



NOVA MSC BERHAD
(591898-H)

2008

Annual Report

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 29 September 2008 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 2008, together with the Reports of Directors and Auditors thereon. (Resolution 1)
2. To re-elect Mr. Chan Wing Kong 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 2008. (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 :- (Resolution 5)

"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."
6. To transact any other business for which due notice has been given. (Resolution 6)

BY ORDER OF THE BOARD

Loy Tuan Bee (BC/L/168)
Wong Wai Yin (MAICSA 7003000)
Kuala Lumpur
5 September 2008

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 Court @Loke Mansion, No 273A Jalan Medan Tuanku 50300 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.

Statement Accompanying

Notice Of Annual General Meeting

1. Directors who retire by rotation and standing for re-election pursuant to the Article of Association of the Company
 - (i) Mr. Chan Wing Kong
2. The profiles of Mr. Chan Wing Kong, 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 56 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 2008. 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 Sixth Annual General Meeting

The Sixth Annual General Meeting is scheduled to be held on Monday, 29 September 2008 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 RENUMERATION 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 Court @ Loke Mansion
No 273A Jalan Medan Tuanku
50300 Kuala Lumpur
Tel: (03) 2693 1633
Fax: (03) 2693 4475
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

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

Chairman's Statement

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 2008.

The Year under review

For the financial year ended 31 March 2008, the Group revenue amounted to RM17.5 million, which is comparable to the RM17.7 million recorded in the previous year. The Group, however, recorded a loss before taxation of approximately RM2.3 million as compared to a profit before taxation of RM0.6 million in the previous year mainly due to the absence of a write back of impairment loss on intangible asset of RM1.8 million and bad debt recovered of RM0.4 million. Loss per shares was recorded at 0.71 sen as compared to earning per shares of 0.18 sen for the previous financial year.

During the financial year under review, the Company raised approximately RM3.3 million via the following issuance of new ordinary shares of RM0.10:

1. In May 2007, the Company issued 17,000,000 new ordinary shares of RM0.10 each at RM0.117 per share pursuant to the first tranche of private placement exercise for cash, and
2. In September 2007, the Company issued an additional 12,900,000 new ordinary shares of RM0.10 each at par for cash, being the second tranche of the private placement exercise.

The proceeds had been fully utilized for the working capital of the Group during the financial year under review. Shareholders' funds as at 31 March 2008 stood at approximately RM19.6 million as compared to RM18.0 million as at 31 March 2007.

Research and Development

The Group continues to believe that R&D is an essential component for every successful software company in driving business growth and improving operational efficiency. Hence, for the financial year ended 31 March 2008, expenditure of approximately RM2.8 million was incurred to enhance the current suite of products namely, PAVO™, FORNAX™ and VESALIUS™. In the coming years, as the Group embarks on our marketing strategy to promote our current suite of products regionally, the R&D team will be moving aggressively on to localization projects.

Business Direction

Moving forward, the Group will continue to focus our effort to strengthen our core competences, improve our operational efficiency and extend our marketing effort around the region and beyond. With the international experience gained from the previous projects, the Group is now more aware of the risks and should be able to mitigate them by enhancing the flexibility of our software to cater to local languages and requirements. The Group has also enhanced its project methodology and quality assurance process to ensure better timeliness and quality of delivery. However, the Group continues to operate in a highly competitive environment. The year ahead will continue to be a challenge as we envisage increased operational costs as we roll out our implementation plans for our orders secured, and from our marketing effort to promote our current suite of solutions regionally. Hence, we will need to be vigilant and cost conscious to ensure that we remain competitive in the way we serve our clients.

Appreciation

On behalf of the Board of Directors, I would like to express our deepest appreciation to the management and staff for their resilience in facing the challenges and dedication in building the foundation for our future growth. I would also like to record our thanks to our shareholders, customers, bankers, suppliers and business partners who have given us their invaluable support.

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 as 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, HwangDBS Investment Bank Berhad, Universal Trustee (Malaysia) Berhad and Nova MSC 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 2008.

Mr Chan Wing Kong,

a Singapore citizen age 49, 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 2008.

Dr Victor John Stephen Price,

a South African age 65, 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. Indonesia.

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 2008.

Mr Onn Kien Hoe,

a Malaysian, age 43, was appointed as 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, Melewar Industrial Group 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 2008.

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 (Revised 2007) ("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 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 Nomination Committee was set up on 28 August 2007. It comprises of two independent non executive directors and one (1) executive director. The NC is empowered by the Board and its term of reference to identify and recommend to the Board suitable candidates for appointment to the Board and Board committees. The Committee annually reviews the Board structure, size and composition and the mix of skills and core competencies required for the Board to discharge its duties effectively. An assessment of the effectiveness of the Board as a whole is carried out annually by the Committee.

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.

Statement Of Corporate Governance (CONT'D)

1. THE BOARD OF DIRECTORS (CONT'D)

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

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.

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 (RC) will be responsible for reviewing annually and recommending to the Board, the remuneration policy and packages of the Executive Directors. The RC does not possess the authority to make decisions on behalf of the Board. Its role is merely that of making recommendations for the Board's approval. In making its recommendation the RC adheres to the principle of remunerating based on the Group's performance as well as individual performance.

Aggregate remuneration of the Directors during the financial year ended 31 March 2008 can be categorized into the following components:

Category	Director's Fees	Salaries and other emolument	Total
	(RM)	(RM)	(RM)
Executive Directors	-	618,833	618,833
Non-Executive Directors	80,000	-	80,000

Statement Of Corporate Governance (CONT'D)

2 DIRECTORS' REMUNERATION (CONT'D)

2.1 Remuneration Policy and Procedures (CONT'D)

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	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM300,000	1	-
RM300,001 to RM400,000	1	-
RM400,001 to RM500,000	-	-

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

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 13 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.

Statement Of Corporate Governance (CONT'D)

4. ACCOUNTABILITY AND AUDIT (CONT'D)

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 16 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 13 to 15.

4.6 Compliance with the Code

The Board has to the best of its ability and knowledge complied with the Best Practices 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.

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 5 March 2007, the Company proposed to implement a private placement of up to 34,517,825 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 ("Private Placement"). The Securities Commission had vide their letter dated 27 March 2007 approved the Private Placement.

On 10 May 2007, additional 17,000,000 new ordinary shares of RM0.10 each issued at RM0.117 per share, being the first tranche of the Private Placement, was granted listing and quotation. In September 2007, a second tranche of 12,900,000 new ordinary shares of RM0.10 each were issued at RM0.10 per share. All proceeds from the said private placement had been fully utilized as the working capital of the Group as to date.

On 28 March 2008, the Company proposed to implement a private placement of up to 77,202,950 new ordinary shares of RM0.10 each in the Company, representing not more than twenty percent (20%) of the issued and paid-up share capital of the Company. The Placement Shares are proposed to be placed out to Raden Corporation Sdn Bhd ("Raden") and independent third party investors to be identified at a later date. Raden is deemed interested by virtue of Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar's directorship in NOVAMSC and his directorship and major shareholdings in Raden. Raden has indicated their interest to subscribe up to 19,300,738 Placement Shares or equivalent up to five percent (5%) of the issued and paid-up share capital of the Company.

The Securities Commission ("SC") had vide its letter dated 31 July 2008 approved the Proposed Private Placement, subject to the following conditions:-

Conditions

- (i) Company/OSK (the Company's financial adviser) to disclose in its Circular to Shareholders and introductory documents to potential placees the following:
 - (a) Commentary on the past three (3) years' financial results and the current financial status of the Company;
 - (b) Commentary on the financial status of the Company upon completion of the Proposed Private Placement; and
 - (c) Commentary on the future plan of the Company to improve its financial position.
- (ii) In the event that the Company becomes an Affected Listed Company under Guidance Note No.3/2006 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market ("GN3 Date") prior to implementation of the Proposed Private Placement, Company/OSK is to ensure that no allotment of the Placement Shares is made on or after the GN3 Date. OSK is to confirm in writing to the SC that Company is not an Affected Listed Company on the allotment date of any tranche of the Placement Shares;
- (iii) Company/OSK to fully comply with the relevant provisions in the SC's Guidelines on the offering of Equity and Equity-linked Securities for the MESDAQ Market, in implementing the Proposed Private Placement.
- (iv) Company/OSK to inform the SC upon completion of the Proposed Private Placement.

