NOVA MSC BERHAD
(591898-H)

Towards Greater Achievements

2011
Annual Report

CONTENT

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara Off Jalan Damansara, 60000 Kuala Lumpur on Thurday, 29 September 2011 at 3.00 p.m. for following purposes :-

As Ordinary Business

1. To receive and adopt the Audited Financial Statement for the financial year ended 31 March 2011, 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 re-elect Mr Chua Hock Hoo who retires as Director pursuant to Article 96 of the Company's Articles of Association. (Resolution 3)

4. To re-appoint Dr. Victor John Stephen Price who is over the age of seventy (70) years, to hold office until the next annual general meeting pursuant to section 129(6) of the Companies Act, 1965. (Resolution 4)

5. To approve the payment of Directors' fees for the year ended 31 March 2011. (Resolution 5)

6. To appoint Messrs. Folks DFK & Co. as Auditors of the Company and to authorize the Directors to fix the Auditors' remuneration. (Resolution 6)

As Special Business

7. To consider and, if thought fit, to pass the following Resolutions :- (Resolution 7)
   SECTION 132D OF THE COMPANIES ACT, 1965.
   "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."

8. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") (Ordinary Resolution)** (Resolution 8)

   "That subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 7 September 2011 provided that such transactions are necessary for the day –to-day operations; and undertaken in the ordinary course of business, on arms length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

   That such approval shall continue to be in force until:-

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
   (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143 (1) of the Companies Act ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or is revoked or varied by resolution passed by shareholders in a general meeting, whichever is earlier;

And the Directors of the Company be hereby authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate.

9. To transact any other business for which due notice has been given.

BY ORDER OF THE BOARD

Tan Kok Aun (MACS 01564)
Wong Wai Yin (MAICSA 7003000)
Company Secretaries
Kuala Lumpur
7 September 2011

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 No 1 & 1A , 2nd Floor (Room 2) Jalan Ipoh Kecil 50350 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Explanatory note on item 7 of the Agenda.

Ordinary Resolution 7
Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965
The proposed Ordinary Resolution 7 is a renewal mandate for the issue of shares under Section 132D of the Act. If passed, it will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares (other than bonus or rights issue) and for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to seek shareholders' approval to convene general meeting(s) from time to time as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated. No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 26 August 2010. The Directors would utilise the proceeds raised from this mandate for working capital or such other applications they may in their absolute discretion deem fit.

Explanatory note on item 8 of the Agenda.

Ordinary Resolution 8
If passed, will benefit the Company by facilitating entry by members of the Group into transactions with Related Party specified in Section 2.3 of the Circular to Shareholders dated 7 September 2011 in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day to day operations and enhance the Group's ability to pursue business opportunities which are time-sensitive in nature in a more expeditious manner.

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
   (ii) Mr Chua Hock Hoo

2. Director who retires pursuant to section 129(6) of the companies Act, 1965

   (i) Dr Victor John Stephen Price

3. The profiles of Mr Chan Wing Kong and Mr Chua Hock Hoo, who are standing for re-election, are set out in the Directors' Profiles appearing on page 8 to 10 of this Annual Report. The Directors' interest in shares are shown in page 27 of the Annual Report.

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

   There were 5 Board of Directors' Meetings held during the financial year ended 31 March 2011. The details of the attendance of the Directors are shown in page 12 of the Annual Report.

5. Place, date and time of the Ninth Annual General Meeting

   The Ninth Annual General Meeting is scheduled to be held on Thursday, 29 September 2011 at Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara Off Jalan Damansara, 60000 Kuala Lumpur at 3.00 p.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Chan Wing Kong
(Chief Executive Officer)

Suresh Parthasarathy
(Executive Director)

Onn Kien Hoe
(Non-Executive Independent Director)

Chua Hock Hoo
(Non-Executive Independent Director)

Victor John Stephen Price
(Non-Executive Non-Independent Director)

AUDIT COMMITTEE

Onn Kien Hoe
(Chairman, Non-Executive Independent Director)
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
(Non-Executive Non-Independent Director)
Chua Hock Hoo
(Non-Executive Independent Director)

NOMINATION COMMITTEE

Onn Kien Hoe
(Chairman, Non-Executive Independent Director)
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
(Non-Executive Non-Independent Director)
Chua Hock Hoo
(Non-Executive Independent Director)

RENUMERATION COMMITTEE

Onn Kien Hoe
(Chairman, Non-Executive Independent Director)
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
(Non-Executive Non-Independent Director)
Chua Hock Hoo
(Non-Executive Independent Director)
Victor John Stephen Price
(Non-Executive Non-Independent Director)

ESOS COMMITTEE

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
(Chairman, Non-Executive Independent Director)
Onn Kien Hoe
(Non-Executive Independent Director)
Victor John Stephen Price
(Non-Executive Non-Independent Director)
Chan Wing Kong
(Chief Executive Officer)

COMPANY SECRETARIES

Tan Kok Aun (MACS 01564)
Wong Wai Yin (MAICSA 7003000)

REGISTERED OFFICE

No. 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil
50350 Kuala Lumpur
Tel: (03) 40435750
Fax: (03) 40435755
e-mail: steven.chan@nova-hub.com
website: www.novamsc.com

BUSINESS OFFICES

2-D, Block 2330, Century Square
63000 Cyberjaya
Tel: (03) 8996 9688
Fax: (03) 8996 6628

E 33-3A, Dataran 3 Two Square
No 2, Jalan 19/1, 46300 Petaling Jaya
Tel: (03) 7957 6628
Fax: (03) 7954 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

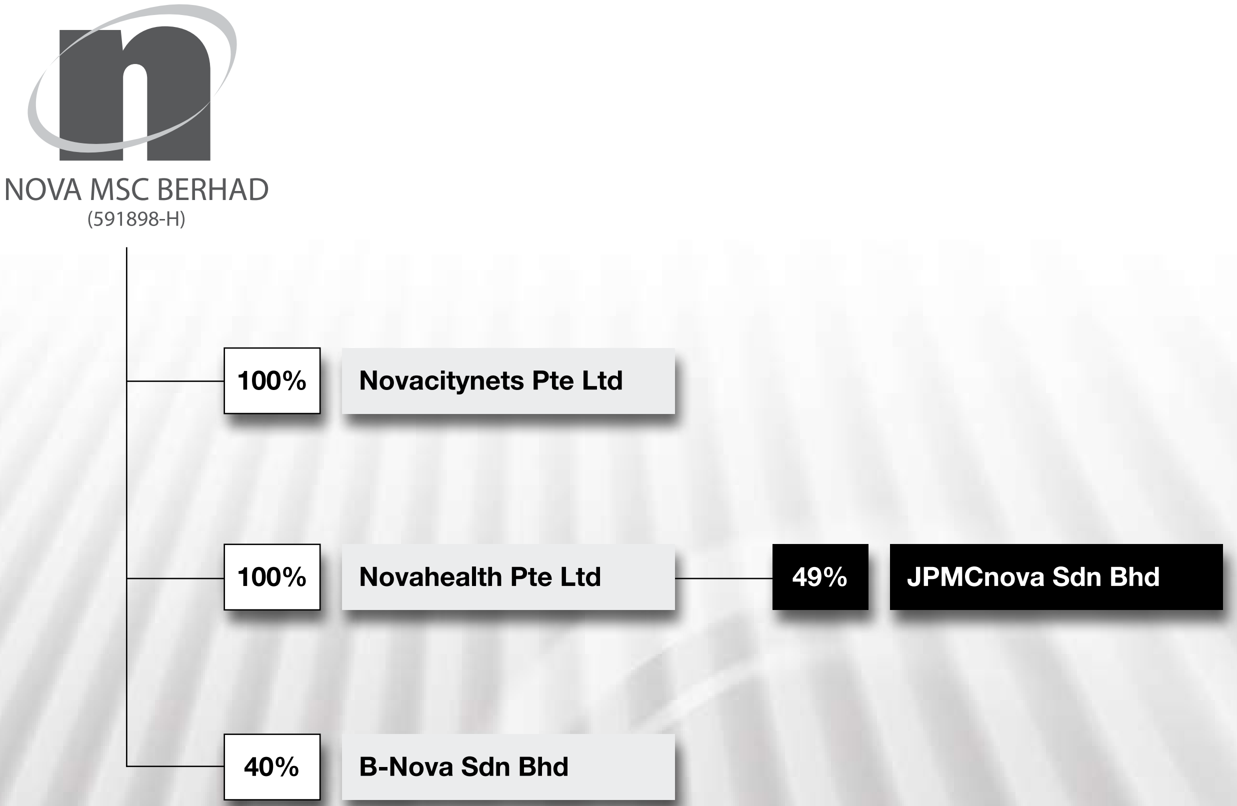
AUDITORS

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

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia

CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

The Year under review

In early 2010, the world economy rebounded from the global financial crisis of early 2009 with Asian economies leading the way. However, the business environment is hit afresh by another set of economies woes, including the prolonged Europe's sovereign debt crisis, elusive recovery in the US, unrest in the Middle East and North Africa, and most recently the earthquake and tsunami damage in Japan.

Amidst this backdrop, the Group performed reasonably well in the financial year ended 31 March 2011. The Group's revenue increased by approximately 9.5% to RM24.4 million as compared to RM22.3 million recorded in the previous financial year. For the financial year ended 31 March 2011, profit before taxation of RM0.3 million was slightly lower than the profit before taxation of approximately RM0.8 million for the preceding year ended 31st March 2010 due to higher staff cost and allowance for long outstanding debts. Shareholders' funds as at 31 March 2011 stood at approximately RM29.5 million as compared to RM28.1 million as at 31 March 2010.

Business Direction

With the current economic uncertainty, the year ahead will continue to be a challenging one. Nevertheless, the Group plan to continue to strengthen our core competencies, improve our operational efficiency and extend our marketing effort around the region and beyond. Thus far, these efforts have yielded positive results. Our order books as at 31 March 2011 stood at RM25.5 million, confirming that we are on the right path.

In 2011, the Group will focus on working to improve the bottomline and on ensuring sufficient cash and working capital to implement our strategy. The Group will take significant steps to re-align our core competencies and product lines into 3 key business domains, namely e-Government, City Management and Healthcare, to cater to market demand.

R&D has always been a very essential component of our Group's strategy in driving business growth and improving operational efficiency. For the financial year ended 31 March 2011, the Group continued its planned development efforts from prior years and incurred approximately RM1.6 million for our flagship products, PAVO and Vesalius. The Group will continue to innovate to ensure better offering in our suite of solutions in our products lines.

Appreciation

On behalf of the Board, I would like to thank our management team and employees for their efforts, dedication and commitment in the Group. I would also like to extend our gratitude and sincere thanks to our shareholders, customers, bankers, suppliers and business partners for their continued support and confidence in the Group. We strive toward higher achievement in 2011.

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

DIRECTORS' PROFILES

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar,

51, Malaysian,
Non-Executive Non-Independent Director

Tunku Nadzaruddin was appointed to the Board on 27 June 2003. He was appointed Chairman of the Group on 1 July 2003. He is also the Chairman of the ESOS Committee and a member of the Audit Committee, Nomination, and Remuneration 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 and Universal Trustee (Malaysia) Berhad.

