

The background of the entire page is a deep blue gradient. A prominent abstract graphic runs horizontally across the middle. It features a wavy, ribbon-like line that transitions from a bright orange on the left to a vibrant blue on the right. To the left of this wave, there is a white wireframe structure resembling a complex geometric or molecular model. The overall aesthetic is modern and technological.

2017

ANNUAL REPORT

	2	Notice of Annual General Meeting
	5	Statement Accompanying Notice of Annual General Meeting
	6	Corporate Structure
	7	Financial Highlights
	8	Corporate Information
	9	Chairman's Statement
	10	Directors' Profile
	13	Key Senior Management
	14	Financial and Operations Review
	17	Statement on Corporate Governance
	24	Additional Compliance Information
	25	Audit Committee Report
	29	Statement on Risk Management and Internal Control
	31	Financial Statement
107		Statement of Shareholdings
		Proxy Form

CONTENTS

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth (15th) Annual General Meeting ("AGM") of the Company will be held at Tropicana Golf & Country Resort, Jalan Kelab Tropicana 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday 29 August 2017 at 10.00 a.m. for following purposes :-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 March 2017, together with the Reports of Directors and Auditors thereon. (Resolution 1)
2. To re-elect Mr Suresh Parthasarathy who retires as Director pursuant to Article 96 of the Company's Articles of Association. (Resolution 2)

Dato' Dr Chua Hock Hoo retires by rotation in accordance with Article 96 of the Company's Articles of Association at the conclusion of this 15th Annual General Meeting. **[Please refer to Note 7 i]**

Dr Victor John Stephen Price retires at the conclusion of this 15th AGM upon the lapse of the approval from the shareholders at the 14th AGM held on 22 August 2016. **[Please refer to Note 7 ii]**
3. To re-elect Mr Peter Thompson who retires as Director pursuant to Article 101 of the Company's Articles of Association. (Resolution 3)
4. To re-elect Mr Lim Hak Min who retires as Director pursuant to Article 101 of the Company's Articles of Association. (Resolution 4)
5. To approve the payment of Directors' fees for the year ended 31 March 2017 (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

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

7. **ORDINARY RESOLUTION 1**
Continuation in office as Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012
"That approval be and is hereby given to Mr Onn Kien Hoe who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." (Resolution 7)
8. **ORDINARY RESOLUTION 2**
SECTION 75 AND 76 OF THE COMPANIES ACT, 2016.
"THAT pursuant to Section 75 and 76 of the Companies Act, 2016 and subject to the approval of the relevant regulatory authorities, the Directors be and are hereby authorized to issue shares in the Company, at any time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company (Resolution 8)
9. **ORDINARY RESOLUTION 3**
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE") (Resolution 9)

"That subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market, approval be and is hereby given to the Company/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in **Section 2.5** of the Circular to shareholders dated **31 July 2017**, provided that such transactions are undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which not more favourable to the related party than generally available to the public and are not detrimental to the minority shareholders.

Notice Of Annual General Meeting

(Continued)

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

- (a) 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;
- (b) the expiration of the period within the next AGM after that date is required to be held pursuant to Section 340 (2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act; or
- (c) is revoked or varied by resolution passed by the shareholders in a general meeting whichever is earlier;

AND THAT the directors of the Company be 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.

10. 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
31 July 2017

Notes :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on **22 August 2017** ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.
3. 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.
4. 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.
5. 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.
6. The Proxy Form must be deposited with the **Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
7. **Retirement of Directors**
 - (i) Dato' Dr Chua Hock Hoo who was appointed as non-executive independent director on 12 May 2009 will retire in accordance with Article 96 of the Company's Articles of Association. He has expressed his intention not to seek re-election. Hence he will retain office until the conclusion of the 15th AGM.
 - (ii) Dr Victor John Stephen Price who was appointed as Director of the Company on 31 October 2002 has expressed his intention not to seek re-appointment. Hence he will retain office until the conclusion of the 15th AGM upon the lapse of the approval from the shareholders at the 14th AGM held on 22 August 2016.

Notice Of Annual General Meeting

(Continued)

8. Explanatory Notes On Special Business

(i) **Resolution 7**-The Nominating Committee and the Board have assessed the independence of Mr Onn Kien Hoe who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years and have recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justifications:

- a) He actively participated in board decision, providing an independent and objective voice in board deliberations and decision making and hence able to act in the best interests of the Company.
- b) He is not related to any Directors and substantial shareholders of the Company.
- c) He is capable and contributes to the Group by providing critical inputs during Board discussions.

(ii) **Resolution 8-Authority to Issue Shares**

The proposed Resolution 8 is a renewal mandate for the issue of shares under Section 75 and 76 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 without having to convene separate general meetings. 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 **22 August 2016**. 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.

(iii) **Resolution 9 on Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature**

The proposed resolution 9, if passed, will allow the Group to enter into RRPT of a revenue or trading nature pursuant to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

Please refer to the Circular to Shareholders dated **31 July 2017** for further information.

9. The Personal Data Protection Act, 2010 which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorize the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorization of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

Statement Accompanying Notice Of Annual General Meeting

1. Directors who retire by rotation and standing for re-election pursuant to Article 96 of the Articles of Association of the Company:-

- i) Mr Suresh Parthasarathy
- ii) Dato' Dr Chua Hock Hoo

Dato' Dr Chua Hock Hoo who was appointed as non- executive independent director on 12 May 2009 will retire in accordance with Article 96 of the Company's Articles of Association. He has expressed his intention not to seek re-election. Hence he will retain office until the conclusion of the 15th AGM.

2. Directors who retire by casual vacancy and standing for re-election pursuant to Article 101 of the Articles of Association of the Company

- i) Mr Peter Thompson
- ii) Mr Lim Hak Min

The profiles of Mr Suresh Parthasarathy, Mr Peter Thompson and Mr Lim Hak Min, who are standing for re-election, are set out in the Directors' Profiles appearing on **page 11 to 12** of this Annual Report. The Directors' interests in share are shown in **page 33** of the Annual Report.

3. Details of attendance of Directors at the Board of Directors' meetings are shown in page 19 of the Annual report.

There were 4 Board of Directors' Meetings held during the financial year ended 31 March 2017. The details of the attendance of the Directors are shown in **page 19** of the Annual Report.

4. Director who retires at the conclusion of this 15th AGM upon the lapse of the approval from the shareholders at the 14th AGM held on 22 August 2016.

- i) Dr. Victor John Stephen Price

Dr Victor John Stephen Price who was appointed as Director of the Company on 31 October 2002 has expressed his intention not to seek re-appointment. Hence he will retain office until the conclusion of the 15th AGM upon the lapse of the approval from the shareholders at the 14th AGM held on 22 August 2016.

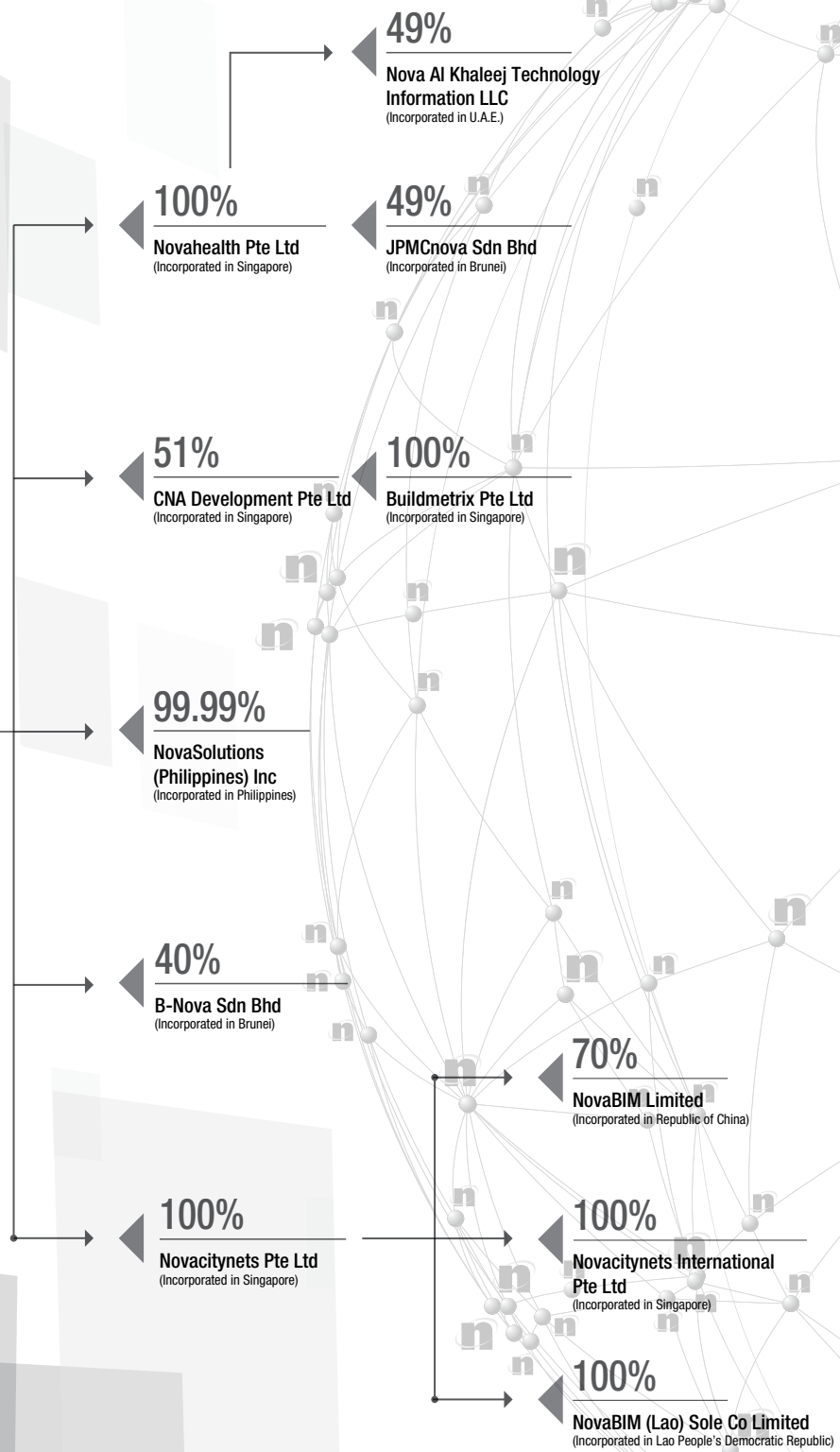
5. Place, date and time of the 15th Annual General Meeting

The 15th Annual General Meeting is scheduled to be held on Tuesday, 29 August 2017 at Tropicana Golf & Country Resort, Jalan Kelab Tropicana 47410 Petaling Jaya, Selangor Darul Ehsan at 10.00 a.m.

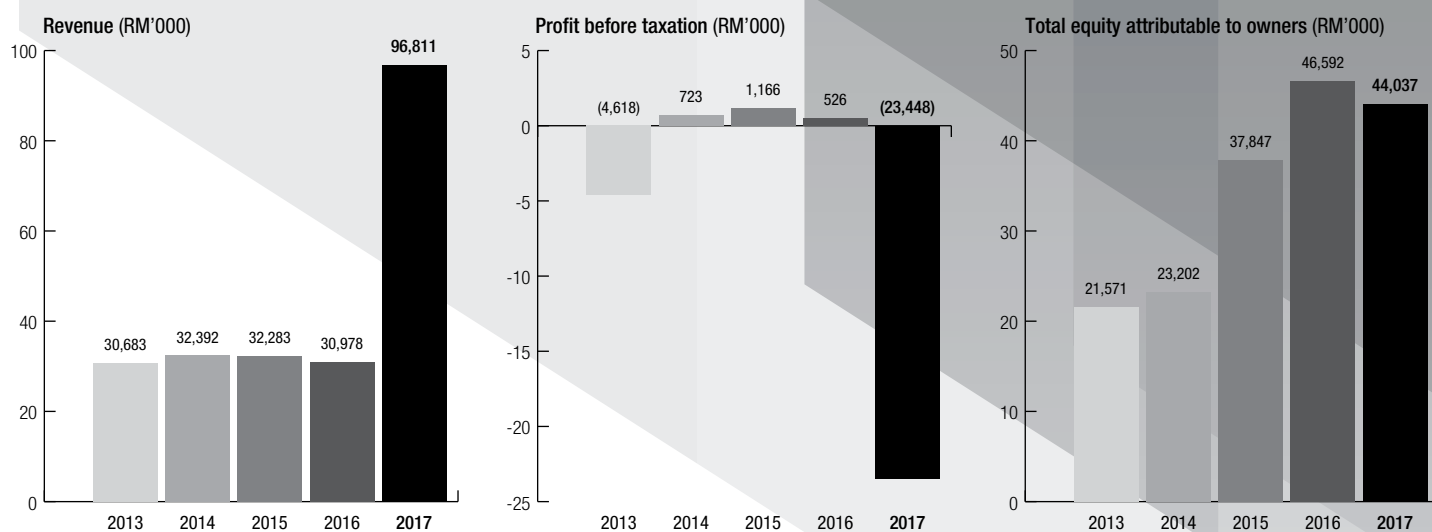
6. The statement relating to general mandate for issue of securities in accordance with Paragraph 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Proposed Ordinary Resolution 8 for the general mandate for the issue of securities is a new mandate. As at the date of this notice, no new shares were issued pursuant to the previous mandate granted to the Directors at the last AGM held on 22 August 2016.