The Company is in the process of applying to Bursa Securities for the listing of and quotation for up to 77,202,950 new NOVAMSC Shares to be issued pursuant to the Proposed Private Placement and also to obtain approval from the shareholders of Nova MSC for the proposed Private Placement at the forthcoming EGM to be convened.

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. On 15 June 2007, another 8,440,000 options had been granted to eligible employees of the Group. As at 31 March 2008, a total of 11,865,000 options had been exercised while a total of 3,495,000 options had lapsed or expired due to staff resignation. As at 31 March 2008, 19,150,000 options have not been exercised.

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

Additional Compliance Information (CONT'D)

4. NON- AUDIT FEES

There was no non-audit fees paid by the Group to the external auditors for the financial year ended 31 March 2008.

5. VARIATION OF RESULTS

There was no variation between the audited result for the financial year ended 31 March 2008 and that of the unaudited results previously announced on 28th May 2008.

6. MATERIAL CONTRACTS

For the financial year ended 31st March 2008, no contracts of a material nature were entered into or were subsisting between the Group and its Directors or major shareholders.

7. CORPORATE SOCIAL RESPONSIBILITY

The Board recognizes the importance of being a responsible corporate citizen to enhance and positively contribute to society. Although no CSR activities have been carried out during the financial year, the Group will be looking at implementing the best practices of CSR in areas of environment, community, workplace and marketplace in the coming years.

Audit Committee Report

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee comprises the following:-

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 of at least three (3) members. All audit committee members must be non executive directors, with a majority of them being independent directors.

At least one member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountants (MIA) ; or
- (b) if he is not a member of MIA, he must have at least three (3) years working experience and:-
 - (i) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) he is a member of one (1) of the Associations specified in Part II of the 1st Schedule of the Accountants Act, 1976.
- (c) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Bhd.

No alternate director shall be appointed as a member of the Committee.

The Board takes cognizance of the membership requirement of the Audit Committee under the revised Code and the transitional period allowed under the amendments of the Listing Requirements and will take measures to comply in due course

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.

Audit Committee Report (CONT'D)

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 adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
 - 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. Convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the listed company, whenever deemed necessary.
 - 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).
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.

Audit Committee Report (CONT'D)

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.

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 15.26(b), Chapter 15 of the Listing Requirement of Bursa Malaysia Securities Berhad for 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.

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

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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 2008.

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	COMPANY
	RM	RM
Loss for the year	2,338,600	1,138,613

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 ended 31st March 2008.

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, Chan Wing Kong retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

6. DIRECTORS' INTERESTS

According to the 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:

	<u>Number of ordinary shares of RM0.10 each in the Company</u>			
	As at 1.4.2007	Bought	Sold	As at 31.3.2008
Direct interest				
Chan Wing Kong	16,770,230	-	-	16,770,230
Victor John Stephen Price	8,108,211	500,000	-	8,608,211
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

Directors' Report (CONT'D)

6. DIRECTORS' INTERESTS (CONT'D)

	Exercise price RM/share	Number of options over ordinary shares of RM0.10 each in the Company			As at 31.3.2008
		As at 1.4.2007	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	2,500,000	-	-	2,500,000
Victor John Stephen Price	0.10	700,000	-	-	700,000
Onn Kien Hoe	0.10	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

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM30,576,500 comprising 305,765,000 ordinary shares of RM0.10 each to RM33,566,500 comprising 335,665,000 ordinary shares of RM0.10 each by way of:-

- (i) The issue of 17,000,000 new ordinary shares of RM0.10 each of the Company at RM0.117 per share for cash pursuant to the private placement exercise on 3rd May 2007 for cash for the purpose of working capital; and
- (ii) The issue of 12,900,000 new ordinary shares of RM0.10 each of the Company at par for cash pursuant to the private placement exercise on 6th September 2007 for the purpose of working capital.

All shares issued during the financial year rank pari passu in all respects with the existing ordinary 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.
- (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.

Directors' Report (CONT'D)

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

- (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).

The number of options outstanding as at the end of the financial year are as follows:-

Grant date	Number of options over ordinary shares of RM0.10 each in the Company				As at 31.3.2008
	As at 1.4.2007	Granted	Exercised	Lapsed	
20.3.2006	8,945,000	-	-	(3,215,000)	5,730,000
21.6.2006	4,600,000	-	-	-	4,600,000
30.8.2006	660,000	-	-	(180,000)	480,000
15.6.2007	-	8,440,000	-	(100,000)	8,340,000
	14,205,000	8,440,000	-	(3,495,000)	19,150,000

Options outstanding at the end of the financial year have the following expiry date and exercise price:-

Grant date	Number of options over ordinary shares of RM0.10 each in the Company			
	Exercise price RM	Expiry date	Number of options	
			2008	2007
20.3.2006	0.10	30.10.2010	5,730,000	8,945,000
21.6.2006	0.10	7.3.2010	4,600,000	4,600,000
30.8.2006	0.10	7.3.2010	480,000	660,000
15.6.2007	0.10	30.10.2015	8,340,000	-
			19,150,000	14,205,000

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 during the year. The names of option holders and the number of options granted during the financial year which in aggregate are 350,000 options or more are as follows:-

Name of option holder	Exercise price (RM)	Number of options over ordinary shares of RM0.10 each in the Company
Tan Meng Khiang	0.10	800,000
Ng Wee Kiat	0.10	600,000
Mehta Chiteshkumar J	0.10	600,000
Kwang Chong Khoon	0.10	600,000
Chua Mei Chen, Janet	0.10	500,000
Goh Shiao Huay, Carolyn	0.10	400,000

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

Directors' Report (CONT'D)

10. OTHER STATUTORY INFORMATION (CONT'D)

- (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;
- (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:

- (i) the results of the operations of the Group and the Company for the financial year ended 31st March 2008 were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between 31st March 2008 and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and the Company for the financial year in which this report is made.

11. SIGNIFICANT PROPOSAL DURING THE YEAR

On 28th March 2008, the Company announced that it proposed to implement a private placement of up to 77,202,950 new ordinary shares of RM0.10 each in the Company, representing up to twenty percent (20%) of the issued and paid-up share capital of the Company ("Proposed Private Placement").

The proceeds from the Proposed Private Placement will be utilised to meet the working capital requirements of the Group including marketing and financing viable projects that may arise in the future which are expected to contribute positively to the Group's future earnings.

On 20th May 2008, the application for the Proposed Private Placement has been submitted to the Securities Commission.

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,
17th July 2008

Balance Sheets

As At 31st March 2008

	Note	GROUP		COMPANY	
		2008	2007	2008	2007
		RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	7	141,036	178,357	44,776	50,054
Intangible assets	8	22,366,302	23,778,762	-	-
Investment in subsidiaries	9	-	-	9,692,293	522,215
		<u>22,507,338</u>	<u>23,957,119</u>	<u>9,737,069</u>	<u>572,269</u>
Current Assets					
Amount due from contract customers	10	3,682,041	994,523	635,169	12,338
Inventories	11	-	383,321	-	-
Trade and other receivables	12	5,298,771	4,367,673	14,954,190	21,048,285
Tax recoverable		189	1,006	189	1,006
Cash and bank balances	13	2,557,314	2,260,711	658,616	645,372
		<u>11,538,315</u>	<u>8,007,234</u>	<u>16,248,164</u>	<u>21,707,001</u>
TOTAL ASSETS		<u>34,045,653</u>	<u>31,964,353</u>	<u>25,985,233</u>	<u>22,279,270</u>
EQUITY					
Share capital	14	33,566,500	30,576,500	33,566,500	30,576,500
Share premium	15	8,529,705	8,370,188	8,529,705	8,370,188
Accumulated losses		(25,367,314)	(23,028,714)	(21,812,297)	(20,673,684)
Equity compensation reserve		829,961	310,570	829,961	310,570
Foreign currency translation reserve		2,027,484	1,744,086	-	-
Equity attributable to the shareholders of the Company		<u>19,586,336</u>	<u>17,972,630</u>	<u>21,113,869</u>	<u>18,583,574</u>
LIABILITIES					
Current Liabilities					
Amount due to contract customers	10	478,404	820,103	-	-
Trade and other payables	17	9,364,601	10,467,303	3,153,249	1,997,658
Bank borrowings	18	4,616,312	2,704,317	1,718,115	1,698,038
TOTAL LIABILITIES		<u>14,459,317</u>	<u>13,991,723</u>	<u>4,871,364</u>	<u>3,695,696</u>
TOTAL EQUITY AND LIABILITIES		<u>34,045,653</u>	<u>31,964,353</u>	<u>25,985,233</u>	<u>22,279,270</u>