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

Tunku Nadzaruddin does not have any family relationship with any other Directors. However, he is deemed interested by virtue of his directorship in the Company and major shareholding in Raden Corporation Sdn Bhd, which is a major shareholder of the Company. He has not been convicted of any offences in the last ten (10) years. Tunku Nadzaruddin attended all five of the Board Meetings held in the financial year ended 31 March 2011.

Mr Chan Wing Kong,

53, Singapore citizen
Executive Director

Mr Chan Wing Kong is the founder and Chief Executive Officer of Nova MSC Berhad ("Company"). He was appointed to the Board on 31 October 2002. He also sits as a member of the ESOS Committee. 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-five (25) 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 attended all five Board Meetings held in the financial year ended 31 March 2011.

Dr Victor John Stephen Price,

69, South African
Non Executive Non Independent Director

Dr Victor John Stephen Price is a founder of the Company and was appointed to the Board on 31 October 2002. He is also a member of the Remuneration Committee and ESOS Committee.

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

Dr Price serves the company as Chief Technical Officer from its inception until his retirement in January 2009.

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 attended all three out of five Board Meetings held in the financial year ended 31 March 2011.

Mr Onn Kien Hoe

46, Malaysian,
Non Executive Independent Director

Mr Onn Kien Hoe was appointed to the Board on 5 June 2003. He is currently the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee. He is also a member of the ESOS Committee. Mr Onn completed his professional qualification with the Association of Chartered 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 is a partner of Crowe Horwath (Kuala Lumpur Office), and is in charge of Crowe Horwath's corporate advisory department. Mr Onn has 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 also holds directorships in Melewar Industrial Group Berhad, Mithril Berhad and Kian Joo Can Factory 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 attended all five of the Board Meetings held in the financial year ended 31 March 2011.

DIRECTORS' PROFILES (CONT'D)

Chua Hock Hoo,

45, Malaysian,
Non Executive Independent Director

Mr Chua Hock Hoo was appointed as a Non-Executive Independent Director of the Company on 12 May 2009. Currently, he is also a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr Chua qualified as a professional accountant from the Chartered Institute of Management Accountant in 1993. He obtained his Master of Business Administration (MBA) from Oklahoma City University, USA in 1995, and is currently pursuing his PhD with University of Malaya on part time basis.

Mr Chua distinguished himself in practice as an auditor, licensed liquidator and a tax consultant. He is the co-founder and currently the Managing Partner of Cheng & Co, a Chartered Accountants firm. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Taxation and Financial Planning Association of Malaysia, a fellow member of the Chartered Institute of Management Accountants (UK), a fellow member of CPA Australia, and an associate member of the Institute of Internal Auditors Malaysia.

Mr Chua 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 Chua attended all five of the Board Meetings held in the financial year ended 31 March 2011.

Suresh Parthasarathy,

40, Indian,
Executive Non-Independent Director

Mr Suresh Parthasarathy was appointed to the Board on 7 April 2010.

He has more than 19 years of extensive Software Project and Resources Management experience. He has successfully executed various projects, from design stage till deployment. He has done extensive multi-tier and web applications design for the leading financial institutions.

Before 2006, Mr Suresh was heading the Sales for the Indian businesses for an Indian Software Company. He was instrumental in building the banking products practice, where he was able to procure some prestigious orders from leading MNC Bank.

Besides the Company, Mr Suresh also sits on board of Zylog Systems Asia Pacific Pte Ltd, a substantial shareholder of the Company.

Mr Suresh does not have any family relationship with any other Directors and/or major shareholders of the Company saved as otherise disclosed. Neither has he been convicted of any offences in the last ten (10) years. Mr Suresh attended all five of the Board Meetings held in the financial year ended 31 March 2011.

STATEMENT OF CORPORATE GOVERNANCE

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

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

1. THE BOARD OF DIRECTORS

1.1 Composition and Board Balance

Composition

The Board currently has six members, comprising two Executive Directors, two Non-Executive Non-Independent Directors (including the Chairman of the Company) and two Non-Executive Independent Directors. 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 four Non Executive Directors of the Company, which form two-third (2/3) of the Board, provide 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 pages 8 to 10 of the Annual Report.

1.2 Duties and Responsibilities

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

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

1.3 Access to Information and Advice

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

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

1. THE BOARD OF DIRECTORS (CONT'D)

1.4 Appointment Process

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

1.5 Re-election / Re-appointment 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.

Pursuant to section 129(6) of the Companies Act, 1965, Directors over the age of seventy (70) years are subject to re-appointment as directors to hold office until the next Annual General Meeting.

1.6 Meetings

During the year under review, five (5) 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	5/5
Suresh Parthasarathy	5/5
Non-Executive Directors	
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5/5
Onn Kien Hoe	5/5
Victor John Stephen Price	3/5
Chua Hock Hoo	5/5

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. The Company does not have a formal training programme for new director. However, familiarization programme with the operations of the Group shall be arranged for any new appointee to the Board. During the financial year, all Directors have attended development and training programmes, seminars and courses, the details of which are as follows:-

1. Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
   - Asia Can Tech 2010 Conference
   - Corrugated Packaging Industry Workshop

1. THE BOARD OF DIRECTORS (CONT'D)

1.7 Directors' Training (Cont'd)

2. Onn Kien Hoe
    - Understanding Financial Instruments: FRS 132, FRS 139, FRS 7 and IFRS9
    - National Tax Conference 2010
    - Seminar Percukaian Kebangsaan 2010
    - Driving Audit Quality: Enhancing the role of stakeholders
    - Accounting for Agriculture
    - Up-date on financial reporting standards
    - Market and Economic Review and Outlook Presentation to Directors

3. Dr Victor John Stephen Price
    - South Africa Trade Investment Seminar
    - ICT Business Forum 2011, Singapore

4. Chua Hock Hoo
    - FRS139 Audit Workshop: Financial Instruments: Recognition and Measurement
    - Attaining Audit Quality for Public Interest Entities
    - National Tax Conference 2010
    - Mastering FRS on Financial Instruments: Risk Quantification Methodologies (FRS 7 Perspective)
    - International Training on Halal Assurance System
    - Seminar Percukaian Kebansaan 2010
    - CPA Congress in Kuala Lumpur
    - Tapping Halal Market

5. Chan Wing Kong
    - Africa Singapore Business Forum 2010
    - 14thInfocomm Commerce Conference 2010

6. Suresh Parthasarathy
    - Mandatory Accreditation Programme for Directors of Public listed companies

The Directors will continue to attend relevant training programmes from time to time to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively.

1.8 Board Committee

The Board has established the following committees:-

i) 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 19 to 22.

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.

1. THE BOARD OF DIRECTORS (CONT'D)

1.8 Board Committee (Cont'd)

ii) Nomination Committee

The Nomination Committee is responsible to assist the Board in appointing new directors and assessing directors on an ongoing basis. It comprises of the following:-

- Onn Kien Hoe (Chairman), Independent Non-Executive Director
- Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar, Non-Independent Non-Executive Director
- Chua Hock Hoo, Independent Non-Executive Director

iii) Remuneration Committee

The Remuneration Committee is responsible to assist the Board in developing and establishing commensurate remuneration policies and packages. It comprises of:-

- Onn Kien Hoe (Chairman), Independent Non-Executive Director
- Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar, Non-Independent Non-Executive Director
- Chua Hock Hoo, Independent Non-Executive Director
- Dr Victor John Stephen Price, Non-Independent Non-Executive Director

iv) 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.

2. DIRECTORS' REMUNERATION

2.1 Remuneration Policy and Procedures

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

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

Aggregate remuneration of the Directors during the financial year ended 31 March 2011 can be categorized into the following components:

Category	Proposed Director's Fees (RM)	Salaries and other emolument (RM)	Total (RM)
Executive Directors	-	696,150	696,150
Non-Executive Directors	173,000	-	173,000

2. DIRECTORS' REMUNERATION (CONT'D)

2.1 Remuneration Policy and Procedures (Cont'd)

Directors' remuneration is broadly categorized into the following bands:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below 50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	1	-
RM200,001 to RM300,000	-	-
RM300,001 to RM400,000	-	-
RM400,001 to RM500,000	-	-
RM500,001 to RM600,000	1	-

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

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

Director	Number of Options granted
Executive Director	
Chan Wing Kong	200,000
Non-Executive Director	
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	300,000
Onn Kien Hoe	250,000
Chua Hock Hoo	200,000
Dr Victor John Stephen Price	200,000

None of the Directors exercised the options granted to them during the financial year.

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's annual reports and other circulars to shareholders, if any.

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.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

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 Internal Control

The Group's Statement of Internal Control is set out on pages 23 to 24 of this Annual Report.

4.3 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 19 to 22.

4.4 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 is disclosed in compliance with the Listing Requirements of Bursa Securities:-

1. SHARE BUY-BACK

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

2. 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

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

			I--- Number of options over ordinary shares of RM0.10 ---I			
Option Grant date	Option Expiry date	Exercise price	Granted	Exercised	Lapsed	As at 31.03.11
20.3.2006	30.10.2010	RM 0.10	17,810,000	(8,865,000)	(8,945,000)	-
15.6.2007	30.10.2015	RM 0.10	8,440,000	-	(2,480,000)	5,960,000
01.10.2009	30.10.2015	RM 0.10	5,430,000	-	-	5,430,000
01.10.2010	30.10.2015	RM 0.10	3,600,000	-	-	3,600,000
			35,280,000	(8,865,000)	(11,425,000)	14,990,000

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

3. NON- AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company by the external auditor was RM5,000 for the financial year ended 31 March 2011.

4. VARIATION OF RESULTS

There was no material variation between the audited result for the financial year ended 31 March 2011 and that of the unaudited results previously announced on 31st May 2011.

5. MATERIAL CONTRACTS

For the financial year ended 31st March 2011, no contracts of a material nature were entered into or were subsisting between the Group and its Directors or major shareholders.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

6. RECURRENT RELATED PARTY DISCLOSURES OF A REVENUE OR TRADING NATURE

Disclosure to this effect was set out in Note 28 of the financial statements on page 72.

7. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group recognizes the importance of being a responsible corporate citizen to enhance and positively contribute to society in addition to its pursuit of business objective. As such, the Group will, to its best endeavor, integrate CSR practice into its business operation. The Group considers its people as the most valuable asset. To ensure optimal performance and staff job satisfaction, adequate trainings are provided to develop and upgrade skills, knowledge and attitudes of our people. We also offer our staff fair and equitable benefits packages, including insurances policies covering life, travel and hospitalization. Social gathering and yearly reviews were also organized during the year to create social balance, maintain harmony and build better rapport.

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

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

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of:

Name	Designation	Directorship
Onn Kien Hoe	Chairman	Non-Executive Independent
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	Member	Non-Executive Non-Independent
Chua Hock Ho	Member	Non-Executive Independent

TERMS OF REFERENCE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee shall be appointed from amongst the Board and shall consist of not less than three 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) Fulfills 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 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.

AUDIT COMMITTEE REPORT (CONT'D)

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 directors.

