)	(8,550)	(1,453)	(10,614)
At 31st March 2007	269,327	1,982,383	327,510	2,579,220
Net book value at 31st March 2007	15,488	144,605	18,264	178,357

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
2006				
Cost				
At 1st April 2005	285,622	1,984,074	363,948	2,633,644
Additions	-	104,851	-	104,851
Disposal	-	-	(6,592)	(6,592)
Exchange differences	242	2,216	453	2,911
At 31st March 2006	285,864	2,091,141	357,809	2,734,814
Deduct : Accumulated depreciation				
At 1st April 2005	106,325	1,398,221	197,305	1,701,851
Charge for the year	95,288	363,989	80,500	539,777
Disposal	-	-	(6,243)	(6,243)
Exchange differences	60	1,632	245	1,937
At 31st March 2006	201,673	1,763,842	271,807	2,237,322
Net book value at 31st March 2006	84,191	327,299	86,002	497,492
COMPANY				
2007				
Cost				
At 1st April 2006	100,994	359,193	17,885	478,072
Additions	-	17,284	-	17,284
At 31st March 2007	100,994	376,477	17,885	495,356
Deduct : Accumulated depreciation				
At 1st April 2006	94,002	256,462	15,704	366,168
Charge for the year	6,992	69,961	2,181	79,134
At 31st March 2007	100,994	326,423	17,885	445,302
Net book value at 31st March 2007	-	50,054	-	50,054
2006				
Cost				
At 1st April 2005	100,994	294,131	17,885	413,010
Additions	-	65,062	-	65,062
At 31st March 2006	100,994	359,193	17,885	478,072
Deduct : Accumulated depreciation				
At 1st April 2005	60,337	152,865	9,992	223,194
Charge for the year	33,665	103,597	5,712	142,974
At 31st March 2006	94,002	256,462	15,704	366,168
Net book value at 31st March 2006	6,992	102,731	2,181	111,904

Notes to the Financial Statements - 31st March 2007 (Cont'd)

8. INTANGIBLE ASSETS

GROUP	Computer software RM	Development expenditure RM	Total RM
2007			
Cost			
At 1st April 2006	3,499,269	42,909,497	46,408,766
Amount capitalised during the year	–	3,351,944	3,351,944
Exchange differences	(19,848)	(243,378)	(263,226)
At 31st March 2007	3,479,421	46,018,063	49,497,484
Deduct : Government grant			
At 1st April 2006	–	2,406,793	2,406,793
Amount received during the year	–	787,331	787,331
Exchange differences	–	(13,651)	(13,651)
At 31st March 2007	–	3,180,473	3,180,473
Deduct : Accumulated amortisation and impairment losses			
Accumulated amortisation	1,965,002	16,377,660	18,342,662
Accumulated impairment losses	–	2,402,016	2,402,016
At 1st April 2006	1,965,002	18,779,676	20,744,678
Amortisation charge for the year	223,852	3,478,675	3,702,527
Impairment loss written back	–	(1,791,294)	(1,791,294)
Exchange differences	(10,909)	(106,753)	(117,662)
Accumulated amortisation	2,177,945	19,763,236	21,941,181
Accumulated impairment losses	–	597,068	597,068
At 31st March 2007	2,177,945	20,360,304	22,538,249
Net book value at 31st March 2007	1,301,476	22,477,286	23,778,762
2006			
Cost			
At 1st April 2005	3,494,689	36,810,288	40,304,977
Amount capitalised during the year	–	6,050,965	6,050,965
Exchange differences	4,580	48,244	52,824
At 31st March 2006	3,499,269	42,909,497	46,408,766
Deduct : Government grant			
At 1st April 2005	–	1,436,501	1,436,501
Amount received during the year	–	968,409	968,409
Exchange differences	–	1,883	1,883
At 31st March 2006	–	2,406,793	2,406,793
Deduct : Accumulated amortisation and impairment losses			
Accumulated amortisation	1,737,595	12,920,245	14,657,840
Accumulated impairment losses	–	–	–
At 1st April 2005	1,737,595	12,920,245	14,657,840
Amortisation charge for the year	225,130	3,440,482	3,665,612
Impairment loss for the year	–	2,402,016	2,402,016
Exchange differences	2,277	16,933	19,210
Accumulated amortisation	1,965,002	16,377,660	18,342,662
Accumulated impairment losses	–	2,402,016	2,402,016
At 31st March 2006	1,965,002	18,779,676	20,744,678
Net book value at 31st March 2006	1,534,267	21,723,028	23,257,295

9. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2007 RM	2006 RM
Unquoted shares, at cost	14,372,690	14,372,690
Less: Accumulated impairment losses	(14,372,690)	(14,372,690)
	-	-

The principal activities of the subsidiaries, country of incorporation and the effective interest of the Company are as follows:

Name of Company	Principal Activity	Country of Incorporation	Effective Equity Interest	
			2007 %	2006 %
novaHEALTH Pte. Ltd.	Provision of e-business solutions for healthcare industry	Republic of Singapore	100	100
novaCITYNETS Pte. Ltd.	Provision of e-business solutions for the building and construction, city, town council and telecommunications industries	Republic of Singapore	100	100

Both subsidiaries are not audited by Folks DFK & Co.

As both the subsidiaries were in net current liabilities and shareholder's fund deficit at 31st March 2007 and are dependent upon the continuing financial support from the Company, the auditors' report on the financial statements for financial year ended 31st March 2007 of both the subsidiaries were modified. Without qualifying the audit opinion, an emphasis of matter was raised on the going concern basis of preparation of the financial statements of both subsidiaries.

10. AMOUNT DUE FROM CONTRACT CUSTOMERS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Aggregate costs incurred to date and attributable profit	11,588,510	8,119,769	1,841,057	1,389,836
Less : Progress billings	(10,338,440)	(4,245,949)	(753,069)	(359,475)
Less : Provision for foreseeable losses	(1,075,650)	(3,979,694)	(1,075,650)	(1,075,650)
	174,420	(105,874)	12,338	(45,289)
Amount due to contract customers (Note 17)	820,103	355,766	-	45,289
	994,523	249,892	12,338	-

11. INVENTORIES

At cost

Software purchased for sale	383,321	385,508	-	-
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12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	3,150,633	4,752,176	911,409	1,269,195
Less: Allowance for doubtful debts	(1,777,252)	(2,183,687)	(649,195)	(1,049,195)
Net trade receivables	1,373,381	2,568,489	262,214	220,000
Other receivables, deposits and prepayments	2,994,292	4,876,898	84,210	65,537
Grant receivables	-	778,955	-	-
Subsidiaries - trade	-	-	1,554,108	2,074,316
Less: Allowance for doubtful debts	-	-	(269,661)	(269,661)
Net amount due from subsidiaries - trade	-	-	1,284,447	1,804,655
Subsidiaries - non-trade	-	-	22,147,631	20,097,865
Less: Allowance for doubtful debts	-	-	(2,730,217)	(2,730,217)
Net amount due from subsidiaries - non-trade	-	-	19,417,414	17,367,648
Affiliated corporations	-	121,075	-	121,075
	<u>4,367,673</u>	<u>8,345,417</u>	<u>21,048,285</u>	<u>19,578,915</u>

The normal credit terms of trade receivables of the Group/Company range from 30 to 60 (2006: 30 to 60) days.