Group Structure



Financial Highlights



Financial Year Ended 31 March	2013	2014	2015	2016	2017
Revenue	30,683	32,392	32,283	30,978	96,811
Profit before taxation	(4,618)	723	1,166	526	(23,448)
Total comprehensive income attributable to owners	(4,618)	726	1,165	513	(20,426)
Basic Earnings per share (Sen)	(1.15)	0.18	0.27	0.11	(3.07)
As at 31 March					
Total equity attributable to owners	21,571	23,202	37,847	46,592	44,037
Total assets	34,693	36,485	48,477	58,765	78,682

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
Non-Executive Non-Independent Director

Onn Kien Hoe
Non-Executive Independent Director

Dato' Dr. Chua Hock Hoo
Non-Executive Independent Director

Dr. Victor John Stephen Price
Non-Executive Independent Director

Peter Wayne Thompson
Non-Executive Independent Director

Lim Hak Min
Non-Executive 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

Dato' Dr. Chua Hock Hoo
Non-Executive Independent Director

Dr. Victor John Stephen Price
Non-Executive Independent Director

NOMINATING 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

Dato' Dr. 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

Dato' Dr. Chua Hock Hoo
Non-Executive Independent Director

Dr. Victor John Stephen Price
Non-Executive 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

Dr. Victor John Stephen Price
Non-Executive 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

B-11-1, Tower B, Level 11
Northpoint, Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel: (03) 2283 6628
Fax: (03) 2283 2628

REGISTRARS AND TRANSFER OFFICE

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7849 0777 (Helpdesk)
Fax: (03) 7841 8151/7841 8152

AUDITORS

Folks DFK & Co (AF: 0502)
12th Floor, Wisma Tun Sambanthan
No.2, Jalan Sultan Sulaiman
50000 Kuala Lumpur

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia

Corporate website

www.novamsc.com

Chairman's Statement

Dear Shareholders,

Constant change is the new normal. Currently, we are facing rapidly shifting technologies, increased competition, and emerging disruptive business models that are reshaping many parts of the global economy. Indeed, some of these changes are already happening so rapidly that caught business by surprises.

Therefore, it is crucial for the Group to continue to evolve our business. The Group has been in business in the e-Government and Healthcare industries for more than 15 years. Over the years, the Group had experienced a number of major crises such as the dot com crisis in 2001, SARS outbreak in 2003, global financial crisis in 2008, euro debt crisis in 2009 and many others. These events adversely affected business sentiments. But the Group adapted to the business environment and prevailed. With the same fortitude, the Group will continue to study the business environment, monitor the emergence of these technological trends and determine how our existing business models evolve with these new changes. In recent years, we have enabled our product offering to be cloud based and had entered into the integrated building control and automation business segment.

Financial Performance

However, as we evolve, it is not always smooth sailing and the strategies may take some time to gain traction. This was reflected in our financial performance for the financial year ended 31 March 2017 (FY16/17). In FY16/17, even though the Group achieved revenue of RM96.8 million, representing an approximately 212% increase over the revenue for the 12 months period ended 31 March 2016 (FY15/16) of RM31.0 million, the Group suffered a loss after taxation of RM22.4 million as compared to the preceding year's profit after taxation of approximately RM0.5 million. The loss was mainly attributed to the higher allowance for long outstanding debt by approximately RM7.5 million, loss on de-recognition of associate of RM3.8 million, higher amortization of intangible assets by RM4.6 million and lower revenue contribution from the application software segment.

We continue to embrace innovation as we view application development as an essential component of our Group's strategy in driving business growth and improving operational efficiency. In FY16/17, the Group incurred approximately RM6.2 million to introduce new modules for our existing products.

During the financial year under review, the Company issued 132,454,545 ordinary shares for the following:

1. In April 2016, the Company issued 45,454,545 new ordinary shares of RM0.10 each at RM0.11 per share as part of the purchase consideration in respect of the acquisition of CNA Development Pte Ltd, and
2. In June 2017, the Company issued an additional 87,000,000 new ordinary shares of RM0.10 each at par for cash, for working capital and as part of deferred cash consideration for the acquisition of CNA Development Pte Ltd.

Shareholders' funds as at 31 March 2017 stood at approximately RM44.0 million as compared to RM46.6 million as at 31 March 2016.

Outlook

For the coming years, our focus will be to move the Group back into profitability. Amidst the new trends highlighted above, we will continue to define and establish our competitive advantage in building a sustainable business. We will continue to embark on our three-prong strategy to (1) broaden our marketing activities to cover more overseas markets, (2) undertake R&D to maintain relevance and (3) enter into new and/or complimentary business segment.

Appreciation

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

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,
57, Male, 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 with a degree in Bachelor of Science (Honours) in Mathematics in 1984.

He holds directorships in Box-Pak (Malaysia) Berhad and Khyra Legacy 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 five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Tunku Nadzaruddin attended all four of the Board Meetings held in the financial year ended 31 March 2017.

**Mr Chan Wing Kong,
59, Male, Singapore citizen,
Executive Non-Independent 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. Prior to the setting up of Nova MSC Berhad group of companies, he was the General Manager of the IT Division in Siemens Pte. Ltd. (Singapore). 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 five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Mr Chan attended all four of the Board Meetings held in the financial year ended 31 March 2017.

**Dr. Victor John Stephen Price,
75, Male, South African,
Non-Executive 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 Audit Committee, Remuneration Committee and ESOS Committee.

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

Dr Price served 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 five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Dr Price attended all four of the Board Meetings held in the financial year ended 31 March 2017.

Directors' Profiles

(Continued)

**Mr Onn Kien Hoe,
52, Male, 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 the co-head 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 MAA Group Berhad, Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad), MAA International Group Ltd and Reliance Pacific 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 five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Mr Onn attended all four Board Meetings held in the financial year ended 31 March 2017.

**Dato' Dr. Chua Hock Hoo,
51, Male, Malaysian,
Non-Executive Independent Director**

Dato' Dr 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, Nominating Committee and ESOS Committee.

Dato' Dr Chua qualified as a professional accountant from the Chartered Institute of Management Accountant in 1993. He obtained Doctorate in Knowledge Management (PHD) from University of Malaya in 2012 and Master of Business Administration (MBA) from Oklahoma City University, USA in 1995. He had successfully completed the 5th Asean Senior Management Development Program organized by Harvard Business School Alumni Club of Malaysia on 7th July 2013.

Dato' Dr 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 has been appointed as an Adjunct Professor of UNITAR International University since January 2014. 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. He is also a member of Harvard Business School Alumni Club of Malaysia.

Dato' Dr 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 five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Dato' Dr Chua attended three out of four of the Board Meetings held in the financial year ended 31 March 2017.

**Mr Suresh Parthasarathy,
46, Male, Indian,
Non-Executive Non-Independent Director**

Mr Suresh Parthasarathy was appointed executive director to the Board on 7 April 2010 and re-designated as Non-Executive Non-Independent director with effect from 1 April 2015.

He has more than 20 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 major shareholder of the Company.

Mr Suresh does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Mr Suresh attended three out of four of the Board Meetings held in the financial year ended 31 March 2017.

Directors' Profiles

(Continued)

**Mr Peter Wayne Thompson,
60, Male, Australian,
Non-Executive Independent Director**

Mr Peter Wayne Thompson was appointed as Non-Executive Independent director of the Company on 1 June 2017.

Mr Thompson is a Certified Practising Accountant (CPA) and graduated from Edith Cowan University in 1978. He is a Fellow member of the Institute of Chartered Secretaries and Fellow Governance Institute of Australia.

Besides the Company, Mr Thompson also sits on board of GMB Resource Ltd, a company listed in Australian Stock Exchange (ASX). Mr Thompson is currently the Executive Chairman and Managing Director of GBM Resource Ltd. He has over 35 years experience in the resource industry in UK, Asia, Australia and South America holding senior global roles. Key skills include public company corporate management, asset acquisition and divestment and project development.

Mr Thompson does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Mr Lim Hak Min,
44, Male, Singaporean,
Non-Executive Independent Director**

Mr Lim Hak Min was appointed as Non-Executive Independent director of the Company on 1 June 2017.

Mr Lim completed his Master of Science (Financial Engineering) and Bachelor of Accountancy from Nanyang Technological University. He is also a member of the CPA Australia, Association of Investment Management and Research and Institute of Singapore Chartered Accountants.

Mr Lim is currently a Director for Corporate Service Division in Skills Future Singapore Agency. He has experience in Corporate Finance, Corporate Governance, Merger & Acquisition and Investment especially in private equity space.

Mr Lim does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Key Senior Management

Mr Lai Teik Kin,
53, Male, Singaporean,
Group Business Development Officer

Mr Lai Teik Kin is a founder of the Group and was appointed the Executive Director and Chief Executive Officer of the novaHEALTH Pte Ltd ("novaHEALTH") on 21 December 1999. His current responsibilities include the formulation and implementation of the overall business strategies and the overall management of the novaHEALTH. Concurrently, he is also the deputy Chief Executive Officer of the Group and Group Business Development Officer.

Mr Lai started his career in 1988 as a Supervisor with Baxter Healthcare in Malaysia. From 1989 to 1992, he joined the Housing & Development Board of Singapore as a surveyor. Thereafter, he left to be a Product Specialist of Siemens-Nixdorf Information Systems Pte Ltd from 1992 to 1993. From 1993 to 1995, he was employed in the IT Division of Siemens Pte Ltd as a Senior Consultant. Throughout these positions, he had been involved in the pre-sales, consultancy and project management of large-scale IT projects, both in Singapore and abroad. Soon after joining novaSPRINT as a co-founder, he spearheaded the novaSPRINT's initiatives in the healthcare industry. He holds a Bachelor (Hons) in Surveying from the University of Queensland, Australia.

Mr Lai does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr Tan Yew Soon,
55, Male, Singaporean,
Group Chief Operation Officer

Tan Yew Soon, a Singaporean age 55, is a founder of the Group and was appointed Executive Director and Chief Executive Officer of the novaCITYNETS Pte Ltd ("novaCITYNETS") on 11 May 2000. His current responsibilities include the formulation and implementation of the overall business strategies and the overall management of the novaCITYNETS. He plays a key role in the development of application software for the e-Government sector. Concurrently, he is also the Chief Operation Officer of the Group.

He has more than twenty (20) years of working experience at various organisations in the areas of marketing and implementation of large IT projects. He was CAD leader and Software Engineer in the Ministry of Environment of Singapore and Integrgraph Pte Ltd from 1982 to 1989 and was involved in the development and implementation of IT projects. He later worked as the Senior System designer to Department Manager of Siemens Pte Ltd from 1989 to 1995 and was responsible for the development and operations of its IT projects. Subsequent to that he joined novaSPRINT as General Manager of Infrastructure Planning Division. His career portfolio covers software engineering, large-scale turnkey project implementation on e-Government project. Mr Tan holds a Diploma in Building from the Singapore Polytechnic.

Mr Tan does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Financial And Operations Review

Our Group operates in 2 business segments, namely (i) Application Solution segment and (ii) Building Control and Automation segment.

Application Solution Segment

Our Group is a leading provider of ready-to-deploy, industry-focused application software and services for both the Government and Healthcare sectors with an international track-record. Our products are developed based on our technical knowledge and in-depth understanding of industry demands and the clients' requirements, thereby bringing improved productivity to our customers.

The following are software products developed in-house and marketed by the Group under the following brand names:-

Software product	Brief Description
Pavo	Pavo is an e-Government software that facilitates the online submission of application documents.
Fornax	Fornax is an electronic plan check checking systems software that automates the process of checking and approving building plans for compliance with building regulations, codes of practice and planning guidelines. It also an electronic approval management software which aims to enhance productivity in local authority by automating the process of examining and approving applications for development controls, building control and other infrastructure development activities.
Versalius	Vesalius is a software that supports the administrative and clinical function within a hospital including physician support systems, nursing care, disease management, scheduling, patient registration, operating theatre management and billing.
Avicenna	Avicenna is a fully integrated cloud-based system which takes care of the administrative needs and clinical aspects of patient management in a healthcare facility from a single practitioner clinic to a multi-specialist outpatient centre with unrivalled user experiences.