NOTICE OF MEETINGS AND ATTENDANCE

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

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

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

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

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

DUTIES AND RIGHTS OF THE AUDIT COMMITTEE

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

1. To review the following: -

    a. The nomination of external auditors;
    b. The adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
    c. The effectiveness of the internal audit function;
    d. The effectiveness of the internal control and management information systems;
    e. The Committee is authorized to 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. Any management letters sent by the external auditors to the Company and the management's response to such letters;
    g. Any letter of resignation from the Company's external auditors;
    h. The assistance given by the Company's officers to the external auditors;
    i. All areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
    j. All related-party transactions and potential conflict of interests situations.
    k. The implementation and allocation of the Group's Employee Share Option Scheme ("ESOS"), as being in compliance with the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the ESOS by-laws as approved by the Board of Directors and shareholders.

2. The Audit Committee shall:-

    a. Have explicit authority to investigate any matters within its terms of reference;
    b. Have the resources which it needs to perform its duties;
    c. Have full access to any information which it requires in the course of performing its duties;
    d. Have unrestricted access to the chief executive officer and the chief financial officer;
    e. Have direct communication channels with the external and internal auditors;
    f. Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
    g. Be able to invite outsiders with relevant experience to attend its meetings if necessary.

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

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.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Audit Committee met 5 times during the financial year ended 31 March 2011. The attendance record of each Director since the last financial year or the date of appointment is as follows:

	Number of Meetings Attended
Onn Kien Hoe	5/5
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5/5
Chua Hock Ho	5/5

During the financial year ended 31 March 2011, 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 for a fee of RM30,000 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.

AUDIT COMMITTEE REPORT (CONT'D)

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the financial year ended 31 March 2011 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

The above statement is made in accordance with the resolution passed at the Board of Directors meeting held on 25 Aug 2011.

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 of the Bursa Malaysia Securities Berhad's Listing Requirements for the ACE 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 the 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.

STATEMENT OF INTERNAL CONTROL (CONT'D)

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.

Conclusion

This Statement of Internal Control has been reviewed by the external auditors, who had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

The Board and Management will continue to take measures and maintain an ongoing commitment to strengthen the Group's control environment and processes.

This Statement was made in accordance with a resolution of the Board dated 25 Aug 2011.

REPORTS AND FINANCIAL STATEMENTS

DIRECTOR'S REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the year ended 31 March 2011.

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 subsidiaries and the associates are as stated in Note 7 and 8 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 ACE Market of Bursa Malaysia Securities Berhad.

2. RESULTS

	GROUP RM	COMPANY RM
Profit/(loss) for the year	276,134	(2,182,625)

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 31 March 2011.

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 Almarhum Tuanku Ja'afar (Chairman)
Chan Wing Kong
Victor John Stephen Price
Onn Kien Hoe
Chua Hock Hoo
Suresh Parthasarathy

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 ordinary shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.10 each in the Company			
	As at 1.4.2010	Bought	Sold	As at 31.3.2011
Direct interest				
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	2,000,000	-	-	2,000,000
Chan Wing Kong	16,770,230	-	-	16,770,230
Victor John Stephen Price	8,608,211	-	-	8,608,211
Indirect interest				
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	24,783,250	-	-	24,783,250

		Number of options over I----- ordinary shares of RM0.10 each in the Company -----I			
	Exercise price RM/share	As at 1.4.2010	Granted	Exercised	As at 31.3.2011
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	0.10	540,000	300,000	-	840,000
Chan Wing Kong	0.10	360,000	200,000	-	560,000
Victor John Stephen Price	0.10	380,000	200,000	-	580,000
Onn Kien Hoe	0.10	450,000	250,000	-	700,000
Chua Hock Hoo	0.10	-	200,000	-	200,000

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 8 of the Directors' Report.

8. 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 28 September 2004.

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.

(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 preceeding 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 precribed 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:-

	Number of options over ordinary shares of RM0.10 each in the Company				
Grant date	**As at 1.4.2010**	**Granted**	**Exercised**	**Lapsed**	**As at 31.3.2011**
20.3.2006	4,800,000	-	-	(4,800,000)	-
15.6.2007	6,460,000	-	-	(500,000)	5,960,000
1.10.2009	5,430,000	-	-	-	5,430,000
1.10.2010	-	3,600,000	-	-	3,600,000
	16,690,000	3,600,000	-	(5,300,000)	14,990,000

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			
	Exercise price	**Expiry**	**Number of options**	
Grant date	**RM**	**date**	**2011**	**2010**
20.3.2006	0.10	30.10.2010	-	4,800,000
15.6.2007	0.10	30.10.2015	5,960,000	6,460,000
1.10.2009	0.10	30.10.2015	5,430,000	5,430,000
1.10.2010	0.10	30.10.2015	3,600,000	-
			14,990,000	16,690,000

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

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 Yew Soon	0.10	500,000
Lai Teik Kin	0.10	500,000
Tan Chee Ping	0.10	350,000
Wong Pek Wai	0.10	350,000

9. OTHER STATUTORY INFORMATION

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

(i) action had been taken in relation to writing off of bad debts and the making of allowances for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts; and

(ii) any current assets which were unlikely to realise in the ordinary course of business, their values as stated in the accounting records of the Group and the Company have been written down to an amount which they might expected so 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.

DIRECTOR'S REPORT (CONT'D)

9. OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:

(i) the results of the operations of the Group and the Company for the financial year ended 31 March 2011 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 31 March 2011 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.

10. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 19 May 2010, novaHEALTH Pte Ltd ("novaHEALTH"), a wholly owned subsidiary of the Company has subscribed for a 49% equity interest in a newly incorporated company in Brunei Darussalam, namely JPMCnova Sdn Bhd ("JPMCnova").

The issued and paid up capital of JPMCnova is B$50,000 divided into 50,000 ordinary shares of B$1.00 each. novaHEALTH has subscribed for 24,500 ordinary shares of B$1.0 each for a total consideration of B$24,500 in JPMCnova, representing a 49% equity interest whilst the remaining 51% equity interest of JPMCnova is held by Jerudong Park Medical Centre Sdn Bhd, a company incorporated in Brunei Darussalam.

11. 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 ALMARHUM TUANKU JA'AFAR

CHAN WING KONG

Kuala Lumpur,
26 JUL 2011

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2011

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	207,175	213,289	83,467	95,242
Intangible assets	6	19,639,728	21,944,547	-	-
Investment in subsidiaries	7	-	-	10,292,156	10,176,118
Investment in associates	8	402,669	29,072	29,072	29,072
		20,249,572	22,186,908	10,404,695	10,300,432
Current Assets					
Amount due from contract customers	10	7,010,145	8,137,857	-	-
Trade and other receivables	11	10,558,964	2,759,876	16,291,187	16,515,612
Tax recoverable		2,745	1,886	2,745	1,886
Cash and bank balances	12	2,431,602	3,982,071	714,777	1,819,168
		20,003,456	14,881,690	17,008,709	18,336,666
TOTAL ASSETS		40,253,028	37,068,598	27,413,404	28,637,098
EQUITY					
Share capital	13	40,279,800	40,279,800	40,279,800	40,279,800
Share premium	14	8,307,010	8,307,010	8,307,010	8,307,010
Accumulated losses		(22,643,392)	(23,195,397)	(25,876,852)	(23,970,098)
Equity compensation reserve		854,396	948,764	854,396	948,764
Foreign currency translation reserve		2,707,015	1,808,683	-	-
Equity attributable to the shareholders of the Company		29,504,829	28,148,860	23,564,354	25,565,476
LIABILITIES					
Current Liabilities					
Amount due to contract customers	10	948,627	39,078	-	-
Trade and other payables	16	8,611,677	7,535,109	3,246,747	3,071,622
Bank borrowings	17	1,187,895	1,345,551	602,303	-
TOTAL LIABILITIES		10,748,199	8,919,738	3,849,050	3,071,622
TOTAL EQUITY AND LIABILITIES		40,253,028	37,068,598	27,413,404	28,637,098

The notes on pages 37 to 81 form part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	Note	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Revenue	18	24,442,020	22,271,838	316,598	260,830
Other income		111,920	717,357	-	2,418
Employee benefits expenses	19	(11,546,818)	(8,701,138)	(1,239,370)	(1,051,576)
Hardware and material costs		(4,427,977)	(6,637,861)	-	-
Office rental		(704,351)	(822,478)	(95,352)	(144,969)
Other expenses		(3,168,746)	(1,680,770)	(1,095,937)	(571,967)
Depreciation and amortisation		(4,609,508)	(4,109,085)	(46,510)	(42,183)
Interest income		27,173	44,261	20,564	17,217
Finance costs	20	(151,894)	(294,234)	(37,477)	(65,052)
Share of profit of associates		309,456	-	-	-
Profit/(loss) before taxation	22	281,275	787,890	(2,177,484)	(1,595,282)
Tax expense	23	(5,141)	(10,303)	(5,141)	(10,303)
Profit/(loss) for the year		276,134	777,587	(2,182,625)	(1,605,585)
Other comprehensive income/(loss)					
Foreign currency translation		898,332	(942,545)	-	-
Other comprehensive income/(loss) for the year, net of tax		898,332	(942,545)	-	-
Total comprehensive income/(loss) for the year		1,174,466	(164,958)	(2,182,625)	(1,605,585)
EARNINGS PER ORDINARY SHARE					
Basic	24	0.07 sen	0.21 sen		
Fully diluted	24	0.07 sen	0.20 sen		

The notes on pages 37 to 81 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

	Attributable to the shareholders of the Company					
		Non-distributable		I------ Non-distributable ------I		
GROUP	Share Capital RM	Share Premium RM	Accumulated Losses RM	Equity Compensation Reserve RM	Foreign currency Translation Reserve RM	Total RM
2011						
At 1 April 2010	40,279,800	8,307,010	(23,195,397)	948,764	1,808,683	28,148,860
Total comprehensive income	-	-	276,134	-	898,332	1,174,466
Transfer to retained earnings on ESOS lapsed	-	-	275,871	(275,871)	-	-
Equity compensation arising from Group ESOS	-	-	-	181,503	-	- 181,503
At 31 March 2011	40,279,800	8,307,010	(22,643,392)	854,396	2,707,015	29,504,829
2010						
At 1 April 2009	35,994,825	8,376,708	(24,302,333)	894,397	2,751,228	23,714,825
Total comprehensive income/(loss)	-	-	777,587	-	(942,545)	(164,958)
Transfer to retained earnings on ESOS lapsed	-	-	329,349	(329,349)	-	-
Equity compensation arising from Group ESOS	-	-	-	383,716	-	383,716
Issue of shares	4,284,975	-	-	-	-	4,284,975
Premium arising from private placement	-	(69,698)	-	-	-	(69,698)
At 31 March 2010	40,279,800	8,307,010	(23,195,397)	948,764	1,808,683	28,148,860

The notes on pages 37 to 81 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011 (CONT'D)