The currency exposure profile of trade receivables is as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	69,548	220,000	69,548	220,000
US Dollar	192,666	-	192,666	-
Singapore Dollar	1,111,167	2,348,489	-	-
	<u>1,373,381</u>	<u>2,568,489</u>	<u>262,214</u>	<u>220,000</u>

The amounts due from subsidiaries are interest free, unsecured and have no fixed terms of repayment. Non-trade balances with subsidiaries are in respect of advances made to subsidiaries.

An affiliated corporation is defined as a company or its related corporation in which a Director of the Company has a substantial financial interest.

13. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits with licensed banks	1,426,381	2,803,001	637,847	618,402
Cash on hand and at banks	834,330	14,442	7,525	3,142
	<u>2,260,711</u>	<u>2,817,443</u>	<u>645,372</u>	<u>621,544</u>

13. CASH AND BANK BALANCES (CONT'D)

The currency exposure profile of cash and bank balances is as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	645,372	621,544	645,372	621,544
Singapore Dollar	1,615,339	2,192,899	-	-
	<u>2,260,711</u>	<u>2,814,443</u>	<u>645,372</u>	<u>621,544</u>

Included in deposits with licensed banks are amounts of RM1,055,800 (2006: RM1,975,200) and RM600,000 (2006: RM600,000) pledged for bank borrowing facilities granted to the Group and the Company respectively (Note 18).

14. SHARE CAPITAL

	GROUP/COMPANY			
	2007		2006	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.10 each:				
Authorised	<u>500,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>50,000,000</u>
Issued and fully paid				
At 1st April	280,900,000	28,090,000	255,900,000	25,590,000
Issued during the year	24,865,000	2,486,500	25,000,000	2,500,000
At 31st March	<u>305,765,000</u>	<u>30,576,500</u>	<u>280,900,000</u>	<u>28,090,000</u>

During the financial year, the issued and paid-up share capital of the Company was increased from RM28,090,000 comprising 280,900,000 ordinary shares of RM0.10 each to RM30,576,500 comprising 305,765,000 ordinary shares of RM0.10 each by way of:-

- (i) the issue of 13,000,000 new ordinary shares of RM0.10 each of the Company at RM0.107 per share pursuant to the private placement exercise for cash;
- (ii) the issue of 11,865,000 new ordinary shares of RM0.10 each of the Company at par from the exercise of the Company's Employees' Share Option Scheme.

All shares issued during the year rank pari passu in all respects with the existing shares of the Company.

15. SHARE PREMIUM

This amount is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

16. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS") on 31st October 2005 for a period of ten years. The ESOS is governed by the By-Laws which were approved by the shareholders on 28th September 2004.

16. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The salient features of the ESOS are as follows:-

- (i) The total number of new ordinary shares of RM0.10 each that may be made available under the ESOS shall not exceed thirty per cent (30%) of the issued and paid-up capital of the Company, subject to a maximum entitlement of fifteen per cent (15%) for the first 5 years.
- (ii) Eligible employees are Directors and confirmed employees of the Group (save and except for companies which are dormant) who meet the criteria of eligibility for participation as set out in the By-Laws, at the date of the offer.
- (iii) The option is personal to the grantee and is non-assignable.
- (iv) An option may, at the discretion of the ESOS Committee, be determined based on a discount of not more than 10% from the 5-day weighted average market price of the underlying shares as shown in the Daily Official List issued by Bursa Malaysia for the 5 market days immediately preceding the Date of Offer in writing to the grantee.

The option price per new share shall in no event be less than the par value of the share.

- (v) An option may be exercised by notice in writing to the Company in the prescribed form from time to time during the option period in respect of all or any part of the new shares comprised in the option, provided that where an option is exercised in respect of a part of the new shares comprised therein, the number of new shares of which such an option may be exercised shall not be less than one hundred (100) and shall be in multiples of one hundred (100).

Set out below are the details of options over the ordinary shares of the Company under the ESOS:-

2007 <u>Grant date</u>	Exercise price RM	Number of options of RM0.10 in the Company			
		As at 1.4.2006	Granted	Exercised	As at 31.3.2007
20th March 2006	0.10	17,810,000	-	(8,865,000)	8,945,000
21st June 2006	0.10	-	7,300,000	(2,700,000)	4,600,000
30th August 2006	0.10	-	960,000	(300,000)	660,000
		17,810,000	8,260,000	(11,865,000)	14,205,000

Weighted average exercise price (RM)	0.10	0.10	0.10	0.10
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Number of options exercisable at the end of the financial year	6,675,000
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2006 <u>Grant date</u>	Exercise price RM	Number of options of RM0.10 in the Company			
		As at 1.4.2005	Granted	Exercised	As at 31.3.2006
20th March 2006	0.10	-	17,810,000	-	17,810,000
		-	0.10	-	0.10

Weighted average exercise price (RM)	-	0.10	-	0.10
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Number of options exercisable at the end of the financial year	7,595,000
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16. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Share options exercised during the year

Options exercised during the financial year resulted in the issuance of 11,865,000 (2006: Nil) ordinary shares at RM0.10 per share. The weighted average of share price during the year was RM0.11.

Fair value of share options granted during the year

The fair value of share options granted during the year was estimated using the binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:-

	COMPANY	
	2007	2006
Fair value of share options at the following grant dates (RM):		
- 20th March 2006	-	0.076
- 21st June 2006	0.082	-
- 30th August 2006	0.061	-
Weighted average of share price (sen)	9.25	9.5
Weighted average of exercise price (sen)	10	10
Early exercise factor (times)	2.5	2.5
Expected volatility (%)	99 - 102	162
Expected life (years)	4	4
Risk free rate (%)	4	4
Expected dividend yield (%)	-	-

The expected life of the options is based on the life of the current ESOS plan. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

During the year, the Group and the Company recognised total expenses of RM646,790 and RM124,575 respectively in respect of equity-settled share-based payment transactions. (Note 20)

17. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables	1,213,841	1,413,595	61,943	61,943
Other payables and accrued expenses	5,202,628	7,181,767	751,870	952,161
Amount due to contract customers (Note 10)	820,103	355,766	-	45,289
Subsidiaries - trade	-	-	1,005,939	481,595
- non-trade	-	-	-	243,146
Affiliated corporations	3,182,391	3,223,462	-	-
Amount owing to Directors	868,443	1,152,876	177,906	160,126
	<u>11,287,406</u>	<u>13,327,466</u>	<u>1,997,658</u>	<u>1,944,260</u>

The normal credit terms granted to the Group/Company range from 30 to 60 (2006: 30 to 60) days.