Our solutions are supplied to customers not only in Malaysia but also to countries within the Asian region with customers occasionally spreading beyond the region.

In the last financial year, we saw healthy demand for our Vesalius and Avicenna product line. This could be attributable to the intense marketing activities during the year and our reputation in delivering innovative and efficient solution, underpinned by our earlier effort in research and development.

However, in the e-Government sector, our sales orders were affected by fewer tenders in the market. Oil market and global uncertainty had also attributed to slower payment and demand from some of our clients, especially those in the Middle East. As a result, we experienced lower sales orders and revenue recognition from our existing order book. We also made certain allowance for long outstanding debts. However, we believe this situation is only temporary. We continue to believe in the trend that there will massive expansions of cities driven by urbanization and migration of people from rural areas in several countries in the Asia Pacific region whereby it will require good infrastructure planning and monitoring. With our innovative and smart quality solution, we stand ready to ride this trend. We will continue with our marketing efforts into our existing markets. We will explore bringing our solution to the new market.

Building Control and Automation Segment

The Group entered into Building Control and Automation segment in 2016 when we acquired an additional 31% shares in CNA Development Private Limited (CNAD). CNAD is a Master Systems Integrator (MSI) for building and facilities. CNAD is also a mechanical engineering solutions provider. Its team has won multiple awards and they have more than 25 years of experience in projects that cover public and private infrastructure. Aside from being a MSI, CNAD also provide Integrated Building Management Systems (IBMS) and Smart Facility Management Systems through its Sirius+ framework that was developed in-house. CNAD is currently based in Singapore and serve an extensive portfolio of clients.

The acquisition of CNAD was to allow the Group to have control over the strategic directions of CNAD and to safeguard the interest of the Group whilst enabling the enlarged Group to achieve revenue and cost synergies. The post-acquisition integration effort will continue in the coming years.

Outlook and strategies

Organisations around the world are striving to decrease costs, improve efficiency without compromising on the quality of services. With this trend in mind, our Group strives to ride on this by providing a solution desired by the market. At the same time, the Group will continue to face risk from competition, project implementation and rapid technological changes.

Against this backdrop, our strategies must enable us to satisfy market needs while at the same time mitigate risk. For the coming financial years, we will (i) intensify our marketing activities, (ii) undertake relevant and innovative research and development, and (iii) enter into new and/or complimentary business segment. Notwithstanding the challenges faced in this uncertain economic climate, the Group expects the Group's performance to be better than last financial year.

Financial And Operations Review

(Continued)

Financial Review

Financial year ended 31 March	2017	2016
Revenue		
- Building Control and Automation Segment	72,900	-
- Application Software segment	23,911	30,978
Total Revenue	96,811	30,978
(Loss)/ Profit after taxation	(22,427)	510
(Loss)/ Profit attributable to owner	(20,426)	513
(Loss)/ Profit attributable to Non-Controlling Interest	(2,001)	(3)

Revenue

For the financial year ended 31 March 2017 ("FY16/17"), the Group recorded revenue of RM96.8 million, comprising of revenue of RM72.9 million from the Building Control and Automation segment and RM23.9 million from the Application Software segment.

The revenue achieved in FY16/17 represent an increase of approximately 212% as compared to group revenue of RM31.0 million for the financial year ended 31 March 2016 ("FY15/16"). The increase was mainly due to the contribution from the newly acquired CNAD, though partly offset by lower contribution from the Application Software segment as a result of lower sales orders.

Loss after taxation

The Group, however, recorded a loss after taxation of approximately RM22.4 million for the financial period ended 31 March 2017 as compared to the preceding year's profit after taxation of approximately RM0.5 million. This was mainly due to:-

(i) Loss on re-measurement

In FY16/17, a loss of re-measurement of RM3.8 million was recognized as a result of the change in status of CNAD as an associated company to a subsidiary. The amount was derived from the fair value of the identifiable assets and liabilities of CNAD as at the date of acquisition of the additional 31% equity interest in CNAD based on the purchase price allocation exercise completed.

(ii) Additional amortisation charge

Depreciation and amortisation in FY16/17 amounted to RM7.5 million as compared to RM2.6million in FY15/16, as a result of the additional amortisation charge of approximately RM4.6 million mainly arising from the additional intangible asset recognised from the acquisition of CNAD.

(iii) Allowance for long outstanding debts

In FY16/17, the Group decided to make allowance of approximately RM8.0 million of long outstanding debts in the Group on ground of prudence. These debts relate to debts due from customers in Saudia Arabia, Laos and Singapore. The Group will, however, continue its effort to chase for the collection of these debts.

(iv) Lower revenue contribution from the Application Software segment

Revenue from Application Software segment recorded revenue of approximately RM23.9 million which is 23% lower than RM31.0 million recorded in FY15/16, mainly as a result of lower revenue recognition and lower sales orders achieved.

Financial position

As at 31 March	2017 (RM'000)	2016 (RM'000)
Total Asset	78,682	58,765
Total equity attributable to owners	44,037	46,592
Goodwill	2,728	-
Intangible assets	24,158	16,742
Trade and other receivables	23,821	20,749
Trade and other payables	25,073	9,274

As at 31 March 2017, the Group's total asset amounted to RM78.7million, which was 34% higher than that as at 31 March 2016. The Group's shareholders' equity of approximately RM44.0 million was RM2.6m or 5.5% lower than that as at 31 March 2016.

Financial And Operations Review

(Continued)

Goodwill

RM2.7million of goodwill was recognised in FY16/17 as a result of the additional acquisition of 31% equity interest in CNAD.

Intangible assets

Intangible assets increase by RM7.4 million from RM16.7 million as at 31 March 2016 to RM24.2 million as at 31 March 2017. The increase was mainly due to the addition of RM 6.3 million arising from the acquisition of CNAD, RM 6.2 million arising from additional software development work done during FY16/17 and exchange translation differences of RM2.0 million, which was partially off-set by the amortization of RM7.0 million.

Trade and other receivables

Trade and other receivables increased by RM3.1 million from RM20.7 million as at 31 March 2016 to RM23.8 million as at 31 March 2017 mainly due to the consolidation of the newly acquired subsidiary.

Trade and other payables

In tandem with the increase in revenue, trade and other payables increased by RM15.8 million from RM9.3 million as at 31 March 2016.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2017, the Group's net current assets stood at RM19.3 million of which the cash and bank balances were RM7.3 million. As at 31 March 2016, the Group's net current asset was RM21.9 million of which the cash and bank balances were RM3.2 million. The Group's current ratio as at 31 March 2017 was 1.7 as compared to 2.8 as at 31 March 2016.

Total bank borrowings as at 31 March 2017 amounted to RM1.9 million, which was comparable to the RM2.1 million as at 31 March 2016. During the financial year under review, the Company also issued new ordinary shares as follows:-

1. 45,454,545 new ordinary shares of RM0.10 each at RM0.11 per share as part of the purchase consideration in respect of the acquisition of CNAD, and
2. 87,000,000 new ordinary shares of RM0.10 each at par for cash, for working capital and as part of deferred cash consideration for the acquisition of CNAD.

The Group did not declare any dividend in the last financial year and currently do not have a formal dividend policy.

In FY16/17, the Group invested RM6.2 million in R&D development work, which was 15% lower than the RM 7.3 million incurred in FY15/16. The capital expenditure was mainly to introduce new modules into our products.

The management is cognisant of the financial risk arising from the operation and aim to safeguard the Group's ability to continue in its operation as a going concern as well as to maintain an optimal capital structure. During the year, the management mitigated such risk by maintaining a level of cash and bank balances deemed adequate by the Group to finance the Group's operations and mitigated the effects of fluctuations in cash flows.

Statement on Corporate Governance

The Board of Directors ("Board") of Nova MSC Berhad ("the Company") 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 recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code"), where applicable.

The following statements describe the corporate governance practices that were in place in the financial year ended 31 March 2017:-

1. Board

1.1 Duties and Responsibilities

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company while providing effective oversight of Group's performance, risk assessment and controls over business operations. In discharging its roles and responsibilities, the Board is guided by its Board Charter which outlines the duties of and responsibilities of the Board.

The Chairman leads the Board and ensures the effective functioning of the Board to act in the best interests of the Company and its shareholders. The Chairman facilitates the relationship between the Board, Executive Director and Management, by engaging them in constructive discussions over various matters, including strategic issues and business planning process. He ensures that discussion at the Board level are conducted objectively and professionally where all views are heard and key issues are debated in a fair and open manner.

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.

Save for the significant matters reserved for the Board's approval, such as financial results, annual budget and business plan, issuance of new shares, expenditure above a certain limit, disposals or acquisition of significant assets and others, the Board delegates the day-to day operations of the business and implementation of Board's policies and plans to the Executive Director. The Executive Director is also accountable to the Board for the conduct and performance of the Group.

The role of the Management is to support the Executive Director.

During the year, the Executive Director and Management presented comprehensive summaries of the significant business activities and financial performance of the Group to the Board on a quarterly basis, whereby explanations on any material shortfalls and proposed corrective actions were provided. The Executive Director and Management also presented to the Board proposed business strategies and plans for the Board's review. The Board deliberated on the business strategies and plans to ensure that they were in line with Group's visions and mission after taking into consideration the latest market conditions and internal capabilities.

The Company Secretary plays an advisory role to the Board and is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also ensures that the deliberations at the Board meetings are well captured and documented.

The Board is also supported by four (4) Board committees to which it delegates specific areas of responsibilities for review and decision making. They are the Audit Committee, Nominating Committee, ESOS committee and Remuneration Committee.

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.

1.2 Board Charter and Code of Corporate Conduct

The Company has adopted a Board charter and this is made available on the corporate website. The document aims to govern how the Board conduct its affairs, including the roles and responsibilities of the Board and Board Committees and their processes and procedures for convening their meetings. The Board will review its charter regularly to ensure its effectiveness and relevance to the Board's objectives.

The Board has adopted a Code of Conduct and Ethics policy which set out the standards of conduct expected from Directors, to engender good corporate behaviour. The Board intends to review the Code of Conduct and Ethics policy biennially and as and when it is required to ensure the information remains relevant and appropriate. A summary of this is available on the corporate website.

During the financial year, the Board has also approved a whistle blowing policy to foster an environment where integrity and ethical behaviour are maintained and to outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or improper conduct or unlawful conduct.

Statement on Corporate Governance

(Continued)

1. Board (Continued)

1.3 Composition and Board Balance

1.3.1 Composition

The Board currently has eight members, comprising one executive director, two non-executive non-independent Directors and five Non-Executive Independent Directors. The Board is mindful that if the Chairman is not an independent director, the board should comprise of a majority of independent directors. However the Board has deliberated and viewed that it is not necessary to comply with the recommendation 3.5 of the Code due to the following reasons:-

- i) The size of the current Board is balanced and the composition of the Board is sufficient.
- ii) The Company is not in a complicated business which requires enlarged Board members.
- iii) The present chairman is a substantial shareholder but not a major shareholder of the Company.
- iv) The present chairman holds a non-executive position.

The Board is of the opinion that the interests of the shareholders of the Company are fairly represented in 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.

1.3.2 Board Balance

The seven Non-Executive Directors of the Company, which form 7/8 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 Board recognizes the importance of effective executive leadership to Nova's success and the Nominating Committee is tasked to discuss executive succession planning at least annually.

The Board has further deliberated and views that although the tenure of one of the Independent Directors has exceeded 9 years, he continues to provide independent judgement in carrying out his duties and thus the Board will seek shareholders' approval to allow the affected Director to continue in office as Independent Director of the Company

The profiles of the Directors are provided in pages 10 to 12 of the Annual Report.

1.4 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.

1.5 Appointment Process

The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company. Appointments are made upon the recommendation of the Nominating Committee. 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 Nominating Committee on 28 August 2007.

1.6 Re-election of Directors

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

The Company does not have term limits for both Executive Directors and Non-Executive Independent Directors as the Board believes that continued contribution by Directors provide benefits to the Board and the Group as a whole. The integrity of Independent Directors is not compromised by the long period of serving. The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Non-Executive Independent Directors. In accordance with Recommendation 3.3 of MCGG 2012, the Board must justify and seek shareholders' approval in the event it retains an independent director, a person who has served in that capacity for more than nine years.

Statement on Corporate Governance

(Continued)

1. Board (Continued)

1.6 Re-election of Directors (Continued)

The Board has conducted an assessment on independence of directors in the period under review. The performance evaluation of the independent directors is conducted by way of self-assessment checklist. The independence evaluation is based on the criteria laid down in the Listing Requirements. It was noted by the Board that the independent directors complied with the definition of independent director as set out in Chapter 1 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements.

1.7 Meetings

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

	Number of Meetings Attended
Executive Directors	
Chan Wing Kong	4/4
Non-Executive Directors	
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	4/4
Onn Kien Hoe	4/4
Dr. Victor John Stephen Price	4/4
Dato' Dr. Chua Hock Hoo	3/4
Suresh Parthasarathy	3/4
Peter Wayne Thompson (appointed on 1 June 2017)	Not applicable
Lim Hak Min (appointed on 1 June 2017)	Not applicable

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.