Income Statements

For The Year Ended 31st March 2008

	Note	GROUP		COMPANY	
		2008	2007	2008	2007
		RM	RM	RM	RM
Revenue	19	17,492,783	17,721,426	1,111,000	704,937
Other income		398,832	65,638	2,118	2,124
Employee benefits expenses	20	(9,511,811)	(8,758,905)	(1,256,561)	(1,399,084)
Hardware and material costs		(3,226,742)	(3,580,571)	(44,199)	(13,865)
Office rental		(736,648)	(734,978)	(217,296)	(217,296)
Other expenses		(2,573,624)	(1,926,223)	(596,549)	(451,260)
Depreciation and amortisation		(3,992,120)	(4,065,096)	(37,103)	(79,134)
Allowance for doubtful debts written back		-	400,000	-	400,000
Impairment loss on intangible assets written back		-	1,791,294	-	-
Interest income		41,845	40,975	21,948	19,445
Finance costs		(224,298)	(400,940)	(115,154)	(120,260)
(Loss)/profit before taxation	22	(2,331,783)	552,620	(1,131,796)	(1,154,393)
Tax expense	23	(6,817)	(5,250)	(6,817)	(5,250)
(Loss)/profit for the year		(2,338,600)	547,370	(1,138,613)	(1,159,643)
(LOSS)/EARNINGS PER ORDINARY SHARE					
Basic	24	(0.71 sen)	0.19 sen		
Fully diluted	24	(0.71 sen)	0.18 sen		

Statements Of Changes In Equity

For The Year Ended 31st March 2008

GROUP	Attributable to the shareholders of the Company					Total
	Non-distributable					
	Share Capital	Foreign Currency Translation Reserve	Share Premium	Equity Compensation Reserve	Accumulated Losses	
RM	RM	RM	RM	RM	RM	
2008						
At 1st April 2007	30,576,500	1,744,086	8,370,188	310,570	(23,028,714)	17,972,630
Foreign currency translation	-	283,398	-	-	-	283,398
Share issue expenses	-	-	(129,483)	-	-	(129,483)
Income/(expenses) recognised directly in equity	-	283,398	(129,483)	-	-	153,915
Loss for the year	-	-	-	-	(2,338,600)	(2,338,600)
Total recognised income/(expense) for the year	-	283,398	(129,483)	-	(2,338,600)	(2,184,685)
Equity compensation arising from Group ESOS	-	-	-	519,391	-	519,391
Issue of shares	2,990,000	-	289,000	-	-	3,279,000
At 31st March 2008	33,566,500	2,027,484	8,529,705	829,961	(25,367,314)	19,586,336
2007						
At 1st April 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 (CONT'D)

For The Year Ended 31st March 2008

Attributable to the shareholders of the Company

	Non-distributable				Total
	Share Capital	Share Premium	Equity Compensation Reserve	Accumulated Losses	
COMPANY	RM	RM	RM	RM	RM
2008					
As at 1st April 2007					
- As previously reported	30,576,500	8,075,696	82,847	(20,673,684)	18,061,359
- Prior year adjustment (Note 31)	-	294,492	227,723	-	522,215
- As restated	30,576,500	8,370,188	310,570	(20,673,684)	18,583,574
Share issue expenses charged directly to equity	-	(129,483)	-	-	(129,483)
Loss for the year	-	-	-	(1,138,613)	(1,138,613)
Total recognised expense for the year	-	(129,483)	-	(1,138,613)	(1,268,096)
Equity compensation arising from Group ESOS	-	-	519,391	-	519,391
Issue of shares	2,990,000	289,000	-	-	3,279,000
As at 31st March 2008	<u>33,566,500</u>	<u>8,529,705</u>	<u>829,961</u>	<u>(21,812,297)</u>	<u>21,113,869</u>
2007					
At 1st April 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 for the year	-	(66,035)	-	(1,159,643)	(1,225,678)
Equity compensation arising from Group ESOS					
- As previously reported	-	-	124,575	-	124,575
- Prior year adjustment (Note 31)	-	-	522,215	-	522,215
- As restated	-	-	646,790	-	646,790
Issue of shares	2,486,500	91,000	-	-	2,577,500
Recognition of premium on ESOS exercised					
- As previously reported	-	41,728	(41,728)	-	-
- Prior year adjustment (Note 31)	-	294,492	(294,492)	-	-
- As restated	-	336,220	(336,220)	-	-
At 31st March 2007	<u>30,576,500</u>	<u>8,370,188</u>	<u>310,570</u>	<u>(20,673,684)</u>	<u>18,583,574</u>

Cash Flow Statements

For The Year Ended 31st March 2008

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	(2,331,783)	552,620	(1,131,796)	(1,154,393)
Adjustment for:				
Depreciation of property, plant and equipment	130,306	362,569	37,103	79,134
Amortisation of intangible assets	3,861,814	3,702,527	-	-
Impairment loss on intangible assets written back	-	(1,791,294)	-	-
Loss on disposal of property, plant and equipment	-	50	-	-
Allowance for doubtful debts written back	-	(400,000)	-	(400,000)
Loss/(gain) on foreign exchange (net)	6,810	(36,282)	14,256	(22,198)
Interest expense	224,298	400,940	115,154	120,260
Interest income	(41,845)	(40,975)	(21,948)	(19,445)
Share-based compensation expense	519,391	646,790	85,593	124,575
Inventories written off	388,367	-	-	-
Operating profit/(loss) before working capital changes	2,757,358	3,396,945	(901,638)	(1,272,067)
Changes in working capital:				
Amount due from contract customers	(2,209,114)	(744,631)	(622,831)	(12,338)
Inventories	(5,046)	2,187	-	-
Trade and other receivables	(931,098)	4,377,744	(2,656,441)	(1,047,172)
Amount due to contract customers	(341,699)	464,337	-	-
Trade and other payables	(1,581,106)	(2,504,397)	1,155,591	53,398
Cash (used in)/generated from operations	(2,310,705)	4,992,185	(3,025,319)	(2,278,179)
Income tax (paid)/refunded	(6,000)	5,681	(6,000)	5,681
Interest paid	(224,298)	(400,940)	(115,154)	(120,260)
Net cash (used in)/generated from operating activities	(2,541,003)	4,596,926	(3,146,473)	(2,392,758)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(126,425)	(45,671)	(31,825)	(17,284)
Development expenditure incurred, net of government grant received	(2,136,338)	(2,564,613)	-	-
Interest received	41,845	40,975	21,948	19,445
Net cash (used in)/generated from investing activities	(2,220,918)	(2,569,309)	(9,877)	2,161

Cash Flow Statements (CONT'D)

For The Year Ended 31st March 2008

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
(Increase)/decrease in pledged deposits placed with licensed banks	(786,650)	919,400	-	-
Proceeds from/(repayment of) bank borrowings	2,299,184	(1,852,907)	-	-
Proceeds from issue of shares	3,279,000	2,577,500	3,279,000	2,577,500
Share issue expenses	(129,483)	(66,035)	(129,483)	(66,035)
Net cash generated from financing activities	4,662,051	1,577,958	3,149,517	2,511,465
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(99,870)	3,605,575	(6,833)	120,868
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	99,607	(3,493,513)	(652,666)	(773,534)
FOREIGN EXCHANGE DIFFERENCE ON OPENING BALANCE	(2,988)	(12,455)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(3,251)	99,607	(659,499)	(652,666)

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

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash and bank balances	657,518	834,330	1,270	7,525
Deposits with licensed banks (excluding pledged deposits)	57,346	370,581	57,346	37,847
Bank overdrafts	(718,115)	(1,105,304)	(718,115)	(698,038)
	(3,251)	99,607	(659,499)	(652,666)

Notes To The Financial Statements

- 31st March 2008

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 ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") and the provisions of the Companies Act, 1965.