	Attributable to the shareholders of the Company				
		Non-distributable		Non-distributable	
	Share Capital	Share Premium	Accumulated Losses	Equity Compensation	Total
COMPANY	RM	RM	RM	Reserve	RM
2011					
As at 1 April 2010	40,279,800	8,307,010	(23,970,098)	948,764	25,565,476
Total comprehensive income	-	-	(2,182,625)	-	(2,182,625)
Transfer to retained earnings on ESOS lapsed	-	-	275,871	(275,871)	-
Equity compensation arising from Group ESOS	-	-	-	181,503	181,503
As at 31 March 2011	40,279,800	8,307,010	(25,876,852)	854,396	23,564,354
2010					
As at 1 April 2009	35,994,825	8,376,708	(22,693,862)	894,397	22,572,068
Total comprehensive income	-	-	(1,605,585)	-	(1,605,585)
Transfer to retained earnings on ESOS lapsed	-	-	329,349	(329,349)	-
Equity compensation arising from Group ESOS	-	-	-	383,716	383,716
Issue of shares	4,284,975	-	-	-	4,284,975
Premium arising from private placement	-	(69,698)	-	-	(69,698)
As at 31 March 2010	40,279,800	8,307,010	(23,970,098)	948,764	25,565,476

The notes on pages 37 to 81 form part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	281,275	787,890	(2,177,484)	(1,595,282)
Adjustments for:				
Amortisation of intangible assets	4,490,878	4,005,334	-	-
Depreciation of property, plant and equipment	118,630	103,751	46,510	42,183
Impairment loss on trade receivables	620,754	-	500,108	-
Gain on disposal of property, plant and equipment	-	-	-	(2,040)
(Gain)/loss on foreign exchange (net)	(472,166)	(441,938)	-	8,191
Share of associates profits	(309,456)	-	-	-
Interest expense	151,894	294,234	37,477	65,052
Interest income	(27,173)	(44,261)	(20,564)	(17,217)
Share-based compensation expense	182,144	383,716	65,464	117,877
Operating profit/(loss) before working capital changes	5,036,780	5,088,726	(1,548,489)	(1,381,236)
Changes in working capital:				
Amount due from contract customers	1,127,712	(2,726,388)	-	-
Trade and other receivables	(8,465,034)	3,608,322	(275,683)	300,745
Trade and other payables	2,799,219	(4,973,932)	175,126	(446,480)
Cash generated from/(used in) operations	498,677	996,728	(1,649,046)	(1,526,971)
Income tax paid	(6,000)	(6,000)	(6,000)	(6,000)
Interest paid	(150,510)	(294,234)	(37,477)	(65,052)
Net cash generated from/(used in) operating activities	342,167	696,494	(1,692,523)	(1,598,023)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(122,288)	(212,818)	(34,735)	(116,388)
Proceeds from disposal of property, plant and equipment	-	-	-	2,040
Development expenditure incurred, net of government grant received	(1,602,785)	(2,972,875)	-	-
Investment in associates	(56,722)	(29,072)	-	(29,072)
Interest received	27,173	44,261	20,564	17,217
Net cash used in investing activities	(1,754,622)	(3,170,504)	(14,171)	(126,203)

The notes on pages 37 to 81 form part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011 (CONT'D)

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in pledged deposits placed with licensed banks	190,027	617,561	-	-
Repayment of bank borrowings	(759,959)	(77,031)	-	(600,000)
Proceeds from issue of shares	-	4,284,975	-	4,284,975
Share issue expenses	-	(69,698)	-	(69,698)
Net cash (used in)/generated from financing activities	(569,932)	4,755,807	-	3,615,277
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,982,387)	2,281,797	(1,706,694)	1,891,051
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,872,417	(401,825)	1,219,168	(671,883)
FOREIGN EXCHANGE DIFFERENCE ON OPENING BALANCE	19,642	(7,555)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(90,328)	1,872,417	(487,526)	1,219,168

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

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Cash and bank balances	381,493	781,714	5,877	128,466
Deposits with licensed banks	2,050,109	3,200,357	708,900	1,690,702
Less: Fixed deposit pledged with banks	(1,919,627)	(2,109,654)	(600,000)	(600,000)
	130,482	1,090,703	108,900	1,090,702
Bank overdrafts	(602,303)	-	(602,303)	-
	(90,328)	1,872,417	(487,526)	1,219,168

The notes on pages 37 to 81 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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 subsidiaries and the associates are as stated in Note 7 and 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

2. GENERAL INFORMATION

The financial statements were approved and authorised for issue by the Board of Directors on 26 July 2011.

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

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

The address of the Company's registered office is No. 1 & 1A, 2nd Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur.

The principal place of business of the Company are :-

- 2-D Block 2330, Century Square, 63000 Cyberjaya
- E33-3A, Dataran 3 Two Square, No 2, Jalan 19/1, 46300 Petaling Jaya

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Company, unless otherwise stated below, are consistent with those applied in the previous financial year.

3.1 Basis of preparation

The financial statements of the Group and the Company are prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The financial statements comply with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted the new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described in Note 3.2.

The preparation of financial statements in conformity with the Financial Reporting Standards in Malaysia requires management to exercise their judgement in the process of applying the Company's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgement and estimates are based on the management's best knowledge of current events and actions, actual results may differ. The areas involving a high degree of judgement or complexity or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 29 to the financial statements.

3.2 Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those applied in the previous financial year other than the adoption of the following new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations issued by the Malaysian Accounting Standard Board {"MASB"). Those FRSs, IC Interpretations and admendments which are effective from the beginning of the current financial year are as follows:-

<u>New and Revised FRSs and Interpretations</u>

FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Changes in accounting policies

New and Revised FRSs and Interpretations (Cont'd)

FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to FRSs and Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment - Vesting Conditions and Cancellations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary
FRS 7	Financial Instruments : Disclosures
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 132	Financial Instruments : Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives - Scope of IC Interpretation 9 and revised FRS 3

Amendments to FRSs Classified as "Improvement to FRSs (2009)"

FRS 2	Share-based Payment : Scope of FRS 2 and revised FRS 3
FRS 5	Non-current Assets Held for Sale and Discontinued Operations - Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments - Disclosure of information about segment assets
FRS 107	Statement of Cash Flows - Classification of expenditure on unrecognised assets
FRS 108	Accounting Policies, Changes in Accounting Estimates or Errors - Status of implementation guidance
FRS 110	Events After the Reporting Period - Dividends declared after the end of the reporting period
FRS 116	Property, Plant and Equipment - Recoverable amount; and sale of assets held for rental
FRS 117	Leases - Classification of leases of land and buildings
FRS 118	Revenue - Costs of originating a loan; and determining whether an entity is acting as a principal or as an agent
FRS 119	Employee Benefits : - Curtailment and negative past service cost; - Plan administration costs; - Replacement of term 'fall due'; and - Guidance on contingent liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Changes in accounting policies (Cont'd)

Amendments to FRSs Classified as "Improvement to FRSs (2009)" (Cont'd)

FRS 120	Accounting for Government Grants and Disclosure of Government Assistance : - Government loans with a below market rate of interest; and - Consistency of terminology with other FRSs
FRS 123	Borrowing Costs - Components of borrowing costs
FRS 127	Consolidated and Separate Financial Statements - Measurement of subsidiary held for sale in separate financial statements
FRS 128	Investments in Associates : - Required disclosures when investments in associates are accounted for at fair value through profit or loss; and - Impairment of investment in associate
FRS 129	Financial Reporting in Hyperinflationary Economies : - Description of measurement basis in financial statements; and - Consistency of terminology with other FRSs
FRS 131	Interests in Joint Ventures - Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss
FRS 134	Interim Financial Reporting - Earnings per share disclosures in interim financial reports
FRS 136	Impairment of Assets : - Disclosure of estimates used to determine recoverable amount; and - Unit of accounting for goodwill impairment test
FRS 138	Intangible Assets : - Advertising and promotional activities; - Unit of production method of amortisation; and - Measuring the fair value of an intangible asset acquired in a business combination
FRS 140	Investment Property : - Property under construction or development for future use as investment property; - Consistency of terminology with FRS 108; and - Investment property held under lease

Adoption of the above standards and interpretations, where applicable, did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 March 2011.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Changes in accounting policies (Cont'd)

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and the revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 25 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected for the single statement presentation.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 32).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 April 2010 in accordance with the transitional provisions. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade receivables

  Prior to 1 April 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

3.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

	Effective for annual periods beginning on or after
FRS 1 *First-time Adoption of Financial Reporting Standards*	*1 July 2010*
FRS 3 *Business Combinations (Revised)*	*1 July 2010*

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Standards issued but not yet effective (Cont'd)

	Effective for annual periods beginning on or after
FRS 124 *Related Party Disclosure*	*1 January 2012*
FRS 127 *Consolidated and Separate Financial Statements (Revised)*	*1 July 2010*
Amendments to FRS 2 : *Share-based Payment*	*1 July 2010*
: Group Cash-settled Share-based Payment Transactions	*1 January 2011*
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	*1 July 2010*
Amendments to FRS 127 *Consolidated and Separate Financial Statements*	*1 July 2010*
Amendments to FRS 138 *Intangible Assets - Additional consequential amendments arising from revised FRS 3*	*1 July 2010*
IC Interpretation 4 *Determining Whether an Arrangement contaiuns a Lease*	*1 January 2011*
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*	*1 July 2010*
IC Interpretation 12 *Service Concession Arrangements*	*1 July 2010*
Amendments to IC Interpretation 14 Assets, Minimum Funding Requirements and Their Interaction - Prepayments of a Minimum Funding Requirement	*1 July 2011*
IC Interpretation 15 *Agreements for the Construction of Real Estate*	*1 January 2012*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	*1 July 2010*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	*1 July 2010*
Amendments to FRS 132 : *Classification of Right Issues*	*1 March 2010*
Amendments to FRS 1 : *Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters*	*1 January 2011*
: Additional Exemptions for First-time Adopters	*1 January 2011*
Amendments to FRS 7 : *Improving Disclosures about Financial Instruments*	*1 January 2011*
IC Interpretation 18 *Transfers of Assets from Customers*	*1 January 2011*
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	*1 July 2011*
Amendments to FRSs classified as "Improvements to FRSs (2010)"	*1 January 2011*

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

<u>Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occuring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and FRS 127 will affect future acquisitions or loss of control and transactions with minority interests (which will be known as non-controlling interest).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 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.

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 are eliminated on consolidation and the relevant assets are assesed for impairment. The consolidated financials statements reflect external transactions and balances only.

3.5 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 values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

3.6 Impairment of non-financial assets

The Group assesses at each reporting date whether there in an indication that an asset (other than inventories and deferred tax assets) may be impaired. If any such an indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the assets recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of non-financial assets (Cont'd)

Impairment losses are recognised in profit or loss except for assets that were previously revalued and where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exists or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3.7 Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

An associate is an entity, including an unicorporated entity, in which the Group has significant influence but not control or joint control over the financial and operating policies of such an entity.

3.8 Investments in Associates

In the Company's separate financial statements, investment in associate is accounted for at cost less any accumulated impairment losses.

Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting (except when the investment is classified as held for sale, in which case it is accounted for in accordance with FRS 5, Non-current Assets Held for Sale and Discontiuned Operations) and are initially recognised at cost. Under the equity method of accounting, the Group's share of the associate's post-acqusition profits or losses is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition changes in net assets of the associate are adjusted against the carrying amount of the investment. Equity accounting is discontinued when the Group's share of losses of an associate equals or exceeds its interest in the associate unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment.