The Board also observe the recommendation of the Code that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, they must not hold directorships at more than five public listed companies and must be able to commit sufficient time to the Company.

The Board is satisfied that the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company as evidenced by the attendance record of the Directors at Board meetings.

1.8 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. In financial year under review, all Directors have attended development and training programmes, seminars and courses, the details of which are as follows:

Director	Training Programmes Attended
Suresh Parthasarathy	Technology Innovation Platform Conference held on 4 April 2016 PIKOM Leadership Summit 2016 held on 23 November 2016
Dato' Dr. Chua Hock Hoo	Seminar Percukaian Kembangsaas 2016 held on 27 October 2016 2017 Budget Seminar : Comprehensive Updates for Corporate Accountants held on 31 October 2017
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	Board Chairman Series Part 2: Leadership Excellence from the Chair held on 11 August 2016
Steven Chan Wing Kong	Asia-Singapore Infrastructure Roundtable held on 18 October 2016 The Business Times Leader's Forum 2017 held on 22 March 2017
Onn Kien Hoe	National Tax Conference 2016 held on 9 and 10 August 2016 Malaysian Financial Reporting Standards (MFRS)-A Broad Overview and the Business Implications held on 15 and 16 February 2017
Dr. Victor John Stephen Price	AfricaCom seminar and exhibition on 15th November 2016

Statement on Corporate Governance

(Continued)

1. Board (Continued)

1.9 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 25 to 28.

ii) Nominating Committee

The Nominating Committee comprises of the following members:

- 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
- Dato' Dr. Chua Hock Hoo, Independent Non-Executive Director

The Committee shall meet at least once a year or as and when deemed fit and necessary.

The duties and responsibilities of the Committee are as follows:-

- To assist the Board in implementing an assessment program to assess the effectiveness of the Board as a whole, the committee of the Board and the individual director on an annual basis.
- To assist the Board in its annual review of its required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board
- To nominate and recommend to the Board suitable candidates for directorships. In making such recommendations, to consider candidates proposed by chief executive office and within the bounds of practicability by any other senior executives or any director or shareholder
- To nominate and recommend to the Board the nominees to fill seats on Board committees and succession planning.

During the period under view, the Nominating Committee met twice and was attended by a majority of the members of the Nominating Committee. At this meeting, the Nominating Committee:-

- Reviewed the annual assessment of the Board and individual directors;
- Discussed and recommended to the Board for re-election of retiring directors in the Annual General Meeting;
- Brought up the need for directors' trainings; and
- Reviewed and recommended to the Board for the appointment of new directors.

The performance evaluation of the Board is conducted by way of self-assessment. The performance criteria used in this evaluation includes individual contributions of each directors, the overall effectiveness of the Board and its required mix of skill, experience and other qualities including core competencies. Directors are required to fill out the self-assessment forms and provide their feedback, view.

The results of these self-assessments forms are compiled and tabled to the Nominating Committee for review and deliberation.

As part of the management succession planning, the Group has appointed Mr Lai Teik Kin as the Deputy Group Chief Executive Officer. The Nominating Committee intends to conduct discussion the Executive Director on management succession planning at least once a year.

iii) Employees Share Option Scheme ("ESOS") Committee

The ESOS Committee comprises of the following members:

- 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
- Dr Victor John Stephen Price, Independent Non-Executive Director
- Chan Wing Kong, Non-Independent Executive Director

Statement on Corporate Governance

(Continued)

1. Board (Continued)

1.9 Board Committee (Continued)

iii) Employees Share Option Scheme (“ESOS”) Committee (Continued)

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.

The ESOS Committee met once during the period under review with all the members attending the meeting. The ESOS Committee reviewed and discussed the terms, criteria and overall assessment for the ESOS allocation for eligible employees and director.

iv) Remuneration Committee

The Remuneration Committees comprises of the following members:

- 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
- Dato’ Dr. Chua Hock Hoo, Independent Non-Executive Director
- Dr. Victor John Stephen Price, Independent Non-Executive Director

It is responsible to assist the Board in developing and establishing commensurate remuneration policies and packages of the Executive Directors. The Committee shall meet at least once a year or as and when deemed fit and necessary.

The Remuneration Committee met twice during the period under review with majority of the members attending the meeting. The Remuneration Committee reviewed CEO’s recommendations for bonus and performance of the Management team, the remuneration package of the executive directors in the Company and in the respective subsidiary companies. The performance criteria for increment of salaries were based on performance of executive directors as a team for the financial year. In addition, Remuneration Committee also reviewed CEO’s recommendation for bonus and performance of the Group management team.

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 Remuneration Committee is entrusted under its term of reference to assist the Board, among others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted with the Directors concerned abstaining from discussions on their individual remuneration.

Aggregate remuneration of the Directors during the financial year ended 31 March 2017 can be categorized into the following components:

Category	Proposed Director’s Fees (RM)	Salaries and other emolument (RM)	Total (RM)
Executive Director	-	914,093	914,093
Non-Executive Directors	228,800	-	228,800

Statement on Corporate Governance

(Continued)

2. DIRECTORS' REMUNERATION (Continued)

2.1 Remuneration Policy and Procedures (Continued)

Directors' remuneration is broadly categorized into the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	4
RM50,001 to RM100,000	-	1
RM900,001 to RM950,000	1	-

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

3. SHAREHOLDERS

Relation with Shareholders and Investors

The Board recognizes the importance of communicating with shareholders and investors. Information on the Group's business activities and financial performance are disseminated through press release, quarterly reports, annual reports and the Annual General Meeting. In addition, the shareholders and investors may obtain the Company's latest announcement via the Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.my and the Company's web site at www.novamsc.com.

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.

The Group has yet to adopt the practice of poll voting for all resolutions at AGM except as required under the Listing Requirement and the Company's Articles of Association when there is a demand for poll by shareholder or the Chairman.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board is responsible to present a balanced and comprehensive assessment of the Group's financial position to shareholders by means of the annual and quarterly reports and other published information. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness and that the financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016.

Statement on Corporate Governance

(Continued)

4. ACCOUNTABILITY AND AUDIT (Continued)

4.2 Directors' Responsibility in Financial Reporting

The Directors are required by the Companies Act, 2016 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, 2016 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, 2016. 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.

4.3 Internal Control and Risk Management

The Board assumes overall responsibility for maintaining a sound system of risk management and internal controls that provide reasonable assurance of effective operations and legal compliance including both internal policies and standard operating procedures. The Group's Statement on Risk Management and Internal Control is set out on pages 29 to 30 of this Annual Report to provide an overview of the state of risk management and internal controls within the Group.

4.4 Relationship with Auditors

The Board, via the Audit Committee, maintains a close and transparent relationship with its Auditors in seeking professional advice and ensure compliance with the appropriate accounting standards. The Audit Committee meets the external auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. At least 2 meetings are held without the presence of the Executive Director and the management to encourage a greater exchange of independent and open dialogue.

The Audit Committee assesses the performance of the external auditors in terms of suitability, objectivity and independence of their services. The Audit Committee will then recommend their reappointment to the Board, subject to shareholders' approval in the AGM.

4.5 Corporate Social Responsibilities ("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 endeavour, 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.

4.6 Compliance with the Code

The Board is satisfied that the Company has in all material aspects complied with the principles and recommendations of the Code during the financial year ended 31 March 2017 except where it was specifically stated otherwise.

Additional Compliance information

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

1. OPITONS, WARRANTS OR CONVERTIBLE SECURITIES

(a) Employee Share Option Scheme ("ESOS")

At an extraordinary general meeting held on 27 August 2015, the Company's shareholders approved the establishment of a ten (10) years ESOS of up to thirty percent (30%) of the issued and paid up capital of the Company. The ESOS was implemented on 18 November 2015. The following options were granted and forfeited in the financial year ended 31 March 2017:

	Number of options over ordinary shares of RM0.10 in the Company			
	As at 01.04.2016	Granted	Exercised	As at 31.03.2017
<u>Grant date</u>				
02.06.2016	-	15,000,000	-	(10,500,000)
Number of options exercisable at end of the financial year				4,500,000

2. UTILISATION OF PROCEEDS FROM NEW SHARES ISSUED

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

- 45,454,545 new ordinary shares of RM0.10 each of the Company at RM0.11 per share as part of the purchase consideration in respect of acquisition of a subsidiary as disclosed in Note 8.1 to the financial statements;
- 87,000,000 new ordinary shares of RM0.10 each at par to eligible investors as part of deferred cash consideration for the acquisition of a subsidiary and working capital. The proceeds had been utilized as follows:-

Use of proceeds from private placement	Amount raised (RM'000)	Amount utilized (RM'000)
Funding for the Purchase Consideration of CNA Development Pte Ltd	5,000	-
Working capital	3,300	3,434
Estimated professional fee	400	266
Total	8,700	3,700

3. AUDIT AND NON-AUDIT FEE

Audit and non-audit fee paid or payable to external auditors for the financial year ended 31 March 2017 are as follows:-

	Group (RM)	Company (RM)
Audit Fee	279,296	51,000
Non Audit Fee	6,000	6,000

4. MATERIAL CONTRACTS

There are no material contracts involving directors or major shareholders other than those entered in the ordinary course of the business by the Company as disclosed in the financial statements.

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
Dato' Dr. Chua Hock Hoo	Member	Non-Executive Independent
Dr. Stephen Victor John Price	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.

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.

Audit Committee Report

(Continued)

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 meetings 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.
 - l. The independence and objectivity of the external auditors and their services including non-audit fees and professional fees, so as to ensure proper balance between objectivity and value for money.
 - m. The quarterly reporting to Bursa Securities and year end annual financial statements of the Group before submission to the Board.
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.

Audit Committee Report

(Continued)

DUTIES AND RIGHTS OF THE AUDIT COMMITTEE (Continued)

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 4 times during the financial year ended 31 March 2017. 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	4/4
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	4/4
Dato' Dr. Chua Hock Hoo	3/4
Dr. Stephen Victor John Price	4/4

During the financial year ended 31 March 2017, the Audit Committee has discharged the following functions and duties:-

- Reviewed the quarterly financial result announcement with management for recommendation to the Board for approval. In the review, the parties discussed on the accounting principles and standards that were applied and their judgement of the accounting principles and standards that might affect the financial results and statements;
- Reviewed and approved the risk based internal audit plan with the Internal Auditors, taking into consideration the adequacy, relevance and resources on all significant operational processes and internal controls systems.
- Reviewed and deliberated on issues raised in the internal audit reports in relation to weakness in internal controls;
- Monitored the corrective actions taken on outstanding internal audit issues to ensure that all the key risks and control lapses were duly addressed;
- Reviewed and approved the external audit plan of the Company and Group for the year with the external auditors prior to the commencement of the annual audit;
- Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the external auditors without the presence of management and the Executive Director;
- Reviewed the audit report, issues and reservations arising from the statutory audit with the external auditors;
- Reviewed the Group's annual audited financial statements for recommendation to the Board for approval;
- Assessed and evaluated the performance, independence and suitability of the external auditor for its re-appointment and made recommendations to the Board on their re-appointment and remuneration, taking into considerations factors including the adequacy of experience and resources of the external auditors and the professional staff assigned to the audit. The external auditors also provided a written confirmation on their independence and the measures used to control the quality of their work;
- Reviewed the audit and non-audit fees of the external auditors;
- Reviewed the Annual Report for recommendation to the Board for approval;
- Reviewed all recurrent related party transactions within the Group to ensure that the transactions entered into were at arm's length and on normal commercial terms;
- Reviewed and approved the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions;

Audit Committee Report

(Continued)

INTERNAL AUDIT FUNCTION

The Board outsource its internal audit function for a annual fee of RM18,000 to a professional consulting firm which provides support to the Audit Committee in monitoring and managing risks and internal control systems of the Group. It reports directly to the Audit Committee.

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.

The activities of the Internal audit function during the year were as follows:-

- Developed a risk-based internal audit plan;
- Conducted internal audit reviews in accordance with the internal audit plan approved by the Audit Committee;
- Reported the results of internal audits and made recommendations for improvements to the Audit Committee on a periodic basis; and
- Performed follow-up visit to ensure that recommendations for improvement were satisfactorily implemented.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control and Risk Management for the inclusion in the annual report of the Group for the financial year ended 31 March 2017 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 July 2017.

STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO THE ESOS ALLOCATION

During the financial year, 15,000,000 share options had been offered and granted to eligible director and 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 forfeited. They were made in compliance with the by-laws of the Company's ESOS.