During the year ended 31st March 2008, the Group and the Company recorded after-tax losses of RM2,338,600 and RM1,138,613 respectively resulting in the accumulated losses of the Group and the Company increasing to RM25,367,314 and RM21,812,297 as at 31st March 2008. However, equity attributable to the shareholders of the Company as at 31st March 2008 remained positive at RM19,586,336 and RM21,113,869 for the Group and the Company respectively. On the same date, the Group's current liabilities exceeded its current assets by RM2,921,002. The Directors have continued to prepare the financial statements on a going concern basis on the assumption 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 the issuance of up to 77,202,950 new ordinary shares of RM0.10 each via private placement will be completed. The proposed exercise is pending approval from the Securities Commission.

In the event that these are not forthcoming, the Group and the Company may be unable to realise the assets and discharge the 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 FRSs issued by MASB which are effective for the Group and the Company's financial year beginning on or after 1st April 2007:-

FRS 117 Leases
FRS 124 Related Party Disclosure

The adoption of the above revised FRSs did not result in any significant financial impact on the financial statements of the Group and the Company.

The Group and the Company did not adopt the new FRS 6, Exploration for and Evaluation of Mineral Resources, which is mandatory for the financial year beginning on 1st April 2007 as this FRS is not relevant to their operations.

- (c) The Group and the Company have not early adopted the following new and revised FRSs and Interpretations that have been issued by the MASB but are not yet effective:-

<u>Standard / Interpretation</u>		<u>Effective date</u>
FRS 107	Cash Flow Statements	1st July 2007
FRS 111	Construction Contracts	1st July 2007
FRS 112	Income Taxes	1st July 2007
FRS 118	Revenue	1st July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1st July 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1st July 2007
FRS 134	Interim Financial Reporting	1st July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1st July 2007
FRS 139	Financial Instruments: Recognition and Measurement	To be announced
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1st July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1st July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1st July 2007

Notes To The Financial Statements (CONT'D)

- 31st March 2008

1. BASIS OF PREPARATION (CONT'D)

<u>Standard / Interpretation</u>	<u>Effective date</u>
IC Interpretation 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1st July 2007
IC Interpretation 7 Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ -Financial Reporting in Hyperinflationary Economies	1st July 2007
IC Interpretation 8 Scope of FRS 2 : Share-based Payment	1st July 2007

The Group and the Company plan to apply the above-mentioned FRSs (except for IC Interpretations 1, 2, 5, 6 and 7 as these IC Interpretations are not applicable to the Group and the Company and FRS 139 as its effective date has yet to be announced) to their operations for the financial year beginning on 1st April 2008. The application of these FRSs is not expected to have any significant financial impact on the financial statements of the Group and the Company.

The Group and the Company will apply FRS 139 when it becomes effective. The impact of applying FRS 139 on the financial statements of the Group and the Company is not disclosed by virtue of the exemption provided under paragraph 103AB of FRS 139.

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 17th July 2008.

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 No. 273A, Jalan Medan Tuanku, 50300 Kuala Lumpur.

The principal place of business of the Company is located at Lot L3-E-3A, Enterprise 4, Technology Park Malaysia, 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.

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 2008 was RM22,366,302 and the annual amortisation charge for the financial year ended 31st March 2008 was RM3,861,814.

Notes To The Financial Statements (CONT'D)

- 31st March 2008

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

Deferred tax assets

No deferred tax assets arising from the unutilised tax losses and unabsorbed capital allowances are recognised as it is not probable that taxable profits will be available against which the losses and capital allowances can be utilised. 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 comparing the carrying amount with their recoverable amount and the value in use. No additional provision was made during the year on the additional investment in subsidiaries as the recoverable amount of the subsidiaries is expected to be higher than the carrying amount.

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.

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 in the Company's balance sheet at cost, less impairment loss where applicable. The investments are reviewed for impairment in accordance with the accounting policy for impairment of assets.

Notes To The Financial Statements (CONT'D)

- 31st March 2008

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) 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.

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 cost 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 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) Contract Work-In-Progress

When the outcome of a 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 in the period in which it is incurred.

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

Notes To The Financial Statements (CONT'D)

- 31st March 2008

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Contract Work-In-Progress (CONT'D)

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 contracts under current liabilities.

Cost of 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.

(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 plans

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 the market vesting conditions, if any, 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.

Notes To The Financial Statements (CONT'D)

- 31st March 2008

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee Benefits (CONT'D)

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.

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 substantively 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 currencies other than an entity's functional currency ("foreign currencies") are translated into the entity's functional currency at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated at the exchange rates ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and the translation of foreign currency monetary assets and liabilities outstanding at the balance sheet date 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 approximate 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.

Notes To The Financial Statements (CONT'D)

- 31st March 2008

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Foreign Currency (CONT'D)

On the disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation shall be recognised in profit or loss when the gain or loss on disposal is recognised.

(o) Revenue

Consultancy 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 cost of services performed to date as a percentage of total cost of services to be rendered, depending on the nature of transaction. Losses, if any, are recognised immediately when their existence is foreseen.

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.

(q) Segment Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, short term deposits, receivables, property, plant and equipment and intangible assets (net of accumulated depreciation and amortisation and impairment losses, if any). Most segment assets can be directly attributed to the segment on a reasonable basis. Segment assets and liabilities do not include income tax asset and liabilities respectively.

Notes To The Financial Statements (CONT'D)

- 31st March 2008

7. PROPERTY, PLANT AND EQUIPMENT

	Renovations	Computers and office equipment	Furniture and fittings	Total
	RM	RM	RM	RM
GROUP				
2008				
Cost				
At 1st April 2007	284,815	2,126,988	345,774	2,757,577
Additions	-	126,425	-	126,425
Exchange differences	2,420	23,043	4,316	29,779
At 31st March 2008	287,235	2,276,456	350,090	2,913,781
Deduct : Accumulated depreciation				
At 1st April 2007	269,327	1,982,383	327,510	2,579,220
Charge for the year	15,692	131,239	18,504	165,435
Exchange differences	2,216	21,798	4,076	28,090
At 31st March 2008	287,235	2,135,420	350,090	2,772,745
Net book value at 31st March 2008	-	141,036	-	141,036
Depreciation charge for the year:				
Recognised in income statement	15,692	96,110	18,504	130,306
Capitalised as development expenditure	-	35,129	-	35,129
	15,692	131,239	18,504	165,435

Notes To The Financial Statements (CONT'D)

- 31st March 2008

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

GROUP	Renovations	Computers and office equipment	Furniture and fittings	Total
	RM	RM	RM	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
Depreciation charge for the year:				
Recognised in income statement	68,265	227,091	67,213	362,569
COMPANY				
2008				
Cost				
At 1st April 2007	100,994	376,477	17,885	495,356
Additions	-	31,825	-	31,825
At 31st March 2008	100,994	408,302	17,885	527,181
Deduct : Accumulated depreciation				
At 1st April 2007	100,994	326,423	17,885	445,302
Charge for the year	-	37,103	-	37,103
At 31st March 2008	100,994	363,526	17,885	482,405
Net book value at 31st March 2008	-	44,776	-	44,776

Notes To The Financial Statements (CONT'D)

- 31st March 2008

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

	Renovations	Computers and office equipment	Furniture and fittings	Total
COMPANY	RM	RM	RM	RM
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