3.9 Intangible Assets

<u>Research costs and development expenditure</u>

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 avaliable; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Intangible Assets (Cont'd)

Research costs and development expenditure (Cont'd)

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 imparment 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.

3.10 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on settlement date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial Assets (Cont'd)

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or at fair value through profit or loss. Available-for-sale financial assets include quoted and unquoted equity and debt instruments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than financial assets at fair value through profit or loss, is impaired. Financial assets are considered to be impaired when objective evidence indicates that a loss event has occurred after the initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

An amount of impairment loss in respect of a financial asset measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate i.e. the effective rate computed at initial recognition. The carrying amount of the asset is reduced through an allowance account. The amount of loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss on financial assets measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed its amortised cost had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

3.12 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.

3.13 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 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.

3.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss.The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

The Group and the Company have not designated any financial liabilities as fair value through profit or loss items.

b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3.16 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Financial guarantee contracts (Cont'd)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

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

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

3.18 Income Tax

Tax expense is the aggregate amount of current and deferred taxation. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the end of the reporting period.

Deferred tax is provided for using the liability method on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income Tax (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.19 Foreign Currency

Foreign Currency Transactions and Balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are recognised directly to other comprehensive income.

Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :-

(i) Assets and liabilities for each financial position date presented are translated at the closing rate prevailing at the end of the reporting period;

(ii) Items of income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are recognised in other comprehensive income and are accumulated in exchange translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in the profit or loss of the Company or of the foreign operation, as appropriate. In the Group financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under exchange translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under exchange translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Revenue

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Consultancy contracts

Consultancy contracts comprise sale of specific e-business solutions to customers, including license and hardware revenue.

Revenue from consultancy contracts is recognised in accordance with the accounting policy disclosed in Note 3.13.

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.

3.21 Expenses

Operating lease payments

Rental payable under operating leases are recognised in the statement of comprehensive income 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.

3.22 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.

4. FUNCTIONAL AND PRESENTATION CURRENCY

Transactions and balances included in the financial statements of the Company and each of its subsidiaries 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. PROPERTY, PLANT AND EQUIPMENT

GROUP	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
2011				
Cost				
At 1 April 2010	273,112	1,251,738	359,449	1,884,299
Additions	-	121,485	803	122,288
Exchange differences	5,646	26,451	10,265	42,362
At 31 March 2011	278,758	1,399,674	370,517	2,048,949
Deduct : Accumulated depreciation				
At 1 April 2010	206,738	1,114,849	349,423	1,671,010
Charge for the year	28,446	97,924	4,151	130,521
Exchange differences	5,646	24,466	10,131	40,243
At 31 March 2011	240,830	1,237,239	363,705	1,841,774
Net book value at 31 March 2011	37,928	162,435	6,812	207,175
Depreciation charge for the year:				
Recognised in Statements of Comprehensive Income	28,446	86,033	4,151	118,630
Capitalised as development expenditure	-	11,891	-	11,891
	28,446	97,924	4,151	130,521

GROUP	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
2010				
Cost				
At 1 April 2009	294,172	1,227,943	362,463	1,884,578
Additions	85,338	115,505	11,975	212,818
Disposal	(100,994)	(68,982)	(5,349)	(175,325)
Exchange differences	(5,404)	(22,728)	(9,640)	(37,772)
At 31 March 2010	273,112	1,251,738	359,449	1,884,299
Deduct : Accumulated depreciation				
At 1 April 2009	294,172	1,102,582	362,463	1,759,217
Charge for the year	18,964	104,415	1,978	125,357
Disposal	(100,994)	(68,982)	(5,349)	(175,325)
Exchange differences	(5,404)	(23,166)	(9,669)	(38,239)
At 31 March 2010	206,738	1,114,849	349,423	1,671,010
Net book value at 31 March 2010	66,374	136,889	10,026	213,289

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

GROUP	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
2010				
Depreciation charge for the year:				
Recognised in Statements of Comprehensive Income	18,964	82,809	1,978	103,751
Capitalised as development expenditure	-	21,606	-	21,606
	18,964	104,415	1,978	125,357

COMPANY	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
2011				
Cost				
At 1 April 2010	85,338	372,009	18,086	475,433
Additions	-	34,735	-	34,735
At 31 March 2011	85,338	406,744	18,086	510,168
Deduct : Accumulated depreciation				
At 1 April 2010	18,964	347,458	13,769	380,191
Charge for the year	28,446	16,214	1,850	46,510
At 31 March 2011	47,410	363,672	15,619	426,701
Net book value at 31 March 2011	37,928	43,072	2,467	83,467

COMPANY

	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
2010				
Cost				
At 1 April 2009	100,994	415,491	17,885	534,370
Additions	85,338	25,500	5,550	116,388
Disposal	-	(68,982)	(5,349)	(74,331)
Written off	(100,994)	-	-	(100,994)
At 31 March 2010	85,338	372,009	18,086	475,433

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

COMPANY	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
2010				
Deduct : Accumulated depreciation				
At 1 April 2009	100,994	394,454	17,885	513,333
Charge for the year	18,964	21,986	1,233	42,183
Disposal	-	(68,982)	(5,349)	(74,331)
Written off	(100,994)	-	-	(100,994)
At 31 March 2010	18,964	347,458	13,769	380,191
Net book value at 31 March 2010	66,374	24,551	4,317	95,242

6. INTANGIBLE ASSETS

GROUP	Computer software RM	Development expenditure RM	Total RM
2011			
Cost			
At 1 April 2010	3,554,232	56,951,874	60,506,106
Amount capitalised during the year	-	1,602,785	1,602,785
Exchange differences	106,871	1,712,470	1,819,341
At 31 March 2011	3,661,103	60,267,129	63,928,232
Deduct : Government grant			
At 1 April 2010	-	3,960,591	3,960,591
Exchange differences	-	119,091	119,091
At 31 March 2011	-	4,079,682	4,079,682
Deduct : Accumulated amortisation			
At 1 April 2010	2,868,233	31,122,830	33,991,063
Amortisation charge for the year	231,592	4,259,286	4,490,878
Exchange differences	90,193	1,008,444	1,098,637
At 31 March 2011	3,190,018	36,390,560	39,580,578
Deduct : Accumulated impairment losses			
At 1 April 2010	-	609,905	609,905
Exchange differences	-	18,339	18,339
At 31 March 2011	-	628,244	628,244
Net book value at 31 March 2011	471,085	19,168,643	19,639,728

6. INTANGIBLE ASSETS (CONT'D)

GROUP	Computer software RM	Development expenditure RM	Total RM
2010			
Cost			
At 1 April 2009	3,656,523	55,340,418	58,996,941
Amount capitalised during the year	-	2,972,875	2,972,875
Exchange differences	(102,291)	(1,361,419)	(1,463,710)
At 31 March 2010	3,554,232	56,951,874	60,506,106
Deduct : Government grant			
At 1 April 2009	-	3,882,478	3,882,478
Exchange differences	-	78,113	78,113
At 31 March 2010	-	3,960,591	3,960,591
Deduct : Accumulated amortisation			
At 1 April 2009	2,715,535	28,339,918	31,055,453
Amortisation charge for the year	238,390	3,766,944	4,005,334
Exchange differences	(85,692)	(984,032)	(1,069,724)
At 31 March 2010	2,868,233	31,122,830	33,991,063
Deduct : Accumulated impairment losses			
At 1 April 2009	-	627,459	627,459
Exchange differences	-	(17,554)	(17,554)
At 31 March 2010	-	609,905	609,905
Net book value at 31 March 2010	685,999	21,258,548	21,944,547

7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2011 RM	2010 RM
Unquoted shares, at cost	23,108,970	23,108,970
Less: Accumulated impairment losses	(14,372,690)	(14,372,690)
	8,736,280	8,736,280
Options granted to employees of subsidiaries	1,555,876	1,439,838
	10,292,156	10,176,118

7. INVESTMENT 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 2011 %	Effective Equity Interest 2010 %
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.

8. INVESTMENT IN ASSOCIATES

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Unquoted shares, at cost	85,794	29,072	29,072	29,072
Share of post-acquisition profits	309,456	-	-	-
Exchange fluctuation reserve	7,419	-	-	-
	402,669	29,072	29,072	29,072

Name of Company	Principal Activity	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %
B-Nova Sdn Bhd	To market and deliver Information Technology solutions	Brunei Darussalam	40	40
JPMCnova Sdn Bhd	Industry solution provider to medical and healthcare institutions and related areas	Brunei Darussalam	49	-

Both companies are not audited by Folks DFK & Co.

8. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of the associates are as follows :-

	JPMCnova Sdn Bhd		B-Nova Sdn Bhd	
	2011 RM	2010 RM	2011 RM	2010 RM
Assets and liabilities				
Non-current assets	308,539	-	-	-
Current assets	2,942,603	-	61,513	-
Total assets	3,251,142	-	61,513	-
Non-current liabilities	157,591	-	-	-
Current liabilities	2,317,490	-	9,419	-
Total liabilities	2,475,081	-	9,419	-
Results				
Revenue	7,233,862	-	81,705	-
Profit/(loss) after taxation	645,160	-	(16,685)	-

9. DEFERRED TAX

No deferred tax (assets)/liabilities have been recognised for the following temporary differences:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Development expenditure capitalised	20,016,000	22,322,000	-	-
Property, plant and equipment	(1,652,000)	(1,511,000)	(307,000)	(290,000)
Unabsorbed tax losses	(40,096,000)	(42,239,000)	(9,562,000)	(7,540,000)
	(21,732,000)	(21,428,000)	(9,869,000)	(7,830,000)

The unutilised capital allowances and unabsorbed tax losses have no expiry date under current tax legislations in Malaysia and Singapore but are subject to agreement of the tax authorities and compliance with tax regulation in the respective countries in which the companies operate. Net deferred tax assets have not been recognised in respect of these items due to the uncertainty of their realisation in the foreseeable future.

10. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Aggregate costs incurred to date and attributable profit	41,200,427	28,902,469	309,398	103,254
Less : Progress billings	(35,138,909)	(20,803,690)	(309,398)	(103,254)
	6,061,518	8,098,779	-	-
Analysed as:				
Amount due from contract customers				
- Associate	1,949,003	-	-	-
- Others	5,061,142	8,137,857	-	-
Amount due to contract customers				
- Others	(948,627)	(39,078)	-	-
	6,061,518	8,098,779	-	-

The currency exposure profile of the amount due from contract customers is as follows:-

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Singapore Dollar	6,061,518	8,098,779	-	-

11. TRADE AND OTHER RECEIVABLES

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Current				
Trade receivables	8,402,074	2,236,269	572,607	502,696
Less: Allowance for impairment	(620,754)	-	(500,108)	-
Trade receivables, net	7,781,320	2,236,269	72,499	502,696
Other receivables				
Accrued receivables	461,929	199,707	-	-
Other receivables, deposits and prepayments	254,188	323,900	47,372	49,098
	8,497,437	2,759,876	119,871	551,794

11. TRADE AND OTHER RECEIVABLES (CONT'D)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Amount due from an associate				
- Trade	2,061,527	-	-	-
Amount due from subsidiaries				
Trade	-	-	2,223,325	1,903,920
Less: Allowance for doubtful debts	-	-	(269,661)	(269,661)
	-	-	1,953,664	1,634,259
Non-trade	-	-	16,947,869	17,059,776
Less: Allowance for doubtful debts	-	-	(2,730,217)	(2,730,217)
	-	-	14,217,652	14,329,559
Amount due from subsidiaries, net	-	-	16,171,316	15,963,818
Total trade and other receivables	10,558,964	2,759,876	16,291,187	16,515,612

11.1 Trade and other receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 (2010: 30 to 60) day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	119,871	51,686	119,871	51,686
US Dollar	206,218	500,108	-	500,108
Singapore Dollar	8,171,348	2,208,082	-	-
	8,497,437	2,759,876	119,871	551,794

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.1 Trade and other receivables (Cont'd)

Ageing analysis of trade and other receivables

The ageing analysis of the Group's and the Company's trade and other receivables is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Neither past due nor impaired	4,798,167	1,485,874	50,995	51,686
1 to 30 days past due not impaired	1,612,421	323,476	68,876	-
31 to 60 days past due not impaired	189,929	5,794	-	-
More than 61 days past due not impaired	1,896,920	944,732	-	500,108
	3,699,270	1,274,002	68,876	500,108
Impaired	620,754	-	500,108	-
	9,118,191	2,759,876	619,979	551,794

Trade and other receivables that are individually determined to be impaired comprised those customers who have defaulted on their payments and are considered to have financial difficulties in repaying their debts.

Trade and other receivables including those that are past due but not impaired are considered to be creditworthy and are able to settle their debts.

The Group and the Company does not hold any collateral as security for the trade receivables as at the end of the reporting period.

During the financial year, the Group and the Company did not renegotiate the terms of any trade receivable.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

GROUP	Collectively Impaired RM	Individually Impaired RM	Total RM
2011			
Trade receivables - nominal amounts	-	620,754	620,754
Less: Allowance for impairment	-	(620,754)	(620,754)
	-	-	-
2010			
Trade receivables - nominal amounts	-	-	-
Less: Allowance for impairment	-	-	-
	-	-	-

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31 MARCH 2011 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.1 Trade and other receivables (Cont'd)

Receivables that are impaired (Cont'd)

COMPANY	Collectively Impaired RM	Individually Impaired RM	Total RM
2011			
Trade receivables - nominal amounts	-	500,108	500,108
Less: Allowance for impairment	-	(500,108)	(500,108)
	-	-	-
2010			
Trade receivables - nominal amounts	-	-	-
Less: Allowance for impairment	-	-	-
	-	-	-

Movement in allowance accounts:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
At beginning of the year	-	649,195	-	649,195
Effect of adopting FRS 139	-	-	-	-
Charge for the year	620,754	-	500,108	-
Written off	-	(649,195)	-	(649,195)
At end of the year	620,754	-	500,108	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

11.2 Amount due from subsidiaries and associate

The non-trade amounts due from subsidiaries and associate are interest free, unsecured and repayable on demand. Non-trade balances with subsidiaries are in respect of advances made to subsidiaries.

12. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash in hand and at banks	381,493	781,714	5,877	128,466
Deposits with licensed banks	2,050,109	3,200,357	708,900	1,690,702
	2,431,602	3,982,071	714,777	1,819,168

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	714,777	1,819,168	714,777	1,819,168
Singapore Dollar	1,716,825	2,162,903	-	-
	2,431,602	3,982,071	714,777	1,819,168

Included in deposits with licensed banks are amounts of RM1,919,627 (2010: RM2,109,654) and RM600,000 (2010: RM600,000) pledged to secure bank facilities granted to the Group and the Company respectively (Note 17).

13. SHARE CAPITAL

	GROUP/COMPANY			
	2011		2010	
	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 beginning of the year	402,798,000	40,279,800	359,948,250	35,994,825
Issued during the year	-	-	42,849,750	4,284,975
At end of the year	402,798,000	40,279,800	402,798,000	40,279,800

14. 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.

15. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME

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

The salient features of the ESOS are as follow:-

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

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

	Number of options over ordinary shares of RM0.10 in the Company				
2011	**As at 1.4.2010**	**Granted**	**Exercised**	**Lapsed**	**As at 31.3.2011**
Grant date					
20.3.2006	4,800,000	-	-	(4,800,000)	-
15.6.2007	6,460,000	-	-	(500,000)	5,960,000
1.10.2009	5,430,000		-	-	5,430,000
1.10.2010		3,600,000	-	-	3,600,000
	16,690,000	3,600,000	-	(5,300,000)	14,990,000
Number of options exercisable at end of the financial year					14,990,000

	Number of options over ordinary shares of RM0.10 in the Company				
2010	**As at 1.4.2009**	**Granted**	**Exercised**	**Lapsed**	**As at 31.3.2010**
Grant date					
20.3.2006	4,850,000	-	-	(50,000)	4,800,000
21.6.2006	4,600,000	-	-	(4,600,000)	-
30.8.2006	480,000	-	-	(480,000)	-
15.6.2007	6,560,000	-	-	(100,000)	6,460,000
1.10.2009	-	5,430,000	-	-	5,430,000
	16,490,000	5,430,000	-	(5,230,000)	16,690,000
Number of options exercisable at end of the financial year					16,690,000

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

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

	Number of options I-- over ordinary shares of RM0.10 each in the Company --I			
	Exercise price	Expiry	Number of options	
Grant date	RM	date	2011	2010
20.3.2006	0.10	30.10.2010	-	4,800,000
15.6.2007	0.10	30.10.2015	5,960,000	6,460,000
1.10.2009	0.10	30.10.2015	5,430,000	5,430,000
1.10.2010	0.10	30.10.2015	3,600,000	-
			14,990,000	16,690,000

Share options exercised during the year

No options were exercised during the financial year (2010: Nil).

Fair value of share options granted during the last financial year

The fair value of share options granted during the financial year determined using the binomial valuation model was RM0.046 (2010: RM0.052). The fair value of share options was measured at grant date using the following significant inputs and assumptions :-

	COMPANY	
	2011	2010
Weighted average of exercise price (sen)	**10**	10
Early exercise factor (times)	**2.5**	2.5
Expected volatility (%)	**87 - 123**	87 - 162
Expected option life (years)	**4 - 6**	4 - 6
Risk free interest 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 RM182,144 (2010: RM383,716) and RM65,464 (2010: RM117,877) respectively in respect of equity-settled share-based payment transactions (Note 19).

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011 (CONT'D)

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	2,074,905	1,238,449	62,432	62,432
Other payables and accrued expenses	2,632,587	1,849,785	581,216	418,316
Revenue received in advance	807,120	1,064,129	-	-
Liability for short term accumulating compensated absences	29,872	215,845	-	-
Amount due to subsidiaries - trade	-	-	2,339,943	2,315,968
Affiliated corporations	2,804,037	2,891,995	-	-
Amount owing to Directors	263,156	274,906	263,156	274,906
	8,611,677	7,535,109	3,246,747	3,071,622

The normal credit terms of trade payables granted to the Group/Company range from 30 to 60 (2010: 30 to 60) days.

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	68,911	62,432	62,432	62,432
US Dollar	26,868	24,211	-	-
Euro	151	165	-	-
Singapore Dollar	1,978,975	1,151,641	-	-
	2,074,905	1,238,449	62,432	62,432

The amounts due to affiliated corporations and owing to Directors are non-trade in nature, interest free, unsecured and repayable on demand.

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

17. BANK BORROWINGS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Bank overdrafts - secured	602,303	-	602,303	-
Short term borrowings	585,592	1,345,551	-	-
	1,187,895	1,345,551	602,303	-

17. BANK BORROWINGS (CONT'D)

The currency exposure profile of borrowings is as follows:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	602,303	-	602,303	-
Singapore Dollar	585,592	1,345,551	-	-
	1,187,895	1,345,551	602,303	-

The bank overdraft facilities of the Group and the Company are subject to interest rates varying between 8.3% and 7.8% (2010: 7.55% and 7.8%) per annum.

The short term borrowings of a subsidiary represent proceeds from factoring of trade receivable (with recourse) and is subject to interest at 7.5% (2010: 7.5%) per annum.

Deposits with licensed banks of the Group and the Company amounting to RM1,919,627 (2010: RM2,109,654) and RM600,000 (2010: RM600,000) are pledged as security for the bank facilities of the Group and the Company respectively (Note 12).

18. REVENUE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Consultancy contracts	16,150,367	13,433,376	182,994	260,830
Maintenance services	8,291,653	8,838,462	133,604	-
	24,442,020	22,271,838	316,598	260,830

19. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages, salaries and bonus	11,527,864	10,052,728	994,668	806,229
Contributions to defined contribution plans	1,089,190	1,007,375	110,444	93,343
Share-based compensation expense (Note 15)	182,144	383,716	65,464	117,877
Other benefits	154,498	34,127	68,794	34,127
	12,953,696	11,477,946	1,239,370	1,051,576

Included in employee benefits expenses of the Group is executive directors' remuneration amounting to RM1,587,095 (2010: RM1,159,702) as further disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011 (CONT'D)

19. EMPLOYEE BENEFITS EXPENSES (CONT'D)

Employee benefits expenses are taken up as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Charged to Statements of Comprehensive Income	11,546,818	8,701,138	1,239,370	1,051,576
Capitalised as development expenditure	1,406,878	2,776,808	-	-
	12,953,696	11,477,946	1,239,370	1,051,576

20. FINANCE COSTS

Interest on bank borrowings	150,510	289,102	37,477	59,920
Others	1,384	5,132	-	5,132
	151,894	294,234	37,477	65,052

21. DIRECTORS' REMUNERATION

Executive Directors (Note 19)				
Directors of holding company	696,150	408,326	-	-
Directors of subsidiary companies	890,945	751,376	-	-
	1,587,095	1,159,702	-	-
Non-Executive Directors' fees	173,000	147,250	173,000	147,250
Total directors' remuneration	1,760,095	1,306,952	173,000	147,250

22. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at after charging/(crediting):-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Amortisation of intangible assets	4,490,878	4,005,334	-	-
Depreciation of property, plant and equipment	118,630	103,751	46,510	42,183
Auditors' remuneration				
- current year	109,021	100,524	45,000	35,000
- underprovision in prior year	3,000	7,400	3,000	7,400
- other services	5,000	-	5,000	-
Gain on disposal of property, plant and equipment	-	-	-	(2,040)
(Gain)/loss on foreign exchange (net)	(472,166)	(441,938)	-	8,191
Office rental	704,351	822,478	95,352	144,969
Allowance for impairment of trade receivables	620,754	-	500,108	-
Interest expense	151,894	294,234	37,477	65,052
Interest income	(27,173)	(44,261)	(20,564)	(17,217)

23. TAX EXPENSE

<u>Malaysian</u>				
Current tax expense	5,141	4,304	5,141	4,304
Underprovision in prior year	-	5,999	-	5,999
	5,141	10,303	5,141	10,303

The Company was granted Multimedia Super Corridor ("MSC") status on 29 October 2002. By virtue of this status, the Company obtained its pioneer status incentive which included five year exemption on statutory business income under Section 127 of the Income Tax Act, 1967 which expired in January 2008. On 18 June 2008, the Company was granted extension of the pioneer status for another five years until 14 January 2013.