17. TRADE AND OTHER PAYABLES (CONT'D)

The currency exposure profile of trade payables is as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	61,943	61,943	61,943	61,943
US Dollar	369,743	21,341	-	-
Euro	83,268	163	-	-
Singapore Dollar	698,887	1,330,148	-	-
	1,213,841	1,413,595	61,943	61,943

The amounts due to affiliated corporations and owing to Directors are non-trade in nature, interest free, unsecured and have no fixed terms of repayment.

An affiliated corporation is defined as a company or its related corporation in which a Director of the Company has a substantial financial interest.

18. BORROWINGS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Bank overdrafts - secured	1,105,304	4,335,756	698,038	795,078
Revolving credit - secured	1,000,000	1,000,000	1,000,000	1,000,000
Short term borrowings	599,013	2,451,920	-	-
	2,704,317	7,787,676	1,698,038	1,795,078

The currency exposure profile of borrowings is as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	1,698,038	1,795,078	1,698,038	1,795,078
Singapore Dollar	1,006,279	5,992,598	-	-
	2,704,317	7,787,676	1,698,038	1,795,078

The bank overdraft facilities of the Group and the Company are subject to interest rates varying between 5.0% and 2.0% (2006 : 0.5% and 2.0%) per annum above the lenders' base lending rates.

The revolving credit facility of the Company are subject to interest rate of 1.75% (2006 : 1.75%) per annum above the lender's cost of funds.

The short term borrowings of a subsidiary represent proceeds from factoring of accounts receivable (with recourse) and is subject to interest rate of 8.0% (2006 : 8.0%) per annum.

Deposits with licensed banks amounting to RM1,055,800 (2006 : RM1,975,200) and RM600,000 (2006: RM600,000) are pledged as security for the borrowing facilities of the Group and the Company respectively (Note 13).

19. REVENUE

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Maintenance	6,521,011	5,814,810	108,226	103,155
Consultancy contracts	11,200,415	8,863,793	596,711	239,460
	<u>17,721,426</u>	<u>14,678,603</u>	<u>704,937</u>	<u>342,615</u>

20. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Wages and salaries and bonus	10,035,671	13,019,783	1,081,674	986,013
Contributions to defined contribution plans	898,872	1,152,108	114,588	104,057
Share-based compensation expense (Note 16)	646,790	–	124,575	–
Other benefits	168,568	110,673	78,247	36,240
	<u>11,749,901</u>	<u>14,282,564</u>	<u>1,399,084</u>	<u>1,126,310</u>

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM1,231,975 (2006 : RM1,075,012) as further disclosed in Note 21.

Employee benefits expenses are taken up as follows:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Charged to Income Statement	8,758,905	8,799,259	1,399,084	1,126,310
Capitalised as development expenditure	2,990,996	5,483,305	–	–
	<u>11,749,901</u>	<u>14,282,564</u>	<u>1,399,084</u>	<u>1,126,310</u>

21. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive Directors (Note 20)				
Fees	–	–	–	–
Other emoluments	1,231,975	1,075,012	–	–
	<u>1,231,975</u>	<u>1,075,012</u>	<u>–</u>	<u>–</u>
Non-executive Directors				
Fees	80,000	83,780	80,000	83,780
Other emoluments	–	39,000	–	39,000
	<u>80,000</u>	<u>122,780</u>	<u>80,000</u>	<u>122,780</u>
Total directors' remuneration	<u>1,311,975</u>	<u>1,197,792</u>	<u>80,000</u>	<u>122,780</u>

22. PROFIT/(LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
This is arrived at after charging/(crediting):-				
Allowance for doubtful trade debts written back	(400,000)	-	(400,000)	-
Allowance for doubtful debts				
- subsidiaries	-	-	-	2,999,878
- others	-	81,315	-	81,315
Amortisation of intangible assets	3,702,527	3,665,612	-	-
Auditors' remuneration	76,296	81,174	21,600	28,000
Directors' fees	80,000	83,780	80,000	83,780
Directors' remuneration	1,231,975	1,114,012	-	39,000
Depreciation of property, plant and equipment	362,569	539,777	79,134	142,974
Loss/(gain) on disposal of property, plant and equipment	50	(1,164)	-	-
Impairment loss on investment in subsidiaries	-	-	-	7,680,455
Impairment loss on intangible assets (written back)/recognised	(1,791,294)	2,402,016	-	-
Interest income	(40,975)	(35,173)	(19,445)	(18,402)
Net exchange (gain)/loss	(256,109)	(26,363)	(22,198)	106
Office rental	734,978	814,852	217,296	217,296
Provision for foreseeable loss on contracts	-	3,003,674	-	523,650
Provision for sales return	-	790,039	-	-

23. TAX EXPENSE

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense				
- Malaysian	5,250	6,631	5,250	6,631
- Singapore	-	-	-	-
	5,250	6,631	5,250	6,631

The Company was granted Multimedia Super Corridor ("MSC") status on 29th October 2002. By virtue of this status, the Company obtained its pioneer status incentive which includes five year exemption on statutory business income under Section 127 of the Income Tax Act, 1967 which expires in January 2008.

A reconciliation of tax applicable to the profit/(loss) before taxation at the statutory tax rates to current year's tax expense of the Group/Company is as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit/(loss) before taxation	552,620	(9,809,409)	(1,154,393)	(13,436,593)
Income tax using Malaysian tax rate	149,207	(2,746,635)	(311,686)	(3,762,246)
Tax effect of:				
Different tax rates in foreign jurisdictions	(191,783)	563,641	-	-
Non-deductible expenses	19,390	90,702	19,390	2,241,229
Deferred tax benefit not recognised	289,491	2,070,074	289,491	1,498,799
Subsidiaries' deferred tax benefits utilised	(269,110)	-	-	-
Others	8,055	28,849	8,055	28,849
	5,250	6,631	5,250	6,631

23. TAX EXPENSE (CONT'D)

No deferred tax assets have been recognised for the following temporary differences:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Development expenditure capitalised	19,326,000	17,987,000	-	-
Property, plant and equipment	(2,662,000)	(2,336,000)	(196,000)	(142,000)
Unutilised tax losses	(34,167,000)	(33,175,000)	(4,438,000)	(3,499,000)
Others	(1,755,000)	(3,259,000)	(1,143,000)	(5,125,000)
	<u>(19,258,000)</u>	<u>(20,783,000)</u>	<u>(5,777,000)</u>	<u>(8,766,000)</u>

The unutilised tax losses do not expire under current tax legislations in Malaysia and Singapore. Net deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

The total unutilised tax losses of the Group and of the Company amounted to RM34.2 million and RM4.4 million (2006: RM33.2 million and RM3.5 million) respectively, which gives rise to the unrecognised deferred tax assets.

24. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share is based on the profit/(loss) for the year attributable to shareholders of the Company of RM547,370 (2006 : (RM9,816,040)) and the weighted average number of ordinary shares in issue during the financial year of 294,226,411 (2006: 268,015,385) calculated as follows:-

	GROUP	
	2007 RM	2006 RM
<u>Weighted average number of ordinary shares</u>		
Issued ordinary shares at beginning of the year	280,900,000	255,900,000
Effect of shares issued during the year	13,326,411	12,115,385
Weighted average number of ordinary shares	<u>294,226,411</u>	<u>268,015,385</u>

Diluted earnings/(loss) per ordinary share

The calculation of diluted earnings/(loss) per ordinary share is based on the net profit/(loss) for the year attributable to shareholders of the Company of RM547,370 (2006 : (RM9,816,040)) and the weighted average number of ordinary shares outstanding during the financial year of 307,150,151 (2006: 268,239,767) calculated as follows:-

	GROUP	
	2007 RM	2006 RM
<u>Weighted average number of ordinary shares (diluted)</u>		
Weighted average number of ordinary shares as above	294,226,411	268,015,385
Effect of share options	12,923,740	224,382
Weighted average number of ordinary shares (diluted)	<u>307,150,151</u>	<u>268,239,767</u>

25. SEGMENTAL INFORMATION

Segmental information is presented only in respect of the Group's geographical segments by location of assets. There is no information on business segments presented as the Group is principally involved in the provision of integrated e-business solutions.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Intersegment pricing is determined on an arm's length basis under terms, conditions and prices not materially different from transactions with unrelated parties.

	Malaysia		Singapore		Eliminations		Consolidated	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Geographic segments								
Revenue from external customers	704,937	342,615	17,016,489	14,335,988	-	-	17,721,426	14,678,603
Revenue from inter-segment	-	-	-	-	-	-	-	-
Total revenue	704,937	342,615	17,016,489	14,335,988	-	-	17,721,426	14,678,603
Segment results	(1,073,023)	(13,341,447)	1,985,608	(6,699,493)	-	10,672,695	912,585	(9,368,245)
Interest income							40,975	35,173
Interest expense							(400,940)	(476,337)
Profit/(loss) before taxation							552,620	(9,809,409)
Taxation							(5,250)	(6,631)
Profit/(loss) for the year							<u>547,370</u>	<u>(9,816,040)</u>
Segment assets	20,750,109	19,587,622	40,098,863	43,339,335	(28,885,625)	(27,373,910)	31,963,347	35,553,047
Tax recoverable	1,006	11,937	-	-	-	-	1,006	11,937
Total assets							<u>31,964,353</u>	<u>35,564,984</u>
Segment Liabilities	2,689,756	3,014,597	43,187,470	48,474,333	(31,885,503)	(30,373,788)	13,991,723	21,115,142
Other segments items								
Capital expenditure	17,284	65,062	28,387	39,789	-	-	45,671	104,851
Depreciation and amortisation	79,134	142,974	3,985,962	4,062,415	-	-	4,065,096	4,205,389
Impairment loss on investments in subsidiaries	-	7,680,455	-	-	-	(7,680,455)	-	-
Impairment loss on intangible assets (written back)/ recognised	-	-	(1,791,294)	2,402,016	-	-	(1,791,294)	2,402,016
Provision for foreseeable losses on contracts	-	523,650	-	2,480,024	-	-	-	3,003,674
Provision for sales return	-	-	-	790,039	-	-	-	790,039

26. CONTINGENT LIABILITIES

	COMPANY	
	2007 RM	2006 RM
Guarantees given by the Company to financial institutions for credit facilities granted to the subsidiaries	3,990,529	7,563,600

27. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:-

	GROUP	
	2007 RM	2006 RM
Less than one year	604,074	686,778
Between one to five years	905,374	343,158
	<u>1,509,448</u>	<u>1,029,936</u>

The Group leases office premises under operating leases. The leases typically run for an initial period of three years, with an option to renew the leases after the date of expiration. None of the leases include contingent rentals.

28. RELATED PARTIES

Controlling related party relationships are as follows:-

- (a) Its subsidiaries as disclosed in Note 9; and
- (b) Chan Wing Kong, being a Director and substantial shareholder.

Significant related party transactions during the year other than those disclosed elsewhere in the financial statements are as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Related party transactions				
With a company in which Mr. Chan Wing Kong, a Director, has or is deemed to have a substantial interest:				
PT novaSPRINT.com (Indonesia)				
Revenue from consultancy services rendered	-	248,569	-	248,569
novaC2R Pte. Ltd.				
Purchase of scanning services	734,000	252,569	-	-

29. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, interest rate, foreign currency and liquidity risks arises in the normal course of the Group's and the Company's business. The Board reviews and agrees policies for managing each of these risks and they are summarised below:-

Credit risk

Credit risk is the risk that customers and other parties will not be able to meet their obligations to the Group and the Company resulting in financial loss to the Group and the Company. Management monitors credit exposure to customers on an on-going basis. Deposits are placed only with licensed institutions.

The Group and the Company are potentially subject to credit risk arising from concentration of sales to a number of ongoing customers. The Group and the Company are required to perform regular credit evaluation of its customers and maintain an allowance for potential losses when required. The maximum exposure to credit risk for the Group and the Company are presented by the carrying amount of each financial asset.

Interest rate risk

Interest rate risk is the risk that changes in interest rate will have an adverse financial effect on the Group's and the Company's financial position and/or results. The Group and the Company are exposed to interest rate risk due to interest-bearing financial assets being fixed deposits placed with financial institutions. These are placed at varying maturities. The Group and the Company are also exposed to interest rate risk arising from interest-bearing financial liabilities.

Foreign currency risk

The Group and the Company are exposed to foreign currency risks in respect of their investments in foreign subsidiaries and some contract revenue. The currency primarily giving rise to this exposure is Singapore Dollars. During and at the end of the year, the Group and the Company had not entered into any forward currency contracts. However, management will keep this policy under review and will take necessary action to minimise the exposure of this risk.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. The exposure to liquidity risk is dependent on the continued financial support from the bankers of the Group and the Company.

Effective interest rates and repricing analysis

In respect of interest-bearing financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

2007	Effective interest rate %	GROUP	
		Total RM	Within 1 year RM
<u>Financial assets</u>			
Deposits with licensed banks	2.3	1,426,381	1,426,381
<u>Financial liabilities</u>			
Bank overdrafts	6.3	1,105,304	1,105,304
Revolving credit	5.9	1,000,000	1,000,000
Short term borrowings	8.0	599,013	599,013

29. FINANCIAL INSTRUMENTS (CONT'D)

Effective interest rates and repricing analysis (Cont'd)

	GROUP		
	Effective interest rate %	Total RM	Within 1 year RM
2006			
<u>Financial assets</u>			
Deposits with licensed banks	2.1	2,803,001	2,803,001
<u>Financial liabilities</u>			
Bank overdrafts	6.3	4,335,756	4,335,756
Revolving credit	5.6	1,000,000	1,000,000
Short term borrowings	8.0	2,451,920	2,451,920
	COMPANY		
	Effective interest rate %	Total RM	Within 1 year RM
2007			
<u>Financial assets</u>			
Deposits with licensed banks	3.1	637,847	637,847
<u>Financial liabilities</u>			
Bank overdrafts	8.75	698,038	698,038
Revolving credit	5.85	1,000,000	1,000,000
2006			
<u>Financial assets</u>			
Deposits with licensed banks	3.0	618,402	618,402
<u>Financial liabilities</u>			
Bank overdrafts	8.5	795,078	795,078
Revolving credit	5.6	1,000,000	1,000,000

Fair values

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term bank borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

30. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 10th May, 2007, an additional 17,000,000 new ordinary shares of RM0.10 each were issued and allotted at RM0.117 per share via a private placement exercise approved by the Securities Commission on 27th March, 2007. The proceeds of approximately RM1.9 million from the said placement had been fully utilised in the working capital of the Group as at the date of authorisation of the financial statements.