Statement on Risk Management and Internal Control

The Board of Directors ("the Board") is fully committed to maintain a sound system of internal control and risk management in accordance with Principle 6 of the Malaysian Code on Corporate Governance 2012 to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders. The Board is pleased to present the Statement on Risk Management and Internal Control which outlines the Group's internal control framework and risk management system for the financial year ended 31 March 2017 pursuant to Paragraph 15.26(b) of Requirements of Bursa Malaysia Securities Berhad for the ACE Market ("the AMLR") and the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

Responsibility

The Board has overall responsibility for the Group's risk management and system of internal controls and for reviewing its adequacy and effectiveness. Management is responsible for implementing the processes for identifying, assessing, monitoring and reporting of risks and internal control to the Board. Management's duties include taking appropriate and timely corrective actions as needed to mitigate and control these risks and providing assurance to the Board that the processes for identifying, evaluating and managing significant risks have been carried out.

The Board recognises that the system of internal control and risk management is designed to manage and minimize the risk of failure rather than eliminate the risks involved. Therefore, the Board is cognizant that the systems implemented can provide only reasonable and not absolute assurance against the occurrence of any material misstatement loss or fraud.

Main Features of Risk Management and Internal Control System

The main features of the Group's internal control system and risk management are described below:

Internal Control and Risk Management Framework

The Board together with Management ensures that there is a sound internal control framework and ongoing process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in the achievement of its objectives and strategies. The Board reviews the process, taking into account changes in the regulatory and business environment to ensure the adequacy and effectiveness of the system of internal controls.

The Group has also in place a risk management framework consisting of three line of defence for managing risks affecting its business and operations. The first line of defence is carried out via the internal controls implemented as part of the day to day operations. The second line of defence relates to the oversight function by both the Board and Management. The final and third line of defence is that of the independent assurance providers, namely the Internal Auditors. The framework and ongoing process have been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Clear roles and responsibilities

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 Executive Director is involved in the day-to-day business operations of the Group. Scheduled informal operational and management meetings are held with Management to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board.

The Board is assisted by the Audit Committee in specific areas in order to enhance the system of internal controls and corporate governance.

Formalised policies and procedures

Clear formalised internal policies and procedures are in place to support the Group to facilitate effective and efficient operations. The Company's subsidiaries are accredited with ISO9001:2008. 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 on Risk Management and Internal Control

(Continued)

Main Features of Risk Management and Internal Control System (Continued)

Internal Audit Function

The Group's internal audit function has been outsourced to an independent party which assists the Audit Committee and the Board in discharging their responsibilities. The internal audit function provides independent, objective assurance and advisory services that add value and improve the operations by:

- ensuring the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring the adequacy and effectiveness of internal control and management information systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- promoting risk awareness and the value and nature of an effective internal control system;
- ensuring compliance with laws, regulations, corporate policies and procedures;
- assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach in evaluating and improving the effectiveness of risk management, control and governance processes within the Group's operations; and
- testing the effectiveness and efficiency of the internal controls systems periodically to ensure that they are effective and viable.

The internal audit function reports directly to the Audit Committee and focuses on high priority activities determined by risk assessment in accordance with the Audit Planning Memorandum approved by the Audit Committee. Please refer to the Audit Committee Report on pages 25 to 28.

Review of the Statement by the External Auditors

This Statement has been reviewed by the External Auditors for inclusion in the Annual Report 2017 in accordance with Paragraph 15.23 of the AMLR. The External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* to be set out, nor is factually inaccurate.

Conclusion by the Board

The Board, through the Audit Committee, has reviewed the adequacy and effectiveness of the risk management and internal control system based on the information:-

- (i) provided by key management in the Company delegated with the responsibility for the development and maintenance of the internal control and risk management framework and processes;
- (ii) from the Internal Auditors, who submit regular reports to the Audit Committee which include their independent and objective opinion on the adequacy and effectiveness of the Company's systems of risk management and internal control together with recommendations for improvement;
- (iii) provided by the External Auditors.


The Board has received assurance from the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Group's risk management and internal control system does not apply to the associate company as the Board does not have control over its operations. Notwithstanding, the Group's interests are served through representation on the board of the associate company which provide the Board with timely information and decision making in relation to the investment in its associate company.

No material losses were incurred during the financial year under review as a result of weaknesses in risk management and the internal control system. The Board and management will continue to take adequate measures to strengthen the control environment in which the Group operates.

The Board is satisfied that the risk management and internal control systems in place for the financial year ended 31 March 2017 are adequate and effective to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders.

This Statement is made in accordance with the resolution of the Board dated 25 July 2017.



	32	Directors' Report
	36	Statements Of Financial Position
	38	Statements Of Comprehensive Income
	40	Statements Of Changes In Equity
	43	Statements Of Cash Flows
	45	Notes To The Financial Statements
	101	Independent Auditors' Report
	106	Statement By Directors
106		Statutory Declaration

Financial Statement

Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

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 and details of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes 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
Loss for the year	(22,426,810)	(8,094,801)
Attributable to:		
- Owners of the Company	(20,425,642)	(8,094,801)
- Non-controlling interests	(2,001,168)	-
	(22,426,810)	(8,094,801)

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. Dividend

No dividend was declared or paid since the end of the last financial year and the Directors do not recommend the payment of any dividends in respect of the current financial year.

5. Share Capital

During the financial year, the issued and paid-up share capital of the Company was increased from RM55,078,636 to RM68,324,091 through the issue of 132,454,545 new ordinary shares by way of :-

- an issue of 45,454,545 new ordinary shares of RM0.10 each at an issue price of RM0.11 per share as part of the purchase consideration in respect of the acquisition of a subsidiary as disclosed in Note 8.1 to the financial statements; and
- 87,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.10 per share via a private placement to eligible investors for a total cash consideration of RM8,700,000 for working capital purposes. The private placement of ordinary shares was approved at an extraordinary general meeting held on 5 April 2016.

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

Upon the commencement of the Companies Act 2016 ("Act") on 31 January 2017 which removed the concept of authorised share capital and par value of share capital, the share premium of RM12,462,524 became part of the Company's share capital as of that date pursuant to the transitional provision set out in Section 618(2) of the new Act. Consequently, the share capital of the Company amounted to RM80,786,615 comprising 683,240,905 ordinary shares as at 31 January 2017.

6. Directors Of The Company

The names of Directors of the Company in office during the financial year and during the period from end of the financial year to the date of this report are :

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar (Chairman)
 Chan Wing Kong
 Dr. Victor John Stephen Price
 Onn Kien Hoe
 Dato' Dr. Chua Hock Hoo
 Suresh Parthasarathy
 Peter Wayne Thompson (appointed 1 June 2017)
 Lim Hak Min (appointed 1 June 2017)

Directors' Report

(Continued)

7. Directors' Interests

According to the register of directors' shareholding, the interests 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 in the Company			
	As at 01.04.2016	Bought	Sold	As at 31.03.2017
Direct interest				
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5,160,000	-	-	5,160,000
Chan Wing Kong	17,530,230	-	-	17,530,230
Dr. Victor John Stephen Price	9,428,211	-	-	9,428,211
Dato' Dr. Chua Hock Hoo	440,000	-	-	440,000
Indirect interest				
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	45,178,150	-	-	45,178,150

	Exercise price RM/share	Number of options over ordinary shares in the Company			
		As at	During the year		
		01.04.2016	Granted	Exercised	As at 31.03.2017
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	0.10	-	-	-	-
Chan Wing Kong	0.10	-	7,000,000	-	(5,000,000)
Dr. Victor John Stephen Price	0.10	-	-	-	-
Onn Kien Hoe	0.10	-	-	-	-
Dato' Dr. Chua Hock Hoo	0.10	-	-	-	-

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

8. Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive a benefit (other than benefits shown under Directors' Remuneration below) 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 30 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 11 of the Directors' Report.

9. Directors' Remuneration

The particulars of remuneration provided to the Directors and past Directors of the Company are disclosed in Note 23 to the financial statements.

The amount of liability indemnity insurance effected by the Company for the Company's Directors and officers acting in supervisory capacities is up to a limit of RM5,000,000 for the financial year.

10. Auditors' Remuneration

The details of the auditors' remuneration for the Group and for the Company are disclosed in Note 24 to the financial statements.

There were no indemnity given or insurance effected for the auditors of the Company.

Directors' Report

(Continued)

11. Employees' Share Option Scheme

The Company's Employees' Share Option Scheme ("ESOS") is governed by the By-Laws which were approved by the shareholders on 27 August 2015. This ESOS was implemented on 18 November 2015 and will expire on 17 November 2025.

During the financial year on 2 June 2016, the Company granted the following options to eligible employees :

- | | | |
|-----|---------------------------|---|
| (a) | Exercise price | RM0.10 |
| (b) | Number of options granted | (i) Tranche 1 : 4,500,000 (vested)
(ii) Tranche 2 : 10,500,000 |

Tranche 1 options are vested upon grant. The number of Tranche 2's options to be vested shall be subject to the achievement of certain performance criteria by eligible employees over the financial year ended 31 March 2017. The said performance criteria were not achieved and the options granted were forfeited.

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

	Exercise price RM/share	Number of options over ordinary shares in the Company				
		As at	Granted	Exercised	Forfeited	As at
		01.04.2016				31.03.2017
<u>Grant date</u>						
02.06.2016 - Tranche 1	0.10	-	4,500,000	-	-	4,500,000
02.06.2016 - Tranche 2	0.10	-	10,500,000	-	(10,500,000)	-

The options outstanding at end of financial year will expire on 17 November 2025.

The salient features of the ESOS as contained in the By-Laws 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.
- (ii) Eligible employees are Directors and confirmed employees of the Group (save and except for companies which are dormant) who meet the criteria of eligibility for participation as set out in the By-Laws, at the date of the offer.
- (iii) The option is personal to the grantee and is non-assignable.
- (iv) An option may, at the discretion of the ESOS Committee, be determined based on a discount of not more than 10% from the 5-day weighted average market price of the underlying shares as shown in the Daily Official List issued by Bursa Malaysia for the 5 market days immediately preceding the Date of Offer in writing to the grantee.
- (v) An option may be exercised by notice in writing to the Company in the prescribed form from time to time during the option period in respect of all or any part of the new shares comprised in the option, provided that where an option is exercised in respect of a part of the new shares comprised therein, the number of new shares of which such an option may be exercised shall not be less than one hundred (100) and shall be in multiples of one hundred (100).

12. Other Statutory Information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps :-

- (i) to ascertain that proper action had been taken in relation to writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) which would render the amount of written off for bad debts or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of 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 of the Company misleading.

Directors' Report

(Continued)

12. Other Statutory Information (Continued)

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

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

In the opinion of the Directors :-

- (i) no contingent liability or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of financial year 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 operations of the Group and of the Company for the financial year in which this report is made.

13. 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,
25 July 2017

Statements Of Financial Position

as at 31 March 2017

	Note	GROUP	COMPANY		
		2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	1,187,045	850,161	91,482	26,803
Goodwill	6	2,727,825	-	-	-
Intangible assets	7	24,158,186	16,742,496	-	-
Investment in subsidiaries	8	-	-	39,380,497	30,167,388
Investment in associates	9	979,688	7,073,102	-	6,119,072
Other investment	10	60,230	-	-	-
Deferred tax assets	11	568,190	-	-	-
		29,681,164	24,665,759	39,471,979	36,313,263
Current Assets					
Amount due from contract customers	12	17,843,560	10,110,511	179,338	-
Trade and other receivables	13	23,821,441	20,748,989	7,705,972	2,998,747
Tax recoverable		4,064	2,590	4,064	2,590
Fixed deposits, cash and bank balances	14	7,331,506	3,237,643	2,180,823	111,467
		49,000,571	34,099,733	10,070,197	3,112,804
TOTAL ASSETS		78,681,735	58,765,492	49,542,176	39,426,067
EQUITY					
Share capital	15	80,786,615	55,078,636	80,786,615	55,078,636
Share premium	16	-	12,254,668	-	12,254,668
Share option reserve		279,450	-	279,450	-
Accumulated losses		(49,488,483)	(29,062,841)	(38,005,197)	(29,910,396)
Foreign currency translation reserve		12,459,780	8,321,702	-	-
Equity attributable to the shareholders of the Company		44,037,362	46,592,165	43,060,868	37,422,908
Non-controlling interests		4,551,925	25,626	-	-
TOTAL EQUITY		48,589,287	46,617,791	43,060,868	37,422,908

Statements Of Financial Position

as at 31 March 2017

		GROUP		COMPANY	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
LIABILITIES					
Non-Current Liabilities					
Deferred tax liabilities	11	417,497	-	-	-
Current Liabilities					
Amount due to contract customers	12	2,429,353	803,492	656,052	83,594
Trade and other payables	19	25,073,484	9,273,771	5,825,256	1,919,565
Bank borrowings	18	1,937,507	2,050,140	-	-
Tax payable		234,607	20,298	-	-
		29,674,951	12,147,701	6,481,308	2,003,159
TOTAL LIABILITIES		30,092,448	12,147,701	6,481,308	2,003,159
TOTAL EQUITY AND LIABILITIES		78,681,735	58,765,492	49,542,176	39,426,067