8. INTANGIBLE ASSETS

	Computer software	Development expenditure	Total
GROUP	RM	RM	RM
2008			
Cost			
At 1st April 2007	3,479,421	46,018,063	49,497,484
Amount capitalised during the year	-	2,838,343	2,838,343
Exchange differences	45,802	563,900	609,702
At 31st March 2008	3,525,223	49,420,306	52,945,529
Deduct : Government grant			
At 1st April 2007	-	3,180,473	3,180,473
Amount received during the year	-	702,005	702,005
At 31st March 2008	-	3,882,478	3,882,478
Deduct : Accumulated amortisation			
At 1st April 2007	2,177,945	19,763,236	21,941,181
Amortisation charge for the year	226,799	3,635,015	3,861,814
Exchange differences	28,122	260,704	288,826
At 31st March 2008	2,432,866	23,658,955	26,091,821
Deduct : Accumulated impairment losses			
At 1st April 2007	-	597,068	597,068
Exchange differences	-	7,860	7,860
At 31st March 2008	-	604,928	604,928
Net book value at 31st March 2008	1,092,357	21,273,945	22,366,302

Notes To The Financial Statements (CONT'D)

- 31st March 2008

8. INTANGIBLE ASSETS (CONT'D)

GROUP	Computer software	Development expenditure	Total
	RM	RM	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			
At 1st April 2006	1,965,002	16,377,660	18,342,662
Amortisation charge for the year	223,852	3,478,675	3,702,527
Exchange differences	(10,909)	(93,099)	(104,008)
At 31st March 2007	2,177,945	19,763,236	21,941,181
Deduct : Accumulated impairment losses			
At 1st April 2006	-	2,402,016	2,402,016
Impairment loss written back	-	(1,791,294)	(1,791,294)
Exchange differences	-	(13,654)	(13,654)
At 31st March 2007	-	597,068	597,068
Net book value at 31st March 2007	1,301,476	22,477,286	23,778,762

9. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2008	2007
	RM	RM
Unquoted shares, at cost	23,108,970	14,372,690
Less: Accumulated impairment losses	(14,372,690)	(14,372,690)
	8,736,280	-
Options granted to employees of subsidiaries	956,013	522,215
	9,692,293	522,215

The carrying amount of investment in subsidiaries as at 31st March 2007 have been restated as follows:

	COMPANY
	2007
	RM
As previously reported	-
Prior year adjustment (Note 31)	522,215
As restated	522,215

Notes To The Financial Statements (CONT'D)

- 31st March 2008

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Company	Principal Activity	Country of Incorporation	Effective Equity Interest	
			2008 %	2007 %
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.

During the year, the Company subscribed for 1,805,000 and 2,000,000 new ordinary shares of SGD1.00 each in novaCITYNETS Pte. Ltd. and novaHEALTH Pte. Ltd. respectively by capitalising the amounts owing from the subsidiaries.

10. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Aggregate costs incurred to date and attributable profit	16,620,391	11,588,510	2,010,615	1,841,057
Less : Progress billings	(12,893,104)	(10,338,440)	(851,796)	(753,069)
Less : Provision for foreseeable losses	(523,650)	(1,075,650)	(523,650)	(1,075,650)
	<u>3,203,637</u>	<u>174,420</u>	<u>635,169</u>	<u>12,338</u>
Analysed as:				
Amount due from contract customers	3,682,041	994,523	635,169	12,338
Amount due to contract customers	(478,404)	(820,103)	-	-
	<u>3,203,637</u>	<u>174,420</u>	<u>635,169</u>	<u>12,338</u>
11. INVENTORIES				
At cost				
Software purchased for sale	-	383,321	-	-

Notes To The Financial Statements (CONT'D)

- 31st March 2008

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Trade receivables	5,488,557	3,150,633	1,125,347	911,409
Less: Allowance for doubtful debts	(1,792,102)	(1,777,252)	(649,195)	(649,195)
Net trade receivables	3,696,455	1,373,381	476,152	262,214
Accrued receivables	1,358,442	2,782,028	-	-
Other receivables, deposits and prepayments	243,874	212,264	99,243	84,210
Amount due from subsidiaries - trade	-	-	1,747,208	1,554,108
Less: Allowance for doubtful debts	-	-	(269,661)	(269,661)
Net amount due from subsidiaries - trade	-	-	1,477,547	1,284,447
Amount due from subsidiaries - non-trade	-	-	15,631,465	22,147,631
Less: Allowance for doubtful debts	-	-	(2,730,217)	(2,730,217)
Net amount due from subsidiaries - non-trade	-	-	12,901,248	19,417,414
	5,298,771	4,367,673	14,954,190	21,048,285

The normal credit terms of trade receivables of the Group/Company range from 30 to 60 (2007: 30 to 60) days.

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

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Ringgit Malaysia	141,723	69,548	141,722	69,548
US Dollar	334,430	192,666	334,430	192,666
Singapore Dollar	3,220,302	1,111,167	-	-
	3,696,455	1,373,381	476,152	262,214

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.

Accrued receivables represent revenue accrued for completed work on contract which have not been billed at balance sheet date.

13. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Deposits with licensed banks	1,899,796	1,426,381	657,346	637,847
Cash in hand and at banks	657,518	834,330	1,270	7,525
	2,557,314	2,260,711	658,616	645,372

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

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Ringgit Malaysia	658,616	645,372	658,616	645,372
Singapore Dollar	1,898,698	1,615,339	-	-
	2,557,314	2,260,711	658,616	645,372

Included in deposits with licensed banks are amounts of RM1,842,450 (2007: RM1,055,800) and RM600,000 (2007: RM600,000) pledged against bank facilities granted to the Group and the Company respectively (Note 18).

Notes To The Financial Statements (CONT'D)

- 31st March 2008

14. SHARE CAPITAL

	GROUP / COMPANY			
	2008		2007	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.10 each:				
Authorised	500,000,000	50,000,000	500,000,000	50,000,000
Issued and fully paid				
At 1st April	305,765,000	30,576,500	280,900,000	28,090,000
Issued during the year	29,900,000	2,990,000	24,865,000	2,486,500
At 31st March	335,665,000	33,566,500	305,765,000	30,576,500

During the financial year, the issued and paid-up share capital of the Company was increased from RM30,576,500 comprising 305,765,000 ordinary shares of RM0.10 each to RM33,566,500 comprising 335,665,000 ordinary shares of RM0.10 each by way of:-

- (i) the issue of 17,000,000 new ordinary shares of RM0.10 each of the Company at RM0.117 per share for cash pursuant to the private placement exercise on 3rd May 2007 for the purpose of working capital; and
- (ii) the issue of 12,900,000 new ordinary shares of RM0.10 each of the Company at par for cash pursuant to the private placement exercise on 6th September 2007 for the purpose of working capital.

All shares issued during the financial year rank pari passu in all respects with the existing ordinary 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.

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).

Notes To The Financial Statements (CONT'D)

- 31st March 2008

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

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

Number of options over ordinary shares of RM0.10 in the Company

2008	As at 1.4.2007	Granted	Exercised	Lapsed	As at 31.3.2008
<u>Grant date</u>					
20.3.2006	8,945,000	-	-	(3,215,000)	5,730,000
21.6.2006	4,600,000	-	-	-	4,600,000
30.8.2006	660,000	-	-	(180,000)	480,000
15.6.2007	-	8,440,000	-	(100,000)	8,340,000
	<u>14,205,000</u>	<u>8,440,000</u>	<u>-</u>	<u>(3,495,000)</u>	<u>19,150,000</u>
Number of options exercisable at end of the financial year					<u>9,010,000</u>

Number of options over ordinary shares of RM0.10 in the Company

2007	As at 1.4.2006	Granted	Exercised	Lapsed	As at 31.3.2007
<u>Grant date</u>					
20.3.2006	17,810,000	-	(8,865,000)	-	8,945,000
21.6.2006	-	7,300,000	(2,700,000)	-	4,600,000
30.8.2006	-	960,000	(300,000)	-	660,000
	<u>17,810,000</u>	<u>8,260,000</u>	<u>(11,865,000)</u>	<u>-</u>	<u>14,205,000</u>
Number of options exercisable at end of the financial year					<u>6,675,000</u>

Options outstanding at the end of the financial year have the following expiry date and exercise price:

Number of options over ordinary shares of RM0.10 each in the Company

Grant date	Exercise price RM	Expiry date	Number of options	
			2008	2007
20.3.2006	0.10	30.10.2010	5,730,000	8,945,000
21.6.2006	0.10	7.3.2010	4,600,000	4,600,000
30.8.2006	0.10	7.3.2010	480,000	660,000
15.6.2007	0.10	30.10.2015	8,340,000	-
			<u>19,150,000</u>	<u>14,205,000</u>

Share options exercised during the year

No options were exercised during the financial year (2007: options over 11,865,000 ordinary shares at RM0.10 per share were exercised). The weighted average of share price during the financial year ended 31st March 2007 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:-

Notes To The Financial Statements (CONT'D)

- 31st March 2008

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

	COMPANY	
	2008	2007
Fair value of share options at the following grant dates (RM):		
- 20th March 2006	0.076	0.076
- 21st June 2006	0.082	0.082
- 30th August 2006	0.061	0.061
- 15th June 2007	0.086	-
Weighted average of share price (RM)	0.925	0.925
Weighted average of exercise price (RM)	0.10	0.10
Early exercise factor (times)	2.5	2.5
Expected volatility (%)	99 - 113	99 - 102
Expected life (years)	4	4
Risk free rate (%)	4	4

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 RM519,391 (2007: RM646,790) and RM85,593 (2007: RM124,575) respectively in respect of equity-settled share-based payment transactions (Note 20).

17. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Trade payables	1,268,169	1,213,841	61,943	61,943
Other payables and accrued expenses	3,657,154	5,202,628	794,674	751,870
Subsidiaries - trade	-	-	2,064,726	1,005,939
Affiliated corporations	3,196,030	3,182,391	-	-
Amount owing to Directors	1,243,248	868,443	231,906	177,906
	<u>9,364,601</u>	<u>10,467,303</u>	<u>3,153,249</u>	<u>1,997,658</u>

The normal credit terms of trade payables granted to the Group/Company range from 30 to 60 (2007:30 to 60) days.

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

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Ringgit Malaysia	84,356	61,943	61,943	61,943
US Dollar	21,499	369,743	-	-
Euro	36,524	83,268	-	-
Singapore Dollar	1,125,790	698,887	-	-
	<u>1,268,169</u>	<u>1,213,841</u>	<u>61,943</u>	<u>61,943</u>

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.

Notes To The Financial Statements (CONT'D)

- 31st March 2008

18. BANK BORROWINGS

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Bank overdrafts - secured	718,115	1,105,304	718,115	698,038
Revolving credit - secured	1,000,000	1,000,000	1,000,000	1,000,000
Short term borrowings	2,898,197	599,013	-	-
	<u>4,616,312</u>	<u>2,704,317</u>	<u>1,718,115</u>	<u>1,698,038</u>

The currency exposure profile of borrowings is as follows:-

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Ringgit Malaysia	1,718,115	1,698,038	1,718,115	1,698,038
Singapore Dollar	2,898,197	1,006,279	-	-
	<u>4,616,312</u>	<u>2,704,317</u>	<u>1,718,115</u>	<u>1,698,038</u>

The bank overdraft facilities of the Group and the Company are subject to interest rates varying between 8.0% and 8.75% (2007: 8.0% and 8.75%) per annum.

The revolving credit facility of the Group and the Company are subject to interest rate of 5.68% (2007: 5.90%) 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% (2007: 8.0%) per annum.

Deposits with licensed banks of the Group and the Company amounting to RM1,842,450 (2007: RM1,055,800) and RM600,000 (2007: RM600,000) are pledged as security for the bank facilities of the Group and the Company respectively (Note 13).

19. REVENUE

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Maintenance services	7,036,860	6,521,011	301,185	108,226
Consultancy contracts	10,455,923	11,200,415	809,815	596,711
	<u>17,492,783</u>	<u>17,721,426</u>	<u>1,111,000</u>	<u>704,937</u>

20. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Wages, salaries and bonus	9,895,111	10,035,671	1,022,607	1,081,674
Contributions to defined contribution plans	990,599	898,872	107,404	114,588
Share-based compensation expense (Note 16)	519,391	646,790	85,593	124,575
Other benefits	400,505	168,568	40,957	78,247
	<u>11,805,606</u>	<u>11,749,901</u>	<u>1,256,561</u>	<u>1,399,084</u>

Included in employee benefits expenses of the Group and the Company are executive directors' remuneration amounting to RM1,303,342 (2007: RM1,231,975) and RM97,146 (2007: Nil) respectively as further disclosed in Note 21.

Employee benefits expenses are taken up as follows:

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Charged to Income Statement	9,511,811	8,758,905	1,256,561	1,399,084
Capitalised as development expenditure	2,293,795	2,990,996	-	-
	<u>11,805,606</u>	<u>11,749,901</u>	<u>1,256,561</u>	<u>1,399,084</u>

Notes To The Financial Statements (CONT'D)

- 31st March 2008

21. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Executive Directors (Note 20)				
Other emoluments	1,303,342	1,231,975	97,146	-
Non-executive Directors				
Fees	80,000	80,000	80,000	80,000
Total directors' remuneration	1,383,342	1,311,975	177,146	80,000

22. (LOSS)/PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
This is arrived at after charging/(crediting):-				
Allowance for doubtful trade debts written back	-	(400,000)	-	(400,000)
Amortisation of intangible assets	3,861,814	3,702,527	-	-
Auditors' remuneration				
- current year	69,562	76,296	28,000	21,600
- underprovision in prior year	6,400	-	6,400	-
Directors' fees	80,000	80,000	80,000	80,000
Directors' remuneration	1,303,342	1,231,975	97,146	-
Depreciation of property, plant and equipment	130,306	362,569	37,103	79,134
Loss on disposal of property, plant and equipment	-	50	-	-
Inventories written off	388,367	-	-	-
Impairment loss on intangible assets written back	-	(1,791,294)	-	-
Net exchange (gain)/loss	(11,511)	(256,109)	14,256	(22,198)
Office rental	736,648	734,978	217,296	217,296

23. TAX EXPENSE

<u>Malaysian</u>				
Current tax expense	6,257	5,250	6,257	5,250
Underprovision in prior year	560	-	560	-
	6,817	5,250	6,817	5,250

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 years exemption on statutory business income under Section 127 of the Income Tax Act, 1967 which expired in January 2008. On 18th June 2008, the Company was granted extension of the pioneer status for another five years until 14th January 2013.

Notes To The Financial Statements (CONT'D)

- 31st March 2008

23. TAX EXPENSE (CONT'D)

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

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
(Loss)/profit before taxation	(2,331,783)	552,620	(1,131,796)	(1,154,393)
Income tax using Malaysian tax rate	(606,264)	149,207	(294,267)	(311,686)
Tax effect of:				
Different tax rates in foreign jurisdictions	23,043	(191,783)	-	-
Non-deductible expenses	59,872	19,390	38,932	19,390
Deferred tax benefit not recognised	867,369	289,491	260,146	289,491
Subsidiaries' deferred tax benefits utilised	(339,209)	(269,110)	-	-
Underprovision in prior year	560	-	560	-
Others	1,446	8,055	1,446	8,055
	6,817	5,250	6,817	5,250

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

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Development expenditure capitalised	22,845,000	19,326,000	-	-
Property, plant and equipment	(2,440,000)	(2,662,000)	(233,000)	(196,000)
Unutilised tax losses	(31,157,000)	(34,167,000)	(5,273,000)	(4,438,000)
Others	(2,586,000)	(1,755,000)	(1,443,000)	(1,443,000)
	(13,338,000)	(19,258,000)	(6,949,000)	(6,077,000)

The unutilised tax losses have no expiry date 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.

24. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share is based on the loss for the year attributable to shareholders of the Company of RM2,338,600 (2007: profit of RM547,370) and the weighted average number of ordinary shares in issue during the financial year of 328,143,689 (2007: 294,226,411) calculated as follows:-

	GROUP	
	2008	2007
<u>Weighted average number of ordinary shares</u>		
Issued ordinary shares at beginning of the year	305,765,000	280,900,000
Effect of shares issued during the year	22,378,689	13,326,411
Weighted average number of ordinary shares	328,143,689	294,226,411

Fully diluted (loss)/earnings per ordinary share

The calculation of diluted (loss)/earnings per ordinary share is based on the loss for the year attributable to shareholders of the Company of RM2,338,600 (2007: profit of RM547,370) and the weighted average number of ordinary shares outstanding during the financial year of 328,143,689 (2007: 307,150,151) calculated as follows:-

Notes To The Financial Statements (CONT'D)

- 31st March 2008

24. (LOSS)/EARNINGS PER ORDINARY SHARE (CONT'D)

	GROUP	
	2008	2007
<u>Weighted average number of ordinary shares (fully diluted)</u>		
Weighted average number of ordinary shares as above	328,143,689	294,226,411
Effect of share options*	-	12,923,740
Weighted average number of ordinary shares (fully diluted)	<u>328,143,689</u>	<u>307,150,151</u>

*The effects of share options for the financial year ended 31st March 2008 were ignored in the calculation of fully diluted loss per share because they were anti-dilutive.

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		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM	RM	RM
Geographic segments								
Revenue from external customers	850,790	704,937	16,641,993	17,016,489	-	-	17,492,783	17,721,426
Revenue from inter-segment	260,210	-	640,974	-	(901,184)	-	-	-
Total revenue	<u>1,111,000</u>	<u>704,937</u>	<u>17,282,967</u>	<u>17,016,489</u>	<u>(901,184)</u>	<u>-</u>	<u>17,492,783</u>	<u>17,721,426</u>
Segment results	<u>(1,038,590)</u>	<u>(1,073,023)</u>	<u>(198,787)</u>	<u>1,985,608</u>	<u>(911,953)</u>	<u>-</u>	<u>(2,149,330)</u>	<u>912,585</u>
Interest income							41,845	40,975
Interest expense							(224,298)	(400,940)
(Loss)/profit before taxation							(2,331,783)	552,620
Taxation							(6,817)	(5,250)
(Loss)/profit for the year							<u>(2,338,600)</u>	<u>547,370</u>
Segment assets	16,292,751	20,750,109	39,788,326	40,098,863	(22,035,613)	(28,885,625)	34,045,464	31,963,347
Tax recoverable	189	1,006	-	-	-	-	189	1,006
Investment in subsidiaries	9,692,293	552,215	-	-	(9,692,293)	(552,215)	-	-
Total assets							<u>34,045,653</u>	<u>31,964,353</u>
Segment Liabilities	4,871,364	2,689,756	33,986,079	43,187,470	(24,398,126)	(31,885,503)	14,459,317	13,991,723
Other segment items								
Capital expenditure	31,825	17,284	94,600	28,387	-	-	126,425	45,671
Depreciation and amortisation	37,103	79,134	3,990,146	3,985,962	-	-	4,027,249	4,065,096
Impairment loss on intangible assets written back	-	-	-	(1,791,294)	-	-	-	(1,791,294)

Notes To The Financial Statements (CONT'D)

- 31st March 2008

26. CONTINGENT LIABILITIES

Guarantees given by the Company to financial institutions
for credit facilities granted to subsidiaries

COMPANY	
2008	2007
RM	RM
3,935,500	3,990,529

27. OPERATING LEASES

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

GROUP	
2008	2007
RM	RM
Less than one year	604,074
Between one to five years	905,374
1,529,318	1,509,448

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 TRANSACTIONS AND BALANCES

Related party relationships exist between the Group and the Company with the following entities:-

- The subsidiaries as disclosed in Note 9;
- Chan Wing Kong, being a Director and substantial shareholder; and
- novaSprint Pte. Ltd. and novaC2R Pte. Ltd. being companies in which Mr. Chan Wing Kong has or is deemed to have a substantial interest.

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

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Related party transactions				
novaC2R Pte. Ltd.				
Purchase of scanning services	-	734,000	-	-
NovaCITYNETS Pte. Ltd.				
Management fees paid	-	-	66,822	-
Revenue from R&D works	-	-	(260,210)	-
NovaHEALTH Pte. Ltd.				
Purchase of software	-	-	637,364	-

Notes To The Financial Statements (CONT'D)

- 31st March 2008

28. RELATED PARTIES TRANSACTIONS AND BALANCES (CONT'D)

Balances at year end included in the balance sheets are as follows:-

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
<u>Receivables</u>				
Amount due from subsidiaries				
- novaCITYNETS Pte. Ltd. (trade)	-	-	1,477,547	1,284,447
- novaCITYNETS Pte. Ltd. (non-trade)	-	-	12,901,248	19,417,414
<u>Payables</u>				
Amount due to subsidiaries				
- novaHEALTH Pte. Ltd. (trade)	-	-	(2,064,726)	(1,005,939)
Amount due to affiliated corporation				
- novaSPRINT Pte. Ltd.	(3,196,030)	(3,182,391)	-	-

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly which include Group Chief Executive Officer, Group Chief Technology Officer, Group Chief Operation Officer and Group Business Development Director. The key management personnel of the Group and the Company exclude non-executive Directors.

The remuneration of key management personnel during the year is as follows:-

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Short term employee benefits	1,281,508	1,210,835	97,146	-
Post-employment benefits	21,834	21,140	-	-
Share based payments	112,677	135,772	-	-
	1,416,019	1,367,747	97,146	-

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. The Group and the Company managed their interest rate exposure through the use of floating rate debt.

Notes To The Financial Statements (CONT'D)

- 31st March 2008

29. FINANCIAL INSTRUMENTS (CONT'D)

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 Group and the Company aim at maintaining flexibility in their funding requirements through a mix of equity capital and borrowings.

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.

		GROUP		
		Effective interest rate %	Total RM	Within 1 year RM
2008				
	<u>Financial assets</u>			
	Deposits with licensed banks	2.2	1,899,796	1,899,796
	<u>Financial liabilities</u>			
	Bank overdrafts	8.3	718,115	718,115
	Revolving credit	5.5	1,000,000	1,000,000
	Short term borrowings	8.0	2,898,197	2,898,197
2007				
	<u>Financial assets</u>			
	Deposits with licensed banks	2.3	1,426,381	1,426,381
	<u>Financial liabilities</u>			
	Bank overdrafts	8.4	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
			2,898,197	2,898,197
			599,013	599,013
			1,426,381	1,426,381
			1,105,304	1,105,304
			1,000,000	1,000,000
			599,013	599,013
			1,000,000	1,000,000
			657,346	657,346
			718,115	718,115
			1,000,000	1,000,000
2007				
	<u>Financial assets</u>			
	Deposits with licensed banks	3.1	637,847	637,847
	<u>Financial liabilities</u>			
	Bank overdrafts	8.8	698,038	698,038
	Revolving credit	5.9	1,000,000	1,000,000
			637,847	637,847
			698,038	698,038
			1,000,000	1,000,000
			637,847	637,847
			698,038	698,038
			1,000,000	1,000,000
			637,847	637,847
			698,038	698,038
			1,000,000	1,000,000

Notes To The Financial Statements (CONT'D)

- 31st March 2008

29. FINANCIAL INSTRUMENTS (CONT'D)

Fair values

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

30. SIGNIFICANT PROPOSAL DURING THE YEAR

On 28th March, 2008, the Company announced that it proposed to implement a private placement of up to 77,202,950 new ordinary shares of RM0.10 each in the Company, representing up to twenty percent (20%) of the issued and paid-up share capital of the Company ("Proposed Private Placement").

The proceeds from the Proposed Private Placement will be utilised to meet the working capital requirements of the Company including marketing and financing viable projects that may arise in the future which are expected to contribute positively to the Group's future earnings.

On 20th May 2008, the application for the Proposed Private Placement has been submitted to the Securities Commission.