Statements by Directors

We, **Y.A.M. TUNKU DATO' SERI NADZARUDDIN IBNI TUANKU JA'AFAR** and **CHAN WING KONG**, being two of the directors of **NOVA MSC BERHAD**, state that in the opinion of the directors, the financial statements set out on pages 22 to 50 are drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st March 2007 and of their results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Board of Directors,

**Y.A.M. TUNKU DATO' SERI NADZARUDDIN
IBNI TUNKU JA'AFAR**

CHAN WING KONG

Kuala Lumpur,
Date: 27 July 2007

Statutory Declaration

I, **TAN CHEE PING**, the officer primarily responsible for the financial management of **NOVA MSC BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 22 to 50 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 TAN CHEE PING at Kuala)
Lumpur in Wilayah Persekutuan on)
27 July 2007)

TAN CHEE PING

Report of the Auditors to the members of Nova MSC Berhad

We have audited the financial statements set out on pages 22 to 50. These financial statements are the responsibility of the directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31st March 2007 and of their results and cash flows for the year then ended;

and

- (b) 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.

We have considered the financial statements and the auditors' report of the subsidiaries for which we have not acted as auditors as indicated in Note 9 to the financial statements.

We are satisfied that the financial statements of the subsidiary companies that have consolidated with the Company's financial statements 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.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comments made under subsection (3) of section 174 of the Act except for the modification as disclosed in Note 9 to the financial statements.

Without qualifying our opinion, we draw attention to Note 1(a) of the financial statements. The Directors have prepared the financial statements on a going concern basis based on the factors disclosed in the said note. In the event that these are not forthcoming, there is substantial doubt that the Group and the Company will be able to continue as going concerns and, therefore, as appropriate realise their assets and discharge their liabilities in the normal course of business. Consequently, adjustments may be required to reduce the values of assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets as current assets.

FOLKS DFK & CO.
AF: 0502
Chartered Accountants

SIVADASAN A/L NARAYANAN NAIR
1420/12/07(J)
Partner of the Firm

Kuala Lumpur,
Date: 27 July 2007

Statement of Shareholdings as at 14 August 2007

Authorized Capital	:RM 50,000,000
Issued and fully paid-up capital	:RM 32,276,500
Class of Shares	:Ordinary shares of RM0.10 each fully paid
Voting Rights	:One vote per RM 0.10 share

BREAKDOWN OF SHAREHOLDINGS as at 14 August 2007

Range of Shareholdings	No of Holders	Percentage of Holders	No of RM0.10 Shares	Percentage of Issued Capital
1 – 99	50	0.73	2,643	0.00
100 – 1,000	384	5.64	327,852	0.10
1,001 – 10,000	3,226	47.37	20,839,395	6.46
10,001 – 100,000	2,767	40.63	101,476,510	31.44
100,001 – 16,138,249	381	5.59	165,071,370	51.14
16,138,250 and above	2	0.03	35,047,230	10.86
Total	6,810	100.00	322,765,000	100.00

SUBSTANCIAL HOLDERS as at 14 August 2007

According to the register required to be kept under section 69L of the Companies Act, 1965, the following are the substantial holders of the Company:

Name of Substantial Shareholders	No of Shares held (direct)	% of Shareholding	No of Shares held (indirect)	% of Shareholding
Chung Kin Chuan	18,277,000	5.66	0	0
Chan Wing Kong	16,770,230	5.20	0	0

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS as at 14 August 2007

Name of Directors	No of Shares held (direct)	% of Shareholding	No of Shares held (indirect)	% of Shareholding
Chan Wing Kong	16,770,230	5.20	–	–
Victor John Stephen Price	8,608,211	2.67	–	–
Y. A. M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	–	–	8,000,000	2.48

Statement of Shareholdings as at 14 August 2007 (Cont'd)

THIRTY LARGEST REGISTERED HOLDERS as at 14 August 2007

Name of Substantial Shareholders	No of Shares held	% of Shareholding
1. Affin Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chung Kin Chuan (CHU0226C)</i>	18,277,000	5.66
2. KE-ZAN Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Chan Wing Kong</i>	16,770,230	5.20
3. Inter-Pacific Equity Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Tay Sen Kwan</i>	10,392,420	3.22
4. KE-ZAN Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Victor John Stephen Price</i>	8,608,211	2.67
5. HDM Nominees (Asing) Sdn Bhd <i>Philip Securities Pte Ltd for Au Sai Chuen</i>	7,401,000	2.29
6. CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt an for CIMB-GK Securities Pte Ltd(Retail Clients)</i>	6,202,956	1.92
7. Pesaka Antah Holdings Sdn Bhd	4,000,000	1.24
8. A.A. Anthony Nominees (Asing) Sdn Bhd <i>Fraser Securities Pte Ltd for Soh Chong Chau (92860)</i>	3,930,000	1.22
9. Inter-Pacific Equity Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Sebastian Yeo Boon Kiat</i>	3,600,053	1.12
10. KE-ZAN Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Brenda Margaret Price</i>	3,340,736	1.04
11. Tan Yew Soon	3,200,070	0.99
12. CIMSEC Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Pte Ltd for Teo Eng Huat (67)</i>	2,700,000	0.84
13. Cheah Lay See	2,575,700	0.80
14. Lai Teik Kin	2,565,970	0.79
15. Infocomm Investments Pte Ltd	2,405,912	0.75
16. HLG Nominee (Asing) Sdn Bhd <i>Lim & Tan Securities Pte Ltd for Lee Chin Choo</i>	2,132,000	0.66
17. Raden Corporation Sdn Bhd	2,000,000	0.62
18. HDM Nominees (Tempatan) Sdn Bhd <i>Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar</i>	2,000,000	0.62
19. Ng Wee Tiew @ Ng Wee Chiew	1,712,300	0.53
20. Ang Chee Keong	1,690,092	0.52
21. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Phoa Boon Ting (CEB)</i>	1,635,000	0.51
22. Kho Yong Hua	1,530,000	0.47
23. Chua Keng Liang	1,453,700	0.45
24. Ch'ng Bee Em	1,381,400	0.43
25. Wong Cheong Hoong	1,085,000	0.34
26. Wong Siew Lang	1,050,000	0.33
27. HDM Nominees (Tempatan) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Quek Pek San</i>	1,044,200	0.32
28. Batu Bara Resources Corporation Sdn Bhd	1,030,000	0.32
29. Lee Kim Hwee	1,000,000	0.31
30. Kong Si Ming @ Kong Sui Ming	940,000	0.29