23. TAX EXPENSE (CONT'D)

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(loss) before taxation	281,275	787,890	(2,177,484)	(1,595,282)
Taxation at the rate of 25% (2010 : 25%)	70,319	196,973	(544,371)	(398,820)
Tax effect of:				
Different tax rates in foreign jurisdictions	(101,927)	(436,974)	-	-
Non-deductible expenses	946,365	51,859	49,533	51,859
Income not subject to tax	(539,085)	-	-	-
Deferred tax benefit not recognised	499,979	351,871	499,979	351,871
Subsidiaries' deferred tax benefits utilised	(870,510)	(158,819)	-	-
Underprovision in prior year	-	5,999	-	5,999
Others	-	(606)	-	(606)
Tax expense	5,141	10,303	5,141	10,303

24. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit for the year attributable to shareholders of the Company of RM276,134 (2010: RM777,587) and the weighted average number of ordinary shares in issue during the financial year of 402,798,000 (2010: 367,461,631) calculated as follows:-

	GROUP	
	2011	2010
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	402,798,000	359,948,250
Effect of shares issued during the year	-	7,513,381
Weighted average number of ordinary shares	402,798,000	367,461,631

24. EARNINGS PER ORDINARY SHARE (CONT'D)

Fully diluted earnings per ordinary share

The calculation of fully diluted earnings per ordinary share is based on the profit for the year attributable to shareholders of the Company of RM276,134 (2010: profit of RM777,587) and the weighted average number of ordinary shares outstanding during the financial year of 415,983,068 (2010: 381,429,192) calculated as follows:-

	GROUP	
	2011	**2010**
Weighted average number of ordinary shares (fully diluted)		
Weighted average number of ordinary shares as above	402,798,000	367,461,631
Effect of share options	13,185,068	13,967,561
Weighted average number of ordinary shares (fully diluted)	415,983,068	381,429,192

25. OPERATING SEGMENTS

The Group operates predominately in one business segment only and they operate in principally in the ASEAN region. The primary format, geographical segments is based on the Group's management and internal reporting structure.

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 period to acquire property, plant and equipment.

25. OPERATING SEGMENTS (CONT'D)

	E-Business Solutions							
	Malaysia		Singapore		Eliminations		Group	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM
Geographic segments								
Revenue from external customers	316,598	260,830	24,125,422	22,011,008	-	-	24,442,020	22,271,838
Revenue from inter-segment	-	-	-	-	-	-	-	-
Total revenue	316,598	260,830	24,125,422	22,011,008	-	-	24,442,020	22,271,838
Segment results	(2,160,571)	(1,547,446)	2,257,111	2,585,309	-	-	96,540	1,037,863
Interest income							27,173	44,261
Interest expense							(151,894)	(294,234)
Share of results of associates							309,456	-
Profit before taxation							281,275	787,890
Taxation							(5,141)	(10,303)
Profit for the year							276,134	777,587
Segment assets	14,749,486	18,430,022	38,929,501	32,255,468	(13,831,373)	(13,647,850)	39,847,614	37,037,640
Tax recoverable	2,745	1,886	-	-	-	-	2,745	1,886
Investment in an associate	22,399	29,072	380,270	-	-	-	402,669	29,072
Total assets							40,253,028	37,068,598
Segment Liabilities	1,509,107	3,071,622	23,070,465	19,495,966	(13,831,373)	(13,647,850)	10,748,199	8,919,738
Other segment items								
Capital expenditure	34,735	116,388	87,553	96,430	-	-	122,288	212,818
Depreciation and amortisation	46,510	42,183	4,562,998	4,066,902	-	-	4,609,508	4,109,085

25. OPERATING SEGMENTS (CONT'D)

Geographical information	Revenue RM	Non-current assets RM
2011		
Malaysia	316,598	112,539
Singapore	24,125,422	20,137,033
	24,442,020	20,249,572
2010		
Malaysia	260,830	124,314
Singapore	22,011,008	22,062,594
	22,271,838	22,186,908

Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:

		Revenue	
	Country	2011 RM	2010 RM
Customer A	Brunei	7,755,194	-
Customer B	Singapore	2,764,539	3,003,273
Customer C	Singapore	2,695,684	1,544,105
Customer D	Singapore	1,520,464	7,899,941

26. CONTINGENT LIABILITIES

	COMPANY	
	2011 RM	2010 RM
Guarantees given by the Company to financial institutions for credit facilities granted to subsidiaries	585,592	1,629,600

27. OPERATING LEASES

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

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Less than one year	892,207	430,888	28,064	84,192
Between one to five years	1,296,215	28,064	-	28,064
	2,188,422	458,952	28,064	112,256

The Group and the Company 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 PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

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

(a) The subsidiaries as disclosed in Note 7;

(b) The associates as disclosed in Note 8,

(c) Chan Wing Kong, being a Director;

(d) Victor John Stephen Price, being a Director;

(e) novaSprint Pte. Ltd. and novaC2R Pte. Ltd. being companies in which Mr. Chan Wing Kong and Mr. Victor John Stephen Price have or are deemed to have substantial interest; and

(f) Zylog Systems Asia Pacific Pte Ltd, a substantial shareholder.

28.1 Related party transactions

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

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
<u>Income</u>				
novaC2R Pte. Ltd.				
Rental income	(28,520)	(29,355)	-	-
<u>Expenses</u>				
NovaCITYNETS Pte. Ltd.				
Administrative fees paid	-	-	20,815	13,949
Revenue from R&D works	-	-	-	(21,031)
Zylog System Asia Pacific Pte Ltd				
Development Services	73,625	-	-	-

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

28.2 Related Party Balances

Balances at year end included in the statements of financial position are as follows:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Receivables				
Amount due from subsidiaries				
- novaCITYNETS Pte. Ltd. (trade)	-	-	1,953,664	1,634,259
- novaCITYNETS Pte. Ltd. (non-trade)	-	-	13,814,478	13,123,979
- novaHEALTH Pte. Ltd. (non-trade)	-	-	403,175	1,205,580
Payables				
Amount due to subsidiaries				
- novaHEALTH Pte. Ltd. (trade)	-	-	(2,315,968)	(2,315,968)
Amount due to affiliated corporation				
- novaSPRINT Pte. Ltd.	(2,804,037)	(2,891,955)	-	-

28.3 Key Management Personnel

Key management personnel are those persons having authority and resposibility 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 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term employee benefits	1,501,141	1,009,330	-	-
Post-employment benefits	85,954	53,106	-	-
Share based payments	54,720	97,266	-	-
	1,641,815	1,159,702	-	-

29. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's 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:-

<u>Intangible assets</u>

The Group has intangible assets and the annual amortisation of intangible assets is charged to the statement of comprehensive income. 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 3.6 to the financial statements. The Group also assesses annually whether the intangible assets have been impaired based on future cash flow projections, which depend significantly on the procurement of future projects, using an appropriate discount factor. The impairment assessment could be materially affected by the changes in the assumptions and estimates used in the cash flow projections. Changes in the residual value arising from the impairment assessment and the review of useful life could have significant impact on the results of the Group.

The carrying amount of intangible assets at 31 March 2011 was RM19,639,728 (2010: RM21,944,547) and the annual amortisation charge for the financial year ended 31 March 2011 was RM4,490,878 (2010: RM4,005,334).

<u>Deferred tax assets</u>

Deferred tax assets are recognised for unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences to the extent that its is probable that taxable profit will be available against which the tax losses, capital allowances and other deductible temporary differences can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment on the probability of the availability of future taxable profits.

<u>Impairment on investment in subsidiaries</u>

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 investment in subsidiaries as the recoverable amount of the subsidiaries is expected to be higher than the carrying amount.

<u>Impairment losses on trade and other receivables</u>

The Group makes an allowance for impairment losses based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables. The carrying amounts of receivables and the cumulative allowances for impairment loss are disclosed in Note 11.

30. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include deposits, cash and bank balances and trade and other receivables.

Financial liabilities of the Group include trade and other payables and bank borrowings.

In respect of the Company, financial assets also include amount owing by a subsidiary while financial liability include amount owing to a subsidiary.

Certain comparative figures have not been presented for 31 March 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

30.1 Categories of financial instruments

The Group's and the Company's financial instruments are categorised as follows :-

2011

Financial assets per statement of financial position

	Carrying amount RM	Loans and receivables RM
Group		
Trade and other receivables	10,558,964	10,558,964
Cash and bank balances	2,431,602	2,431,602
	12,990,566	12,990,566
Company		
Trade and other receivables	16,291,187	16,291,187
Cash and bank balances	714,777	714,777
	17,005,964	17,005,964

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Categories of financial instruments (Cont'd)

The Group's and the Company's financial instruments are categorised as follows :-

2011

Financial liabilities per statement of financial position

	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Group		
Trade and other payables	8,611,677	8,611,677
Bank borrowings	1,187,895	1,187,895
	9,799,572	9,799,572
Company		
Trade and other payables	3,246,747	3,246,747
Bank borrowings	602,303	602,303
	3,849,050	3,849,050

30.2 Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value :-

	Note
Trade and other receivables	11
Amount due from subsidiaries	11
Cash and bank balances	12
Trade and other payables	16
Amount due to subsidiaries	16
Bank borrowings	17

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

31. FINANCIAL RISK MANAGEMENT POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Group's and the Company's overall financial risk management objective is to seek to address and control the risks to which the Group and the Company are exposed and to minimise or avoid the incidence of loss that may result from the exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

31.1 Credit risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group and the Company. The Group's and the Company's main exposure to credit risk is in respect of its trade receivables, bank deposits and cash and bank balances. The Company's exposure to credit risk includes amount due from subsidiary companies and financial guarantees given to banks for credit facilities of subsidiaries as disclosed in Note 26.

Credit risk is addressed by the application of credit evaluation and close monitoring procedures by the management.

It is inherent in the Group's and the Company's business to make individually large sales to its customers that may lead to a significant concentration of credit risks. Such risks are managed by ensuring that transactions are only carried out with customers with reliable financial profile.

New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal action taken to ensure recoveries and mitigate losses.

<u>Exposure to credit risk</u>

The Group's and the Company's maximum exposure to credit risk as at 31 December 2010 is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

<u>Credit risk concentration profile</u>

At 31 March 2011, the Group and the Company had approximately 17 and 3 customers, out of which 3 and 1 respectively customers owed more than RM6,545,000 and RM500,000 which accounted for approximately 63% and 87% of the total receivables balance. The analysis of the Group's and the Company's trade receivables by country of such receivables is as follows :-

	Group			
	2011		2010	
	RM	% of total	RM	% of total
Malaysia	72,499	1%	2,588	0%
Singapore	3,217,271	31%	1,438,565	64%
Brunei	5,044,123	48%	96,197	4%
Vietnam	470,344	4%	-	0%
Saudi Arabia	953,037	9%	-	0%
Indonesia	706,327	7%	698,919	31%
	10,463,601	100%	2,236,269	100%

31. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

31.1 Credit risk (Cont'd)

	Company			
	2011		2010	
	RM	% of total	RM	% of total
Malaysia	72,499	13%	2,588	1%
Indonesia	500,108	87%	500,108	99%
	572,607	100%	502,696	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 11. Deposits with banks and other financial institutions that are neither past due nor impaired are entered into or placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11.