Statements Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 March 2017

	Note	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	20	96,810,911	30,978,140	1,609,095	1,358,846
Other income		848,498	243,054	-	-
Employee benefits expenses	21	(50,341,347)	(17,214,502)	(1,638,376)	(2,026,825)
Hardware and material costs		(37,533,519)	(4,692,480)	(2,344,188)	(255,296)
Office rental		(2,420,912)	(986,312)	(92,237)	(102,398)
Other expenses		(19,401,241)	(5,136,871)	(5,624,310)	(1,554,720)
Depreciation and amortisation		(7,538,900)	(2,645,648)	(39,114)	(17,339)
Interest income		34,666	38,863	34,329	38,480
Loss on remeasurement	8	(3,834,414)	-	-	-
Finance costs	22	(164,838)	(143,038)	-	-
Share of results of associates		93,268	84,489	-	-
(Loss)/Profit before taxation	24	(23,447,828)	525,695	(8,094,801)	(2,559,252)
Taxation	25	1,021,018	(15,337)	-	-
(Loss)/Profit for the year		(22,426,810)	510,358	(8,094,801)	(2,559,252)
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss :-</i>					
Foreign currency translation gain		4,703,079	2,332,793	-	-
Other comprehensive income for the year, net of tax		4,703,079	2,332,793	-	-
Total comprehensive (loss)/ income for the year		(17,723,731)	2,843,151	(8,094,801)	(2,559,252)

Statements Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 March 2017 (Continued)

		GROUP		COMPANY	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Net (loss)/profit for the year attributable to :-					
Owners of Company		(20,425,642)	513,055	(8,094,801)	(2,559,252)
Non-Controlling interests		(2,001,168)	(2,697)	-	-
		<u>(22,426,810)</u>	<u>510,358</u>	<u>(8,094,801)</u>	<u>(2,559,252)</u>
Total comprehensive (loss)/ income for the year attributable to :-					
Owners of Company		(16,287,564)	2,845,226	(8,094,801)	(2,559,252)
Non-Controlling interests		(1,436,167)	(2,075)	-	-
		<u>(17,723,731)</u>	<u>2,843,151</u>	<u>(8,094,801)</u>	<u>(2,559,252)</u>
(LOSS)/EARNING PER ORDINARY SHARE					
Basic	26	(3.073 sen)	0.111 sen		
Fully diluted	26	<u>(3.073 sen)</u>	<u>0.111 sen</u>		

Statements Of Changes In Equity

for the year ended 31 March 2017

GROUP	Attributable to the Owners of the Company							Total Equity
	Non-distributable			Foreign Currency		Accumulated Losses	Non-Controlling Interests	
	Share Capital	Share Premium	Share Option Reserve	Translation Reserve	Total			
	RM	RM	RM	RM	RM	RM	RM	
2017								
As at 1 April 2016	55,078,636	12,254,668	-	8,321,702	(29,062,841)	46,592,165	25,626	46,617,791
Loss for the year	-	-	-	-	(20,425,642)	(20,425,642)	(2,001,168)	(22,426,810)
Other comprehensive income :								
- Foreign currency translation gain of foreign operations	-	-	-	4,138,078	-	4,138,078	565,001	4,703,079
Total comprehensive loss for the year	-	-	-	4,138,078	(20,425,642)	(16,287,564)	(1,436,167)	(17,723,731)
Share issuance expenses	-	(246,689)	-	-	-	(246,689)	-	(246,689)
Issuance of ordinary shares:								
- Acquisition of a subsidiary	4,545,455	454,545	-	-	-	5,000,000	-	5,000,000
- Private placement	8,700,000	-	-	-	-	8,700,000	-	8,700,000
Share options granted	-	-	279,450	-	-	279,450	-	279,450
Additional non-controlling interests arising from acquisition of subsidiary (Note 8)	-	-	-	-	-	-	5,962,466	5,962,466
Effect of transition to no par value shares on 31 January 2017	12,462,524	(12,462,524)	-	-	-	-	-	-
As at 31 March 2017	80,786,615	-	279,450	12,459,780	(49,488,483)	44,037,362	4,551,925	48,589,287

The annexed notes form an integral part of the financial statements.

Statements Of Changes In Equity

for the year ended 31 March 2017 (Continued)

GROUP	Attributable to the Owners of the Company							
	Non-distributable							
	Share Capital RM	Share Premium RM	Share Option Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
2016								
As at 1 April 2015	49,359,260	11,658,531	513,871	5,989,531	(29,674,232)	37,846,961	27,701	37,874,662
Profit for the year	-	-	-	-	513,055	513,055	(2,697)	510,358
Other comprehensive income :								
- Foreign currency translation gain of foreign operations	-	-	-	2,332,171	-	2,332,171	622	2,332,793
Total comprehensive income for the year	-	-	-	2,332,171	513,055	2,845,226	(2,075)	2,843,151
Share issuance expenses	-	(118,190)	-	-	-	(118,190)	-	(118,190)
Issuance of ordinary shares:								
- Exercise of ESOS	739,500	-	-	-	-	739,500	-	739,500
- Private placement	4,979,876	298,792	-	-	-	5,278,668	-	5,278,668
Recognition of premium on ESOS exercised	-	415,535	(415,535)	-	-	-	-	-
Transfer to accumulated losses on ESOS lapsed	-	-	(98,336)	-	98,336	-	-	-
As at 31 March 2016	55,078,636	12,254,668	-	8,321,702	(29,062,841)	46,592,165	25,626	46,617,791

The annexed notes form an integral part of the financial statements.

Statements Of Changes In Equity

for the year ended 31 March 2017 (Continued)

COMPANY	Attributable to the Owners of the Company					Total RM
	Non-distributable				Accumulated Losses RM	
	Share Capital RM	Share Premium RM	Share Option Reserve RM			
2017						
As at 1 April 2016	55,078,636	12,254,668	-		(29,910,396)	37,422,908
Total comprehensive loss	-	-	-		(8,094,801)	(8,094,801)
Share issuance expenses	-	(246,689)	-		-	(246,689)
Issuance of ordinary shares:						
- Acquisition of a subsidiary	4,545,455	454,545	-		-	5,000,000
- Private placement	8,700,000	-	-		-	8,700,000
Share options granted	-	-	279,450		-	279,450
Effect of transition to no par value shares on 31 January 2017	12,462,524	(12,462,524)	-		-	-
As at 31 March 2017	80,786,615	-	279,450		(38,005,197)	43,060,868
2016						
As at 1 April 2015	49,359,260	11,658,531	513,871		(27,449,480)	34,082,182
Total comprehensive loss	-	-	-		(2,559,252)	(2,559,252)
Share issuance expenses	-	(118,190)	-		-	(118,190)
Issuance of ordinary shares:						
- Exercise of ESOS	739,500	-	-		-	739,500
- Private placement	4,979,876	298,792	-		-	5,278,668
Recognition of premium on ESOS exercised	-	415,535	(415,535)		-	-
Transfer to accumulated losses on ESOS lapsed	-	-	(98,336)		98,336	-
As at 31 March 2016	55,078,636	12,254,668	-		(29,910,396)	37,422,908

The annexed notes form an integral part of the financial statements.

Statements Of Cash Flows

for the year ended 31 March 2017

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(23,447,828)	525,695	(8,094,801)	(2,559,252)
Adjustments for :-				
Amortisation of intangible assets	6,947,546	2,299,100	-	-
Depreciation of property, plant and equipment	591,354	346,548	39,114	17,339
Gain on disposal of property, plant and equipment	(6,325)	-	-	-
Allowance for impairment loss				
- trade receivables	7,987,231	534,374	-	-
Impairment of investments	-	-	3,685,412	-
Interest expense	164,838	143,038	-	-
Interest income	(34,666)	(38,863)	(34,329)	(38,480)
Loss on remeasurement	3,834,414	-	-	-
Property, plant and equipment written off	91,605	1,727	-	-
Unrealised foreign exchange	8,492	693,350	-	-
Share option expense	279,450	-	-	-
Share of associates profits	(93,268)	(84,489)	-	-
Operating (loss) / profit before changes in working capital	(3,677,157)	4,420,480	(4,404,604)	(2,580,393)
Changes in working capital :-				
Amount due from/(to) contract customers	(1,593,005)	9,385,345	393,120	306,832
Trade and other receivables	7,523,154	(12,203,069)	(4,707,225)	(2,022,258)
Trade and other payables	(1,673,531)	914,416	2,405,691	(2,515,159)
Cash generated from / (used in) operations	579,461	2,517,172	(6,313,018)	(6,810,978)
Income tax paid	(109,027)	(281)	(1,473)	-
Interest paid	(164,838)	(143,038)	-	-
Net cash generated from / (used in) operating activities	305,596	2,373,853	(6,314,491)	(6,810,978)

Statements Of Cash Flows

for the year ended 31 March 2017 (Continued)

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(512,735)	(524,293)	(103,793)	(17,840)
Purchase of other investment	(60,230)	-	-	-
Proceed from disposal of property, plant and equipment	7,565	-	-	-
Placement of pledged deposit	(57,175)	-	-	-
Development expenditure incurred, net of government grant received	(6,112,991)	(7,242,118)	-	-
Acquisition of subsidiary, net of cash acquired (Note 8.1)	854,667	-	-	-
Acquisition of associate, net of cash acquired (Note 9)	-	(6,361,237)	-	(6,090,000)
Interest received	34,666	38,863	34,329	38,480
Net cash used in investing activities	(5,846,232)	(14,088,785)	(69,464)	(6,069,360)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	8,700,000	6,018,168	8,700,000	6,018,168
Payment for share issue expenses	(246,689)	(118,190)	(246,689)	(118,190)
Repayment of bank borrowings	(4,119,940)	(3,545,223)	-	-
Drawdown of bank borrowings	3,804,000	3,460,800	-	-
Net cash generated from financing activities	8,137,371	5,815,555	8,453,311	5,899,978
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,596,735	(5,899,377)	2,069,356	(6,980,360)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,237,643	8,939,874	111,467	7,091,827
FOREIGN EXCHANGE DIFFERENCE ON OPENING BALANCE	308,448	197,146	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 14)	6,142,826	3,237,643	2,180,823	111,467

Notes To The Financial Statements

- 31 March 2017

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 are as stated in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. GENERAL INFORMATION

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 is located at Suite B-11-1, Northpoint Mid Valley, Mid Valley City, 58000 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on 25 July 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and of 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 of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the amendments to MFRSs as disclosed in Note 3.2.

3.2 Application of Amendments to MFRSs

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective from the beginning of the current financial year :-

Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities : Applying the Consolidation Exception

Amendments to MFRS 11 - Accounting for Acquisition of Interests in Joint Operations

Amendments to MFRS 101 - Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 127 - Equity Method in Separate Financial Statements

Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"

The adoption of the above amendments to MFRSs did not have any material impact on the financial statements of the Group and of the Company.

3.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group and the Company have not early adopted the following new MFRSs and IC Interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 107 - Disclosure Initiative

Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"

- Amendments to MFRS 12, Disclosure of Interests in Other Entities

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Continued)

Effective for annual periods beginning on or after 1 January 2018

MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

MFRS 15, Revenue from Contracts with Customers

Clarifications to MFRS 15, Revenue from Contracts with Customers

Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts

Amendments to MFRS 140 - Transfers of Investment Property

Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards

- Amendments to MFRS 128, Investments in Associates and Joint Ventures

IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

MFRS 16, Leases

Effective for annual periods beginning on or after a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRSs, IC Interpretation and amendments to MFRSs that are applicable once they become effective. Their main features are summarised below.

3.3.1 Effective for annual periods beginning on or after 1 January 2017

(a) Amendments to MFRS 107 - Disclosure Initiative

The Amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes.

(b) Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses

The Amendments to MFRS 112 Income Taxes clarify that :-

- (i) decreases in value of a debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.
- (ii) deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Continued)

3.3.1 Effective for annual periods beginning on or after 1 January 2017 (Continued)

(c) Amendments to MFRSs Classified as “Annual Improvements to MFRS Standards 2014 - 2016 Cycle” - Amendments to MFRS 12, Disclosure of Interests in Other Entities

The Amendments clarify the scope of the Standard by specifying that the disclosure requirements in the Standard apply to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities that are classified as held for sale, as held for distribution or as discontinued operations in accordance with MFRS 5.

The Amendments also clarify that an entity is not required to disclose summarised financial information when its subsidiary, joint venture or associate is classified as held for sale in accordance with MFRS 5.

The initial application of the above Amendments is not expected to have any significant impact on the financial statements of the Group and of the Company.