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

In conjunction with the recent revamped Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market (“MMLR”), the Company proposes to implement the following amendments to the Articles of Association of the Company (for which differences are highlighted in bold) to comply with the amended provisions of the MMLR:-

Article	EXISTING ARTICLES		PROPOSED AMENDMENTS TO THE EXISTING ARTICLES	
	WORDS	MEANINGS	WORDS	MEANINGS
2	INTERPRETATION		INTERPRETATION	
	WORDS	MEANINGS	WORDS	MEANINGS
	The Exchange	The Kuala Lumpur Stock Exchange	The Exchange	means Bursa Malaysia Securities Berhad (635998-W) including any further change to its name.
	The Listing Requirements	The Listing Requirements of the Kuala Lumpur Stock Exchange for MESDAQ Market for the time being applicable to and governing the purchase by listed companies of its own shares	The Listing Requirements	The Listing Requirements of Bursa Malaysia Securities Berhad (635998-W) that are applicable to the MESDAQ market including any amendments thereto that may be made from time to time.
	Central Depository	Malaysian Central Depository Sdn Bhd	Depository	means Bursa Malaysia Depository Sdn Bhd (165570-W) including any further change to its name
	Depositor	A holder of a Securities Account	Depositor	A holder of a Securities Account established by the Depository
	Deposited Security	A security standing to the credit of a securities account and includes securities in a securities account that is in suspense.	Deposited Security	Shall have the meaning Given in Section 2 of the Securities Industry (Central Depositories) Act 991
	Member	Any person/persons for the time being holding shares in the Company and whose names appear in the Registrar of Members (except the Malaysian Central Depository Nominees Sdn Bhd) including depositors whose names appear on the Record of Depositors.	Member	Includes a Depositor who Shall be treated as if he Were a member pursuant to Section 35 of the Securities Industry (Central Depositories) Act 1991 but excludes the Depository in its capacity as a bare trustee
	Record of Depositors	A record provided by the Central Depository to the Company under 24.0 of the Rules	Record of Depositors	means a record provided by the Depository to a listed company under Chapter 24.0 of the Rules of the Depository.

Article EXISTING ARTICLES

(3) Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of or in connection with reducing the capital or winding up or the disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend or any part thereof on the preference shares is more than six (6) months in arrears. In particular, preference shareholders shall have the right to vote at any meeting convened during the course of winding up of the Company.

10 Lien on Shares not fully paid up

The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share such lien extending only to the specific shares on which such calls or instalments are for the time being unpaid to all dividends from time to time declared in respect of such shares. The Company shall also have a first and paramount lien on all shares (not being fully paid up shares) for all moneys which the Company may be called upon by law to pay in respect of the share of any Member or deceased Member or on such amounts where the shares were acquired under an employee share option scheme, which are owed to the Company for acquiring them. In each case, the lien extends to reasonable interest and expenses incurred since the amount has not been paid.

20 Transfer of Shares

Subject to the provisions of the Central Depositories Act and the Rules the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Central Depository in accordance with the rules of the Central Depository and, notwithstanding Sections 103 and 104 of the Act, and any exemption that may be made from compliance with subsection 107C (1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, there shall be no restriction on the transfer of fully paid shares except where required by law.

PROPOSED AMENDMENTS TO THE EXISTING ARTICLES

Renumbered as Article 4 (2)

Lien on Shares not fully paid up

The Company's **lien on shares and dividends as from time to time declared in respect to such shares shall be restricted to :-**

- (a) Unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid;
- (b) If the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and
- (c) Such amounts as the Company is required by law to pay, and has paid, in respect of the shares of a holder or deceased former holder.

In each case, the lien extends to reasonable interest and expenses incurred since the amount has not been paid.

Transfer of Shares

Subject to the provisions of the Central Depositories Act and the Rules, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, **but subject to Subsection 107(2) of the Act** and any exemption that may be made from compliance with **Subsection 107C (1)** of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, there shall be no restriction on the transfer of fully paid shares except where required by law.

Article EXISTING ARTICLES

24 Fixing of books closing date

The Register of Transfers may be closed at such time and for such period as the Directors may from time to time determine Provided Always that it shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange, such notice shall state the books closing date, which shall be at least eighteen (18) market days (or such other period as prescribed by the Exchange or any relevant governing laws and/or guidelines) after the date of notification to the Exchange and the address of share registry at which documents will be accepted for registration. At least three (3) market days prior notice shall be given to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors.

39 Evidence of forfeiture of the Company

A statutory declaration in writing that the declarant is a Director of the Company and that a share has been duly forfeited in pursuance of these Articles and stating the date upon which it was forfeited shall as against all persons claiming to be entitled to the share adversely to the forfeiture thereof be conclusive evidence of the facts therein stated and such declaration, together with the receipt of the Company for the consideration (if any) given for the share on the sale or disposition thereof and a certificate of proprietorship of the share under the Seal delivered to the person to whom the same is sold or disposed of, shall constitute a good title to the share, and shall be discharged from all calls made prior to such sale or disposition and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in references to the forfeiture, sale, re-allotment or disposal of the share.

PROPOSED AMENDMENTS TO THE EXISTING ARTICLES

Fixing of books closing date

The Register of Transfers may be closed at such time and for such period as the Directors may from time to time determine Provided Always that it shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange such notice shall state the books closing date, which shall be at least **ten (10) market days** (or such other period as prescribed by the Exchange **from time to time** or any relevant governing laws and/or guidelines) after the date of notification to the Exchange, and the address of share registry at which documents will be accepted for registration. At least three (3) market days prior notice **or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time** shall be given to the Depository to prepare the appropriate Record of Depositors.

Evidence of forfeiture of the Company

A statutory declaration in writing that the declarant is a Director of the Company and that a share has been duly forfeited in pursuance of these Articles and stating the date upon which it was forfeited shall as against all persons claiming to be entitled to the share adversely to the forfeiture thereof be conclusive evidence of the facts therein stated and such declaration, together with the receipt of the Company for the consideration (if any) given for the share on the sale or disposition thereof and a certificate of proprietorship of the share under the Seal delivered to the person to whom the same is sold or disposed of, shall constitute a good title to the share, and shall be discharged from all calls made prior to such sale or disposition and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share. **Any residue of the proceeds of sale of shares which are forfeited and sold, after the satisfaction of the unpaid calls and accrued interest and expenses shall be paid to the person whose shares have been forfeited, or his executors, administrators, or assignees or as he directs.**

Article EXISTING ARTICLES

44 Shares to be offered to members before issue.

Subject to any direction to the contrary that may be given by the Company in general meeting any original shares for the time being unissued and any new shares from time to time to be created, shall before they are issued, be offered to the Members in proportion as nearly as may be to the number of shares held by them. Such offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer if not accepted or renounced will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered the Directors may, subject to these Articles, dispose of the same in such manner as they think most beneficial to the Company. The Directors may in like manner dispose of any such new or original shares as aforsaid which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforsaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in manner herein before provided.