31. PRIOR YEAR ADJUSTMENT

In the financial year ended 31st March 2007, compensation expenses resulting from share options granted were recognised for the employees of the Company. For options granted to employees of the subsidiaries, the expenses were recognised as Group compensation expenses with a corresponding increase in equity compensation reserve of the Group. However, as the Company had granted rights to its equity instruments to the employees of the subsidiaries without having to make any payment for it, the consideration received by the Company should have been in the form of an increase in the value of its investment in the subsidiaries. The correction has been accounted for as a change in accounting policy of the Company in accordance with FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The change in the accounting policy has been accounted for retrospectively which resulted in a prior year adjustment. The effects on the comparative financial statements of the Company are as follows:-

	COMPANY
	2007
	RM
<u>Effect on equity compensation reserve</u>	
As at 1st April 2007, as previously reported	82,847
Effect of change in accounting policy	227,723
As at 1st April 2007, as restated	<u>310,570</u>
<u>Effect on share premium</u>	
As at 1st April 2007, as previously reported	8,075,696
Effect of change in accounting policy	294,492
As at 1st April 2007, as restated	<u>8,370,188</u>
<u>Effect on investment of subsidiaries</u>	
As at 1st April 2007, as previously reported	-
Effect of change in accounting policy	522,215
As at 1st April 2007, as restated	<u>522,215</u>

Notes To The Financial Statements (CONT'D)

- 31st March 2008

32. COMPARATIVE FIGURES

Certain comparative figures have been amended to conform with the current year's presentation as follows:-

	GROUP		
	As previously stated RM	Reclassification RM	As restated RM
BALANCE SHEET			
<u>Current Liabilities</u>			
Amount due to contract customers	-	820,103	820,103
Trade and other payables	11,287,406	(820,103)	10,467,303
CASH FLOW STATEMENT			
<u>Cash flows from operating activities</u>			
Loss/(gain) on foreign exchange (net)	-	(36,282)	(36,282)
Changes in working capital:			
Amount due to contract customers	-	464,337	464,337
Trade and other payables	(2,040,060)	(464,337)	(2,504,397)
<u>Exchange differences on translation of the financial statements of foreign entities</u>	(36,282)	36,282	-

	COMPANY		
	As previously stated RM	Reclassification RM	As restated RM
CASH FLOW STATEMENT			
<u>Cash flows from operating activities</u>			
Loss/(gain) on foreign exchange (net)	-	(22,198)	(22,198)
Changes in working capital:			
Trade and other receivables	(1,069,370)	22,198	(1,047,172)

Statement 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 52 are drawn up in accordance with Financial Reporting Standards issued by the Malaysia Accounting Standards Board 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 2008 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,
17th July 2008

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 52 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 17th July 2008.)

TAN CHEE PING

Report Of The Auditors

To The Members Of Nova Msc Berhad

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVA MSC BERHAD

(Company No: 591898-H)

Report on the Financial Statements

We have audited the financial statements of NOVA MSC BERHAD, which comprise the balance sheets as at 31st March, 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 52.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31st March 2008 and their financial performance and cash flows for the year then ended.

Report Of The Auditors (CONT'D)

To The Members Of Nova Msc Berhad

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVA MSC BERHAD (CONT'D)

(Company No: 591898-H)

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(a) to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Group and the Company recorded after-tax losses of RM2,338,600 and RM1,138,613 respectively during the year ended 31st March 2008. However, equity attributable to the shareholders of the Company as at 31st March 2008 remained positive at RM19,586,336 and RM21,113,869 for the Group and the Company respectively. On the same date, the Group's current liabilities exceeded its current assets by RM2,921,002.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 9 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanation required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

FOLKS DFK & CO.

AF: 0502

Chartered Accountants

SIVADASAN A/L NARAYANAN NAIR

1420/12/09(J)

Partner of the Firm

Kuala Lumpur,
17th July 2008

Statement Of Shareholdings

As At 06 August 2008

Authorized Capital : RM 50,000,000

Issued and fully paid-up capital : RM 33,566,500

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 06 AUGUST 2008

Range of Shareholdings	No of Holders	Percentage of Holders	No of RM0.10 Shares	Percentage of Issued Capital
1 – 99	50	0.80	2,643	0.00
100 – 1,000	400	6.38	316,852	0.09
1,001 – 10,000	2,936	46.86	18,849,995	5.62
10,001 - 100,000	2,511	40.07	93,498,210	27.85
100,001 - 16,783,249	367	5.86	185,026,200	55.12
16,783,250 and above	2	0.03	37,971,100	11.31
Total	6,266	100.00	335,665,000	100.00

SUBSTANTIAL HOLDERS AS AT 06 AUGUST 2008

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
Au Sai Chuen	24,534,300	7.31	0	0
Chung Kin Chuan	18,277,000	5.45	0	0
Chan Wing Kong	16,770,230	5.00	0	0

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 06 AUGUST 2008

Name of Substantial Shareholders	No of Shares held (direct)	% of Shareholding	No of Shares held (indirect)	% of Shareholding
Chan Wing Kong	16,770,230	5.00	-	-
Victor John Stephen Price	8,608,211	2.56	-	-
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	-	-	8,000,000	2.38

Statement Of Shareholdings (CONT'D)

As At 6 th August 2008

THIRTY LARGEST REGISTERED HOLDERS AS AT 6 AUGUST 2008

Name of Substantial Shareholders	No of Shares held	% of Shareholding
1. HDM Nominees (Asing) Sdn Bhd <i>Philip Securities Pte Ltd for Au Sai Chuen</i>	19,694,100	5.87
2. Affin Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chung Kin Chuan (CHU0226C)</i>	18,277,000	5.45
3. KE-ZAN Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Chan Wing Kong</i>	16,770,230	5.00
4. KE-ZAN Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Victor John Stephen Price</i>	8,608,211	2.56
5. Inter-Pacific Equity Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Tay Sen Kwan</i>	7,447,420	2.22
6. CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt an for CIMB-GK Securities Pte Ltd(Retail Clients)</i>	6,202,956	1.85
7. A.A. Anthony Nominees (Asing) Sdn Bhd <i>AMFraser Securities Pte Ltd for Soh Chong Chau (92860)</i>	5,917,600	1.76
8. CIMSEC Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Pte Ltd for Teo Eng Huat (67)</i>	5,200,000	1.55
9. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for OCBC Securities Pte Ltd (Client A/C NR)</i>	4,840,200	1.44
10. Pesaka Antah Holdings Sdn Bhd	4,000,000	1.19
11. Inter-Pacific Equity Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Sebastian Yeo Boon Kiat</i>	3,799,953	1.13
12. Bo Saw Wing @ Ho Saw Wing	3,553,900	1.06
13. Tan Yew Soon	3,540,070	1.05
14. Lai Teik Kin	2,820,970	0.84
15. Cheah Lay See	2,675,700	0.80
16. Wong Ah Moi @ Wong Choi Chan	2,560,000	0.76
17. Infocomm Investments Pte Ltd	2,405,912	0.72
18. HLG Nominee (Asing) Sdn Bhd <i>Lim & Tan Securities Pte Ltd for Lee Chin Choo</i>	2,402,000	0.72
19. KE-ZAN Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Brenda Margaret Price</i>	2,340,736	0.70
20. Raden Corporation Sdn Bhd	2,000,000	0.60
21. HDM Nominees (Tempatan) Sdn Bhd <i>Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar</i>	2,000,000	0.60
22. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Boon Swee (STA 2)</i>	1,892,200	0.56
23. Ang Chee Keong	1,690,092	0.50
24. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Phoa Boon Ting (CEB)</i>	1,635,000	0.49
25. Ng Wee Tiew @ Ng Wee Chiew	1,612,300	0.48
26. JF Apex Nominees (Tempatan) Sdn Bhd <i>AISB for Ng Boon Swee (STA 3)</i>	1,527,500	0.46
27. Chua Keng Liang	1,453,700	0.43
28. Wong Cheong Hoong	1,085,000	0.32
29. Wong Siew Lang	1,050,000	0.31
30. HDM Nominees (Tempatan) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Quek Pek San</i>	1,044,200	0.31



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 Sixth Annual General Meeting of the Company held on Monday, 29 September 2008 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) Mr. Chan Wing Kong	2		
3. To approve the payment of Directors' fees for the year ended 31 March 2008.	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		

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 Court @ Loke Mansion, No 273A Jalan Medan Tuanku, 50300 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 Court @ Loke Mansion
No. 273A, Jalan Medan Tuanku
50300 Kuala Lumpur

PLEASE FOLD HERE