3.3.2 Effective for annual periods beginning on or after 1 January 2018

(a) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

The Standard replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

The key enhancements of MFRS 9 are :

- Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”) on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets under MFRS 139 had been replaced.
- Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9, except for the measurement of financial liabilities designated as at FVTPL. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss. However, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. Under MFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139 i.e. fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. MFRS 9 incorporates a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedge items and hedging instruments respectively.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Continued)

3.3.2 Effective for annual periods beginning on or after 1 January 2018 (Continued)

(b) MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 111, MFRS 118 and the related IC Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps :-

- | | |
|--------|---|
| Step 1 | Identify the contract(s) with a customer |
| Step 2 | Identify the performance obligations in the contract |
| Step 3 | Determine the transaction price |
| Step 4 | Allocate the transaction price to the performance obligations in the contract |
| Step 5 | Recognise revenue when (or as) the entity satisfies a performance obligation |

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. MFRS 15 also requires more extensive disclosures.

(c) Clarification to MFRS 15, Revenue from Contracts with Customers

The Amendments clarifies how certain principles should be applied in :-

- (i) identifying whether performance obligations are distinct;
- (ii) determining whether an entity is a principal or an agent; and
- (iii) assessing whether revenue from a license of intellectual property is recognised over time or at a point in time.

(d) Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions

The Amendments to MFRS 2 Share-based Payment provides specific guidance on how to account for the following situations :-

- (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and
- (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

(e) Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts

The Amendments to MFRS 4 Insurance Contracts address concerns arising from implementing the new MFRS 9 Financial Instruments before the new Standard on insurance contracts i.e. the forthcoming IFRS 17 which the International Accounting Standards Board ("IASB") plans to issue in 2017. These concerns include temporary volatility in reported results.

The IASB has introduced two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts.

The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying MFRS 9 for entities whose activities are predominantly connected with insurance.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Continued)

3.3.2 Effective for annual periods beginning on or after 1 January 2018 (Continued)

(f) Amendments to MFRS 140 - Transfers of Investment Property

The Amendments to MFRS 140 Investment Property clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

(g) Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"

The Annual Improvements to MFRS Standards 2014 - 2016 Cycle include amendments to the following MFRSs :-

- (i) The Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards have removed certain provisions that have served their intended purposes.
- (ii) The Amendments to MFRS 128 Investments in Associates and Joint Ventures clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

(h) IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

The IC Interpretation addresses which exchange rate to use in reporting foreign currency transactions that involve advance consideration paid or received.

The initial application of MFRS 9 and MFRS 15 may have an impact on the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. The initial application of other new MFRSs and IC Interpretation and amendments to MFRSs for reporting periods beginning on or after 1 January 2018 is not expected to have any significant impact on the financial statements of the Group and of the Company.

3.3.3 Effective for annual periods beginning on or after 1 January 2019

MFRS 16, Leases

MFRS 16 will supersede the existing MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and it sets out the principles for the recognition, measurement, presentation and disclosures of leases.

Under the existing MFRS 117, lessees and lessors are required to classify their leases as either finance leases or operating leases and account for those two types of leases differently. It requires a lessee to recognise assets and liabilities arising from finance leases but not from operating leases.

The new MFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases. As a consequence, a lessee recognises right-of-use assets and lease liabilities arising from operating leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the profit or loss.

The financial effects arising from the application of this Standard are still being assessed by the management.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

3.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rates used are as follows :-

Renovations	33 1/3%
Computers and office equipment	33 1/3%
Furniture and fittings	33 1/3%
Motor vehicle	20%

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.

3.7 Intangible Assets

3.7.1 Research costs and development expenditure

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

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

Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs 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 recognised as an asset is carried at cost net of any related government grants, accumulated amortisation and any accumulated impairment loss.

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

Capitalised development expenditure is amortised to the income statement on a straight line basis over their estimated useful lives of 8 years.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Intangible Assets (Continued)

3.7.2 Computer software

Computer software which is acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses, if any and is amortised over its estimated useful life of 8 years.

3.7.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is computed on a straight line basis over the estimated useful life of the assets as follows :

Order books	Remaining contractual period between 1.5 years to 3.5 years
Service contract	1 year

3.8 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories and deferred tax assets) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of each reporting period or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to the profit or loss in the period in which it arises, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is recognised in other comprehensive income for that asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus account.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised to the profit or loss unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

3.9 Investments in Subsidiaries and Associates

In the Company's separate financial statements, investments in subsidiaries and associates 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 as set out in Note 3.8.

On disposal of such investments the difference between the net disposal proceeds and net carrying value of the investments is recognised as a gain or loss on disposal in the Company's profit or loss.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Associates

An associate is an entity, including an unincorporated entity, in which the Group have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investments in associates are initially recognised at cost and adjusted thereafter for the Group's share of the profit or loss and changes in the associates' other comprehensive income after the date of acquisition. Equity accounting is discontinued when the Group's share of losses of an associate equals or exceeds its interest in the associate. Once the Group's interest in such associate is reduced to zero, additional losses are provided for and a liability recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

On acquisition of an investment in an associate, any excess between the cost of the investment and the Group's share of net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

After the application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The Group determines at the end of each reporting date whether there is any objective evidence that the investments in associates are impaired. If such evidence exists, the Group determines the amount of impairment by comparing the investment's recoverable amount with its carrying amount (including goodwill) and the impairment loss is recognised to profit or loss as part of the Group's share of results of associates.

In applying the equity method of accounting, the latest audited financial statements of the associate are used. Where the reporting dates of the Group and the associate are not coterminous, equity accounting is applied on the management accounts made to the financial year end of the Group. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

When the Group reduces its equity interest in an associate but continues to apply the equity method, the Group reclassifies to profit or loss the proportion of gain or loss that had previously been recognised in other comprehensive income.

The Group discontinues the use of equity method from the date when its investment ceases to be an associate. If the Group retains interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date. The Group recognises in profit or loss the difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate; and (ii) the carrying amount of the investment at the date the equity method was discontinued.

3.11 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial Assets (Continued)

3.11.1 Classification and measurement

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

Financial assets are classified into the following specified categories depending on the nature and purpose of the financial assets and are determined at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when the financial assets are either held for trading or designated as such upon initial recognition.

A financial asset is classified as held for trading if :-

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial assets at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The net gains or losses do not include any exchange differences, dividend or interest earned on the financial asset. Exchange differences, dividend and interest earned on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment losses.

b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment losses. A gain or loss is recognised in profit or loss when the held-to-maturity investment is derecognised or impaired, and through the amortisation process.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, loans and other receivables are classified as loans and receivables.

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

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 comprise quoted and unquoted equity and debt instruments that are not held for trading.

Subsequent to initial recognition, quoted equity and debt instruments are measured at fair value and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. A gain or loss from changes in fair value is recognised in other comprehensive income, except that impairment losses, foreign exchange gains or 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. Dividends on an equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial Assets (Continued)

3.11.2 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. For quoted equity instrument, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

An amount of impairment loss in respect of financial assets 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.

When an available-for-sale financial asset is impaired, the cumulative loss in relation to decline in fair value previously recognised in other comprehensive income is reclassified from equity and recognised in profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified is the difference between the acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. Increase in fair value, if any, subsequent to the impairment loss, is recognised in other comprehensive income.

If the fair value of a debt instrument classified as available-for-sale, increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed with the amount of the reversal is recognised in profit or loss.

An amount of impairment loss in respect of financial assets carried at cost is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.11.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the 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.

3.12 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 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.

Income-related government grants are recognised in the profit or loss 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.

3.14 Contract Work-In-Progress

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.

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.

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.

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 amount due from customers on contracts under current assets. Where progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is shown as amount due to customers on contracts under current liabilities.

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

3.15 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.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 3.11.1(c).

3.16 Share Capital

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

3.17 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

3.17.1 Classification and measurement

Financial liabilities are initially measured at fair value plus, in the case of other financial liabilities, directly attributable transaction costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Financial Liabilities (Continued)

3.17.1 Classification and measurement (Continued)

a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair value 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.

Derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured is measured at cost.

b) Other financial liabilities

All financial liabilities, other than those categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Other financial liabilities of the Group include trade and other payables, loans and borrowings.

A gain or loss on other financial liabilities is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

3.17.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.18 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.19 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 in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are amortised in profit or loss using the straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made in accordance with MFRS 137, Provisions, Contingent Liabilities and Contingent Assets. If the carrying amount of the financial guarantee is lower than the obligation estimated, the carrying value is adjusted to the obligation amount and accounted for as a provision.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Employee Benefits

3.20.1 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.

3.20.2 Defined contribution plans

The Group make contributions to the defined contribution plans operated by the relevant authorities at the prescribed rate. Contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

3.20.3 Share-based payment

The Company operates an equity-settled share-based compensation plan for eligible employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in profit or loss over the vesting period of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted. The fair value of the share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to the original estimates, if any, in profit or loss, and a corresponding adjustment to equity. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

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

The grant by the Company of the share options to employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value is recognised over the vesting period as an increase to investments in subsidiaries with a corresponding credit to equity in the Company's financial statements.

3.21 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.

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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Income Tax (Continued)

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.

3.22 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

3.23 Foreign Currency

3.23.1 Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates i.e. the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

3.23.2 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.

3.23.3 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.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services.

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

3.24.1 Consultancy contracts and construction contracts

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

Construction contracts relate to provision, design and implementation of integrated control and automation systems and information technology solution for buildings and facilities.

Revenue from consultancy contracts and construction contracts are recognised in accordance with the accounting policy as disclosed in Note 3.14.

3.24.2 Maintenance services

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

3.24.3 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.

3.25 Operating lease

Operating lease payments are recognised in profit or loss on a straight line basis over the period of the relevant leases.

3.26 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are expensed in the period in which they are incurred.

3.27 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.28 Earnings Per Share

The Group presents basic and diluted (where applicable) earnings per share ["EPS"] data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

3.29 Fair Value Measurement

The fair value of an asset or a liability, except for share-based payments and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurements takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes To The Financial Statements

- 31 March 2017 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.29 Fair Value Measurement (Continued)

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1 : Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Transfer between levels of the fair value hierarchy is deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the MFRSs requires management to exercise their judgement in the process of applying the Group'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 the 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 judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant Judgements in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 3, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Intangible assets

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 reporting date in accordance with the accounting policy disclosed in Note 3.7 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 2017 was RM24,158,186 (2016: RM16,742,496) and the annual amortisation charge for the financial year ended 31 March 2017 was RM6,947,546 (2016: RM2,299,100).

(ii) Deferred tax assets

Deferred tax assets are recognised for unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it 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.

Notes To The Financial Statements

- 31 March 2017 (Continued)

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(iii) Impairment on investment in subsidiaries

The Company reviews the carrying amount of investment in subsidiaries at each reporting date by comparing the carrying amount with their recoverable amount. No additional impairment loss was recognised during the financial year on the investment in subsidiaries as the recoverable amount of subsidiaries is expected to be higher than the carrying amount.

(iv) Impairment losses on trade receivables

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 13.

(v) Impairment of goodwill

The Company performs an annual assessment of the carrying value of its goodwill against the recoverable amount of the cash generating unit ("CGU") to which the goodwill has been allocated. The measurement of the recoverable amount of CGU is determined based on the value in use method which requires the management to estimate the future cash flows expected to arise from the CGU's ongoing operations, the growth rate that reflects the management's expected future performance and a suitable discount rate in order to calculate the present value. The relevant information and assumptions are disclosed in Note 6.

(vi) Share-based payments

The fair value of the share options granted was measured by using the Binomial Option Pricing Model. The valuation model requires the use of various assumptions and any changes in these assumptions will impact the profit or loss of the Group and of the Company. Details of the assumptions used on the valuation model are disclosed in Note 17.