31.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's operations are financed through a mixture of internally generated funds and bank borrowings. The Group's and the Company's exposure to interest rate risk relates to interest bearing financial assets and liabilities. Interest bearing financial assets includes fixed deposits with licensed banks which are based on fixed rates and the Group's and the Company's interest bearing financial liabilities comprise bank overdraft and term loan which are based on floating rates.

Sensitivity analysis for interest rate risk

No sensitivity analysis is prepared as the Group and Company does not expect any material effect on the Group or Company's profit or loss arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the reporting date.

31.3 Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risks in respect of their investments in foreign subsidiaries and foreign receivables. The currency primarily giving rise to this exposure is Singapore Dollars. During and at the end of the financial 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.

The Group's and the Company's foreign currency exposure profiles of the following financial assets and liabilities as at 31 March 2011 have been disclosed under the respective notes :-

- Trade and other receivables - Note 11
- Cash and bank balances - Note 12
- Trade and other payables - Note 16
- Bank borrowings - Note 17

31. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

31.3 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

Below is an analysis of the sensitivity of the Group's profit for the year to a 5 percent strengthening or weakening of the foreign currencies against the RM currency at the end of the reporting period.This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group 2011 Profit for the year Increase/(Decrease) RM
SGD - strengthened 5%	559,088
SGD - weakened 5%	(559,088)
USD - strengthened 5%	14,200
USD - weakened 5%	(14,200)

31.4 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Analysis of financial instruments by remaining contractual maturities

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows :-

Group	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
2011				
Financial liabilities				
Trade and other payabes	8,611,677	-	-	8,611,677
Bank borrowings	1,187,895	-	-	1,187,895
Total undiscounted financial liabilities	9,799,572	-	-	9,799,572
2010				
Financial liabilities				
Trade and other payabes	7,535,109	-	-	7,535,109
Bank borrowings	1,345,551	-	-	1,345,551
Total undiscounted financial liabilities	8,880,660	-	-	8,880,660

31. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

31.4 Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

Company	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
2011				
Financial liabilities				
Trade and other payabes	3,246,747	-	-	3,246,747
Bank borrowings	602,303	-	-	602,303
Total undiscounted financial liabilities	3,849,050	-	-	3,849,050
2010				
Financial liabilities				
Trade and other payabes	3,071,622	-	-	3,071,622
Bank borrowings	-	-	-	-
Total undiscounted financial liabilities	3,071,622	-	-	3,071,622

32. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue in its operations as a going concern in order to provide fair returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the optimal capital structure, the Group may, from time to time, adjust/vary the dividend payouts to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity and bank borrowings to be the key components in the Group capital structure. The Group monitors capital on the basis of gearing ratio. The ratio is calculated as the total liabilities to total equity. The Group's strategy is to maintain a gearing ratio of below 50%. There were no changes in the Group's approach to capital management during the year.

The debt-to-equity ratio as at 31 March 2011 and 31 March 2010 were as follows :-

	Group 2011 RM	Group 2010 RM
Bank overdrafts	602,303	-
Term loans	585,592	1,345,551
Total debt	1,187,895	1,345,551
Total equity	29,504,829	28,148,860
Debt-to-equity ratio	0.04	0.05

33. SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of accumulated losses of the Group and the Company as at 31 March 2011, into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010, is as follows :-

	2011	
	Group	**Company**
	RM	**RM**
Total accumulated losses of the Company and its subsidiaries :		
- Realised	(38,268,604)	(25,876,852)
- Unrealised	472,166	-
	(37,796,438)	(25,876,852)
Total share of retained profits from an associate :		
- Realised	309,456	-
- Unrealised	-	
	(37,486,982)	(25,876,852)
Less : Consolidation adjustments	14,843,590	-
Accumulated losses as per financial statements	(22,643,392)	(25,876,852)

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 19 May 2010, novaHEALTH Pte Ltd ("novaHEALTH"), a wholly owned subsidiary of the Company has subscribed for a 49% equity interest in a newly incorporated company in Brunei Darussalam, namely JPMCnova Sdn Bhd ("JPMCnova").

The issued and paid up capital of JPMCnova is B$50,000 divided into 50,000 ordinary shares of B$1.00 each. novaHEALTH has subscribed for 24,500 ordinary shares of B$1.0 each for a total consideration of B$24,500 in JPMCnova, representing a 49% equity interest whilst the remaining 51% equity interest of JPMCnova is held by Jerudong Park Medical Centre Sdn Bhd, a company incorporated in Brunei Darussalam.

STATEMENT BY DIRECTORS

We, Y.A.M. TUNKU DATO' SERI NADZARUDDIN IBNI ALMARHUM 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 37 to 81 are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 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 ALMARHUM TUNKU JA'AFAR

CHAN WING KONG

Kuala Lumpur,
26 JUL 2011

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 37 to 81 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)
26 JUL 2011)

TAN CHEE PING

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 statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 81.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the provisions of 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 at 31 March 2011 and their financial performance and cash flows for the year then ended.

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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

(c) We are satisfied that the financial statements 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NOVA MSC BERHAD (CONT'D)
(COMPANY NO: 591898-H)

Other Reporting Responsibilities

The supplementary information set out in Note 33 on page 81 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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
1420/12/11(J)
Chartered Accountant

Kuala Lumpur,
26 JUL 2011

STATEMENT OF SHAREHOLDINGS
AS AT 19 AUGUST 2011

Authorized Capital : RM 50,000,000
Issued and fully paid-up capital : RM 40,279,800
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 19 August 2011

Range of Shareholdings	No of Holders	Percentage of Holders	No of RM0.10 Shares	Percentage of Issued Capital
1 – 99	52	1.01	2,671	0.00
100 – 1,000	388	7.56	301,988	0.07
1,001 – 10,000	2,409	46.95	15,126,495	3.76
10,001 - 100,000	1,924	37.50	72,062,550	17.89
100,001 - 20,139,899	356	6.94	245,030,746	60.83
20,139,899 and above	2	0.04	70,273,450	17.45
Total	5,131	100.00	402,798,000	100.00

SUBSTANCIAL HOLDERS as at 19 August 2011

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
Inter-Pacific Equity Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte Ltd for Zylog Systems Asia Pasific Pte Ltd*	42,849,750	10.64	0	0
Citigroup Nominees (Asing) Sdn Bhd *Exempt an for OCBC Securities Private Limited (Client A/C-NR)*	27,423,700	6.81	0	0
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	2,000,000	0.50	24,783,250	6.15

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS as at 19 August 2011

Name of Directors	No of Shares held (direct)	% of Shareholding	No of Shares held (indirect)	% of Shareholding
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	2,000,000	0.50	24,783,250	6.15
Chan Wing Kong	16,770,230	4.16	-	-
Victor John Stephen Price	8,608,211	2.14	-	-

STATEMENT OF SHAREHOLDINGS
AS AT 19 AUGUST 2011 (CONT'D)

THIRTY LARGEST REGISTERED HOLDERS as at 19 August 2011

	Name of Substantial Shareholders	No of Shares held	% of Shareholding
1.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte Ltd for Zylog Systems Asia Pasific Pte Ltd*	42,849,750	10.64
2.	Citigroup Nominees (Asing) Sdn Bhd *Exempt an for OCBC Securities Private Limited (Client A/C-NR)*	27,423,700	6.81
3.	Raden Corporation Sdn Bhd	18,783,250	4.66
4.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chung Kin Chuan(CHU0226C)*	18,277,000	4.54
5.	OSK Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte Ltd for Chan Wing Kong*	16,770,230	4.16
6.	OSK Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte Ltd for Victor John Stephen Price*	8,608,211	2.14
7.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte Ltd for Tay Sen Kwan*	7,447,420	1.85
8.	HDM Nominees (Tempatan) Sdn Bhd *Lim & Tan Securities Pte Ltd for Chan Hoong Kwai*	6,472,400	1.61
9.	A.A. Anthony Nominees (Asing) Sdn Bhd *Amfraser Securities Pte Ltd for Soh Chong Chau (92860)*	5,917,600	1.47
10.	Tang Pian Nam	5,556,000	1.38
11.	CIMSEC Nominees (Asing) Sdn Bhd *UOB Kay Hian Privte Limited for Teo Eng Huat (67)*	5,200,000	1.29
12.	Bo Saw Wing @ Ho Saw Wing	4,652,900	1.16
13.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte Ltd for Sebastian Yeo Boon Kiat*	4,150,753	1.03
14.	Pesaka Antah Holdings Sdn Bhd	4,000,000	0.99
15.	Wong Ah Moi @ Wong Choi Chan	3,954,600	0.98
16.	CIMSEC Nominees (Asing) Sdn Bhd *Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	3,749,200	0.93
17.	Tan Yew Soon	3,540,070	0.88
18.	Lai Teik Kin	3,538,170	0.88
19.	Ng Boon Swee	3,117,100	0.77
20.	Cheah Saw Guat	2,950,000	0.73
21.	JF Apex Nominees (Tempatan) Sdn Bhd *AISB for Ng Boon Swee (STA 3)*	2,774,500	0.69
22.	HLG Nominee (Asing) Sdn Bhd *Lim & Tan Securities Pte Ltd for Lee Chin Choo*	2,402,000	0.60
23.	MAYBAN Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeo Peck Chong*	2,400,000	0.60
24.	HDM Nominees (Tempatan) Sdn Bhd *Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar*	2,000,000	0.50
25.	Lim Seok Kim	2,000,000	0.50
26.	MAYBAN Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Shariman Yusuf Bin Mohamed Zain (REM 656-Margin)*	2,000,000	0.50
27.	Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar	2,000,000	0.50
28.	Tan Tiong Hwee	1,881,000	0.47
29.	Abdul Rahman Bin Daud	1,694,500	0.42
30.	OSK Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte Ltd for Ang Chee Keong*	1,690,092	0.42

PROXY FORM

NOVA MSC BERHAD
(591898-H)

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 Ninth Annual General Meeting of the Company held on Thursday, 29th Sept 2011 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		
b) Mr Chua Hock Hoo	3		
3. Re-appoint Dr Victor John Stephen Price	4		
4. To approve the payment of Directors' fees for the year ended 31 March 2011.	5		
5. Appointment of Messrs. Folks DFK & Co as Auditors and to authorize the Directors to fix their remuneration.	6		
6. Special Business : To approve the Issuance of Shares Pursuant to Section 132D	7		
7. Special Business : To approve the Proposed Shareholders' Mandate	8		

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 No. 1 & 1A, 2nd Floor (Room 2) Jalan Ipoh Kecil 50350 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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Affix
stamp

The Company Secretary
NOVA MSC BERHAD (591898-H)
No. 1 & 1A, 2nd Floor (Room 2)
Jalan Ipoh Kecil
50350 Kuala Lumpur

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