53 Notice of General Meeting

The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders of at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice, or twenty one (21) days' notice in the case where any special resolution is to be proposed or where it is the annual general meeting of every such meeting shall be given by advertisement in the daily press and in writing to each stock exchange upon which the company is listed including the Exchange

PROPOSED AMENDMENTS TO THE EXISTING ARTICLES

Shares to be offered to members before issue

Subject to any direction to the contrary that may be given by the Company in general meeting **all new shares or other convertible securities** shall before **issue**, be offered to **such persons as at the date of the offer are entitled to receive notices from the Company of general meetings** in proportion as nearly as the circumstances admit, to the amount of the existing shares **or securities** to which they entitled. The offer shall be made by notice specifying the number of shares or **securities** offered, and limiting a time within which the offer, if not accepted, or renounced will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares **or securities** offered, the Directors may, subject to these Articles, dispose of **those shares or securities** in such manner as they think most beneficial to the Company. The Directors may **likewise also** dispose of any such new shares or **securities** which (by reason of the **ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities**) cannot, in the opinion of the Directors, be conveniently offered **under this Article**.

Notice of General Meeting

The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders of at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice, or twenty one (21) days' notice in the case where any special resolution is to be proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in **at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper** and in writing to each stock exchange upon which the company is listed including the Exchange

Article	EXISTING ARTICLES	PROPOSED AMENDMENTS TO THE EXISTING ARTICLES
54	<p data-bbox="341 387 644 409">Notice of General Meeting</p> <p data-bbox="341 443 855 645">(e) The Company shall <u>by written request made in duplicate in the prescribed form</u>, request the Central Depository, in accordance with the Rules, <u>to prepare</u> the Record of Depositors to whom subject to the provisions of the written law notices of general meeting shall be given by the Company</p> <p data-bbox="341 678 855 824">(f) The Company shall request the Central Depository in accordance with the Rules of the Central Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.</p> <p data-bbox="341 857 855 1059">(g) The Company shall also request the Central Depository in accordance with the Rules of the Central Depository, to issue a Record of Depository, as at <u>a date</u> not less than three (3) market days before the general meeting (referred to as “the General Meeting Record of Depositors”)</p> <p data-bbox="341 1115 855 1317">(h) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.</p>	<p data-bbox="887 387 1190 409">Notice of General Meeting</p> <p data-bbox="887 443 1410 589">e) The Company shall request the Depository, in accordance with the Rules, to issue the Record of Depositors to whom notices of general meeting shall be given by the Company</p> <p data-bbox="887 678 1023 701">(f) Deleted</p> <p data-bbox="887 857 1410 1081">Renumbered as Article 54 (f) The Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the general meeting (referred to as “the General Meeting Record of Depositors”)</p> <p data-bbox="887 1115 1203 1137">Renumbered as Article 54 (g)</p>
58	<p data-bbox="341 1350 715 1373">Proceedings At General Meeting</p> <p data-bbox="341 1406 855 1727">The Chairman (if any) of the board of directors shall preside as chairman at every general meeting, but if there be no such chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same or shall be unwilling to act as chairman the Members present shall choose any other Director, <u>or if no Director be present or if all the Directors present decline to take the chair</u>, they shall choose some member present to be chairman of the meeting.</p>	<p data-bbox="887 1350 1262 1373">Proceedings At General Meeting</p> <p data-bbox="887 1406 1410 1727">The Chairman (if any) of the board of directors shall preside as chairman at every general meeting, but if there be no such chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same or shall be unwilling to act, the Directors may choose one (1) of their number to be the chairman of the meeting. If none of the Directors is willing to act, the Members present shall elect one (1) of their number to be chairman of the meeting.</p>

Article	EXISTING ARTICLES	PROPOSED AMENDMENTS TO THE EXISTING ARTICLES
60	<p>How resolution decided</p> <p>At all general meetings a resolution put to the vote of the meeting shall be decided by a show of hands of persons present and entitled to vote unless before or upon the declaration of the result of the show of hands a poll is demanded</p> <p>by the Chairman or</p> <p>by at least two (2) members,</p> <p>or by the holder or holders in person or by proxy of at least <u>one-twentieth (1/12)</u> part of the issued share capital of the Company</p> <p>and unless a poll be so demanded a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority or lost or not carried by a particular majority, shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution.</p>	<p>How resolution decided</p> <p>No Change</p> <p>No Change</p> <p>No change</p> <p>By any Member or Members present in person or by proxy and representing not less than one-tenth of the total sum paid up on all the shares conferring that right;</p> <p>No Change</p>
66	<p>Vote of Members</p> <p>On a show of hands every Member who is present in person or by proxy shall have one vote. In case of a poll every Member holding ordinary shares who is present in person or by proxy shall have one vote for every ordinary share held by him.</p>	<p>Vote of Members</p> <p>On a resolution to be decided on a show of hands a holder of ordinary shares or preference shares who is personally present and entitled to vote or by proxy shall be entitled to one (1) vote. In case of a poll every Member holding ordinary shares who is present in person or by proxy shall have one vote for every ordinary share held by him.</p>
69	<p>(a) A Member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another Member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the company shall have been paid. The proxy need not be a member of the company and if not a member he need not be qualified legal practitioner, an approved Company auditor or a person approved by the Registrar.</p> <p>No member shall be entitled to vote or be recognized in a quorum in respect of any shares upon which any call or other sum so due and payable shall be unpaid.</p>	<p>(a) No Change</p> <p>No member shall be entitled to be present and to vote at any general meeting in respect of any share or shares unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.</p>

Article	EXISTING ARTICLES	PROPOSED AMENDMENTS TO THE EXISTING ARTICLES
69 (b)	<p>A member may appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.</p>	<p>A member may appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the member shall specify the proportion of his shareholding to be represented by each proxy.</p>
	(c) New provision	<p>(c) Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.</p>
74	<p>Number of Directors</p> <p>Until otherwise recommended by the board of directors and confirmed by the Company in general meeting the number of Directors shall not be less than two (2) and not, more than (9), <u>all of whom shall be natural persons</u>. The first Directors of the Company are Noraini binti Abdullah and Zainudin bin Koming (MIA 3624)</p>	<p>Number of Directors</p> <p>Until otherwise recommended by the board of directors and confirmed by the Company in general meeting the number of Directors shall not be less than two (2) and not, more than nine (9). The first Directors of the Company are Noraini binti Abdullah and Zainudin bin Koming (MIA 3624)</p>
76	<p>The office of a Director shall be vacated:-</p> <ul style="list-style-type: none"> (a) If he becomes bankrupt or makes any arrangement or composition with his creditors; (b) If he found lunatic or become of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder; (c) If he becomes prohibited by law from acting as Director; (d) If he be convicted of any sizeable offence; (e) If by notice in writing given to the Company he resigns his office; (f) If he is removed by ordinary resolution of the Company pursuant to the provisions of Article 100; or (g) If he absents himself from the meetings of Directors for a period of more than six (6) months without special leave of absence from the other Directors and such Directors have passed a resolution that he has by reason of such absence vacated his office. 	<p>The office of a Director shall be vacated:-</p> <ul style="list-style-type: none"> (a) If he becomes unsound mind or bankrupt during his term of office; (b) Deleted (c) No change (d) No Change (e) No Change (f) No Change (g) Deleted

Article	EXISTING ARTICLES	PROPOSED AMENDMENTS TO THE EXISTING ARTICLES
78	<p>Managing Director/Chief Executive Officer</p> <p>The Directors may from time to time appoint any one (1) of or more of their body to be the Managing Director of the Company and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place. The period of appointment of the Managing Director shall be <u>for such period not exceeding a fixed term of five (5) years with powers to the Directors to re-appoint thereafter, and</u> upon such terms as they think fit. The Company may vest in the Managing Director such of the powers hereby vested in the Directors generally as they may think fit and such powers may be made exercisable for such period or periods upon such terms of remuneration and otherwise as they may determine and may from time to time revoke, withdraw, alter or vary all or any of such powers and subject thereto, shall always be under the control of the board of directors. The remuneration of a Managing Director may be by way of salary or commission or participation in profits or by any or all of those modes but shall not include a commission on or a percentage of turnover.</p>	<p>Managing Director/ Chief Executive Officer</p> <p>The Directors may from time to time appoint any one (1) of or more of their body to be the Managing Director of the Company and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place. The period of appointment of the Managing Director shall be determined by the Directors and shall be re-appointed upon such terms as they think fit, but his appointment shall be automatically determined if he ceases from any cause to be a Director.</p>
79 (2)	<p>A Managing Director shall not, while he continues to hold such office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors pursuant to Article 96 and if he is appointed as a Director pursuant to Article 101 he shall not be required to resign or retire under Article 101 while he continues to hold such office.</p>	Deleted
80	<p>Alternate Directors</p> <p>(1) (a) Any Directors may at any time by writing under his hand and deposited at the Office appoint any person (<u>to be approved by a majority of the other Directors by way of Directors' resolution</u>) to <u>be</u> his alternate Director and may in like manner at any time terminate such appointment.</p>	<p>Alternate Directors</p> <p>(1) (a) Any Directors may at any time by writing under his hand and deposited at the Office appoint any person approved by a majority of the other Directors to act as his alternate Director and may in like manner at any time terminate such appointment.</p>
96	<p>Appointment of Directors</p> <p>Subject to these Articles, at each annual general meeting one third of the Directors (except Managing Director (s)) for the time being or if their number is not a multiple of three, the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place Provided Always that <u>each Director (except Managing Director (s)) shall retire once in every three (3) years</u> but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of meeting whether adjourned or not.</p>	<p>Appointment of Directors</p> <p>Subject to these Articles, at each annual general meeting one third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3) then the number nearest one-third (1/3) shall retire from office, and an election of Directors shall take place each year. Provided Always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.</p>

Article EXISTING ARTICLES

- 98 No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless some Member intending to propose him has, at least eleven (11) clear days before the meeting left at the Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary and notice of each and every candidature of election to the board of directors shall be served on the Members at least (7) days prior to the meeting at which the election is to take place.
- 130 A copy of every balance sheet and profit and loss account which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' report shall not more than six (6) months after the close of the financial year and not less than fourteen (14) days before the date of the meeting be sent to every Member of , and every holder of debenture of, the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of joint holders of any shares or debentures, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application to the Office.

PROPOSED AMENDMENTS TO THE EXISTING ARTICLES

No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless **a Member** intending to propose him has, at least eleven (11) clear days before the meeting, left at the Registered Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office or the intention of such member to propose him for election, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature of election to the Board of Directors shall be served on the Members at least seven (7) days prior to the meeting at which the election is to take place.

A copy of every balance sheet and profit and loss account which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' report shall not more than six (6) months after the close of the financial year and not less than **twenty-one (21) days** before the date of the meeting be sent to every Member of, and every holder of debenture of, the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles. **The Company shall issue to its Member an annual report relating to it within six (6) months after the close of its financial year end in printed form or in CD-ROM form or in such other form of electronic media. Notwithstanding the above annual audited accounts together with the auditors and Directors reports shall be given to Bursa Securities for public release within four (4) months after the close of its financial year end.** Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of joint holders of any shares or debentures, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application to the Office. **In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within (4) Market days from the date of receipt of the Member's request.**

Article	EXISTING ARTICLES	PROPOSED AMENDMENTS TO THE EXISTING ARTICLES
139	<p>Winding Up</p> <p>(3) On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall be approved by the shareholders. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which <u>it is</u> to be considered.</p>	<p>Winding Up</p> <p>(3) On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall be approved by the shareholders. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which the commission or fee is to be considered.</p>
142	<p>Alteration of Articles</p> <p>(a) The Company shall not add to, amend or delete any of their existing Articles which have previously been approved by the Exchange <u>unless prior written approval has been sought and obtained from the Exchange</u> for such addition, amendment or deletion.</p>	<p>Alteration of Articles</p> <p>(a) The Company shall not add to, amend or delete any of their existing Articles unless the approval of shareholders for such addition, amendment or deletion has been sought and obtained.</p>
143	<p>Effect of the Listing Requirements</p> <p>(g) New provision</p>	<p>Effect of the Listing Requirements</p> <p>(g) For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market including any amendments to the Listing Requirements that may be made from time to time.</p>

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Nova MSC Berhad
591898-H

PROXY FORM

No. of shares held

I/We, NRIC No.....

of

being a member / members of **NOVA MSC BERHAD**, hereby appoint

..... NRIC No.of

..... or failing him, **THE CHAIRMAN OF THE MEETING** as my/our proxy, to vote for me/us and on my/our behalf at the Fifth Annual General Meeting of the Company held on Wednesday, 26th September 2007 and at any adjournment thereof.

Please indicate with an "X" in the spaces below as to how you wish your votes to be cast. (If you do not do so, the Proxy will vote or abstain from voting at his discretion).

RESOLUTIONS	RESOLUTION	FOR	AGAINST
1. Adoption of Accounts & Reports	1		
2. Re-election of Director :- a) Dr Dr. Victor John Stephen Price	2		
3. To approve the payment of Directors' fees for the year ended 31 March 2007.	3		
4. Appointment of Messrs. Folks DFK & Co as Auditors and to authorize the Directors to fix their remuneration.	4		
5. Special Business : To approve the Issuance of Shares Pursuant to Section 132D	5		
6. Special Business : To approve the Proposed Amendment to the Articles of Association of the Company	6		

Dated

.....
Signature/Seal

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hands of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal, or the hand of its attorney duly authorised.
4. The Proxy Form must be deposited at the Registered Office of the Company at .39 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.



PLEASE FOLD HERE

AFFIX
STAMP

The Company Secretary
NOVA MSC BERHAD (591898-H)
39 Jalan Yap Kwan Seng
50450 Kuala Lumpur

PLEASE FOLD HERE