Notes To The Financial Statements

- 31 March 2017 (Continued)

5. PROPERTY, PLANT AND EQUIPMENT

	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Motor Vehicle RM	Total RM
GROUP					
2017					
Cost					
At 1 April 2016	605,994	2,571,408	151,766	-	3,329,168
Acquisition of a subsidiary (Note 8.1)	337,754	147,228	-	66,860	551,842
Additions	61,815	365,238	85,682	-	512,735
Disposal	-	(1,601)	-	(15,321)	(16,922)
Written - off	(188,962)	(41,000)	(13,247)	-	(243,209)
Exchange differences	72,790	211,627	6,970	6,629	298,016
At 31 March 2017	889,391	3,252,900	231,171	58,168	4,431,630
Deduct : Accumulated depreciation					
At 1 April 2016	410,848	2,016,839	51,320	-	2,479,007
Acquisition of a subsidiary (Note 8.1)	31,917	21,099	-	8,711	61,727
Charge for the year	119,753	435,428	36,021	61,043	652,245
Disposal	-	(361)	-	(15,321)	(15,682)
Written - off	(123,449)	(14,908)	(13,247)	-	(151,604)
Exchange differences	37,942	173,973	3,242	3,735	218,892
At 31 March 2017	477,011	2,632,070	77,336	58,168	3,244,585
Net book value at 31 March 2017	412,380	620,830	153,835	-	1,187,045
Depreciation charge for the year:					
Recognised in Statement of Profit or Loss and Other Comprehensive Income	119,753	374,537	36,021	61,043	591,354
Capitalised as development expenditure	-	60,891	-	-	60,891
	119,753	435,428	36,021	61,043	652,245
GROUP					
2016					
Cost					
At 1 April 2015	467,605	2,176,768	74,349	-	2,718,722
Additions	117,270	332,075	74,948	-	524,293
Written - off	-	(42,156)	-	-	(42,156)
Exchange differences	21,119	104,721	2,469	-	128,309
At 31 March 2016	605,994	2,571,408	151,766	-	3,329,168
Deduct : Accumulated depreciation					
At 1 April 2015	376,717	1,595,487	37,569	-	2,009,773
Charge for the year	15,598	386,271	12,835	-	414,704
Written - off	-	(40,429)	-	-	(40,429)
Exchange differences	18,533	75,510	916	-	94,959
At 31 March 2016	410,848	2,016,839	51,320	-	2,479,007
Net book value at 31 March 2016	195,146	554,569	100,446	-	850,161
Depreciation charge for the year:					
Recognised in Statement of Profit or Loss and Other Comprehensive Income	15,598	318,115	12,835	-	346,548
Capitalised as development expenditure	-	68,156	-	-	68,156
	15,598	386,271	12,835	-	414,704

Notes To The Financial Statements

- 31 March 2017 (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
COMPANY 2017				
Cost				
At 1 April 2016	85,338	289,952	18,086	393,376
Additions	54,942	27,667	21,184	103,793
Written - off	(85,338)	(11,148)	(13,247)	(109,733)
At 31 March 2017	54,942	306,471	26,023	387,436
Deduct : Accumulated depreciation				
At 1 April 2016	85,338	263,149	18,086	366,573
Charge for the year	13,735	21,049	4,330	39,114
Written - off	(85,338)	(11,148)	(13,247)	(109,733)
At 31 March 2017	13,735	273,050	9,169	295,954
Net book value at 31 March 2017	41,207	33,421	16,854	91,482
COMPANY 2016				
Cost				
At 1 April 2015	85,338	312,541	18,086	415,965
Additions	-	17,840	-	17,840
Written - off	-	(40,429)	-	(40,429)
At 31 March 2016	85,338	289,952	18,086	393,376
Deduct : Accumulated depreciation				
At 1 April 2015	85,338	286,239	18,086	389,663
Charge for the year	-	17,339	-	17,339
Written - off	-	(40,429)	-	(40,429)
At 31 March 2016	85,338	263,149	18,086	366,573
Net book value at 31 March 2016	-	26,803	-	26,803

Notes To The Financial Statements

- 31 March 2017 (Continued)

6. GOODWILL

	GROUP	
	2017	2016
	RM	RM
Balance as at 1 April	-	-
Arising from acquisition of a subsidiary (Note 8.1)	2,727,825	-
Balance as at 31 March	2,727,825	-

6.1 Impairment assessment on goodwill

For the purpose of impairment assessment, goodwill has been allocated to the Group's cash-generating unit ("CGU") which is the subsidiary itself, namely CNA Development Pte. Ltd. ("CNAD"). For segment reporting purposes, CNAD has been allocated to Building Control and Automation segment.

For annual impairment assessment purposes, the recoverable amount of this CGU is based on value in use calculation. This calculation is based on a discounted future cash flow model using the cash flow forecast and projections covering a five-year period and approved by management. Cash flows beyond the five years period are extrapolated using an estimated growth rate. The key assumptions for the computation of value in use are further described in Note 6.2.

6.2 Key assumptions used for value in use calculation

The following table sets out the key assumptions for the computation of value in use:

	2017
Average gross margin	19.2%
Long-term growth rate	0%
Discount rate	14.8%

The management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used in determining values
Budgeted gross margin	The budgeted gross margin is based on past performance and management's expectations of market development.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The long-term growth rate beyond year five has been estimated to be NIL.
Discount rate	Reflects specific risks relating to the CGU in which the CGU operates.

6.3 Impact of possible changes in key assumptions

The management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the goodwill to exceed its recoverable amount.

Notes To The Financial Statements

- 31 March 2017 (Continued)

7. INTANGIBLE ASSETS

	Development expenditure RM	Computer software RM	Order books RM	Service contract RM	Total RM
GROUP 2017					
Cost					
At 1 April 2016	90,525,797	4,403,095	-	-	94,928,892
Acquisition of a subsidiary (Note 8.1)	-	315,480	5,793,981	127,805	6,237,266
Amount capitalised during the year	6,173,882	-	-	-	6,173,882
Exchange differences	8,977,250	467,931	574,577	12,674	10,032,432
At 31 March 2017	105,676,929	5,186,506	6,368,558	140,479	117,372,472
Deduct : Government grant					
At 1 April 2016	4,906,506	-	-	-	4,906,506
Exchange differences	486,567	-	-	-	486,567
At 31 March 2017	5,393,073	-	-	-	5,393,073
Deduct : Accumulated amortisation					
At 1 April 2016	62,494,503	4,403,095	-	-	66,897,598
Amortisation charge for the year	3,410,398	41,399	3,361,581	134,168	6,947,546
Exchange differences	6,357,848	438,592	158,108	6,311	6,960,859
At 31 March 2017	72,262,749	4,883,086	3,519,689	140,479	80,806,003
Deduct : Accumulated impairment losses					
At 1 April 2016	6,382,292	-	-	-	6,382,292
Exchange differences	632,918	-	-	-	632,918
At 31 March 2017	7,015,210	-	-	-	7,015,210
Net book value at 31 March 2017	21,005,897	303,420	2,848,869	-	24,158,186

Notes To The Financial Statements

- 31 March 2017 (Continued)

7. INTANGIBLE ASSETS (Continued)

	Development expenditure RM	Computer software RM	Order books RM	Service contract RM	Total RM
GROUP					
2016					
Cost					
At 1 April 2015	77,935,204	4,123,703	-	-	82,058,907
Amount capitalised during the year	7,310,274	-	-	-	7,310,274
Exchange differences	5,280,319	279,392	-	-	5,559,711
At 31 March 2016	90,525,797	4,403,095	-	-	94,928,892
Deduct : Government grant					
At 1 April 2015	4,595,171	-	-	-	4,595,171
Exchange differences	311,335	-	-	-	311,335
At 31 March 2016	4,906,506	-	-	-	4,906,506
Deduct : Accumulated amortisation					
At 1 April 2015	56,383,009	4,123,703	-	-	60,506,712
Amortisation charge for the year	2,299,100	-	-	-	2,299,100
Exchange differences	3,812,394	279,392	-	-	4,091,786
At 31 March 2016	62,494,503	4,403,095	-	-	66,897,598
Deduct : Accumulated impairment losses					
At 1 April 2015	5,977,313	-	-	-	5,977,313
Exchange differences	404,979	-	-	-	404,979
At 31 March 2016	6,382,292	-	-	-	6,382,292
Net book value at 31 March 2016	16,742,496	-	-	-	16,742,496

7.1 Development expenditure

Development expenditure are incurred for the development internally of application software. The Group considers each development project as a single cash generating unit ("CGU").

Impairment loss has been recognised to write down the carrying amount of a CGU to its estimated recoverable amount. The recoverable amount is based on the asset's value-in-use which has been calculated using cash flow projections prepared by management and discounted at a rate that reflects the risks specific to the CGU.

7.2 Order books relate to an order or production backlog arises from contracts acquired during business combination.

7.3 Service contract relates to the service contract of key management personnel.

Notes To The Financial Statements

- 31 March 2017 (Continued)

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017	2016
	RM	RM
Unquoted shares, at cost	46,485,791	37,552,132
Amount due from a subsidiary	1,420,217	1,420,217
	47,906,008	38,972,349
Accumulated impairment losses	(10,503,337)	(10,503,337)
	37,402,671	28,469,012
Options granted to employees of subsidiaries	1,977,826	1,698,376
	39,380,497	30,167,388

The amount due from a subsidiary company forms part of the Company's net investment in the subsidiary. The amount is unsecured, interest free and no repayment term is stipulated.

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	
			2017	2016
			%	%
Held by the Company				
novaHEALTH Pte. Ltd.	Provision of e-business solutions for healthcare industry	Republic of Singapore	100.00	100.00
novaCITYNETS Pte. Ltd.	Provision of e-business solutions for the building and construction, city, town council and telecommunications industries	Republic of Singapore	100.00	100.00
novaSOLUTIONS (Philippines), Inc.	Provision of information technology expertise and consultancy services	Philippines	99.99	99.99
CNA Development Pte. Ltd.	Provision, design and implementation of integrated control, automation systems and information technology solutions for buildings and facilities and the provision of engineering maintenance services	Republic of Singapore	51.00	-

Subsidiaries held by novaCITYNETS Pte Ltd

novaBIM Limited	Provision of software consultancy and computer systems integration - Dormant during the financial year	Republic of China	70.00	70.00
novaCITYNETS International Pte. Ltd.	Provision of software consultancy and computer systems integration	Republic of Singapore	100.00	100.00
novaBIM (Lao) Sole Co., Ltd	Provision of BIM Engineering Services, professional engineering design services and IT products and services	Lao People's Democratic Republic	100.00	100.00

Subsidiaries held by CNA Development Pte Ltd

Buildmetrix Pte. Ltd.	Computer facilities management	Republic of Singapore	100.00	-
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All subsidiaries are not audited by Folks DFK & Co.

Notes To The Financial Statements

- 31 March 2017 (Continued)

8. INVESTMENT IN SUBSIDIARIES (Continued)

8.1 Acquisition of subsidiary during the financial year

On 7 April 2016, the Company acquired additional 31% equity interest in CNA Development Pte. Ltd. ("CNAD") resulted in CNAD became a 51% owned subsidiary company. The purpose of the acquisition is to enable the Company to have control over the strategic direction of the CNAD.

The goodwill arising from the acquisition of CNAD is attributable to gaining control over the operations in the building control and automation business. The purchase price allocation exercise was completed during the current financial year ended.

The fair value of the identifiable assets and liabilities of CNAD as at the date of acquisition are as follows :

	Fair value recognised on acquisition RM	CNAD's carrying amount RM
Property, plant and equipment (Note 5)	490,115	422,768
Intangible assets (Note 7)	6,237,266	633,592
Due from customers for contract work-in-progress	7,344,262	7,344,262
Trade and other receivables	15,456,545	15,456,545
Deposits, cash and bank balances	1,986,173	1,986,173
Trade and other payables	(12,771,950)	(12,771,950)
Due to customers for contract work-in-progress	(5,467,979)	(6,125,276)
Deferred tax liabilities	(1,075,814)	-
Tax payable	(30,317)	(30,317)
Less : Non-controlling interest	(5,962,466)	-
Net identifiable assets acquired	6,205,835	6,915,797
Goodwill on consolidation	2,727,825	
	8,933,660	
Carrying amount of the equity interest previously owned at the date of acquisition	6,268,074	
Loss on remeasurement	(3,834,414)	
Less : Fair value of the equity interests previously owned at acquisition date	2,433,660	
Total cost of acquisition	6,500,000	

At the acquisition date, the fair value of the acquired trade and other receivables approximate the gross contractual amount of the receivables. The goodwill arising is not expected to be deductible for income tax purposes.

The cost of acquisition comprise :

	RM
Issuance of 45,454,545 ordinary shares (i)	5,000,000
Contingent consideration arrangement (ii)	1,500,000
	6,500,000

- (i) The 45,454,545 new ordinary shares of RM0.10 each were issued at an issue price of RM0.11 per share determined based on the 5-day volume weighted average market price of the Company's shares.

Notes To The Financial Statements

- 31 March 2017 (Continued)

8. INVESTMENT IN SUBSIDIARIES (Continued)

8.1 Acquisition of subsidiary during the financial year (Continued)

(ii) Contingent consideration arrangement

As part of the sale and purchase agreement with the previous shareholder of CNAD, a portion of the purchase consideration for the CNAD acquisition is subject to the following arrangement and considered to be contingent consideration.

Up to RM5,000,000 is payable over two tranches based on CNAD's audited profit after tax as reflected in the audited financial statements for the year ended 31 March 2017 and the financial year ending 31 March 2018. The actual cash payment shall be calculated based on the formula set below :

(a) Cash Payment 1

$$\frac{\text{Audited Profit After Tax (PAT) of CNAD for FYE 31 March 2017}}{\text{FYE2017 Performance Target}} \times \text{RM2,500,000}$$

Whereby:

- 1) Audited PAT of CNAD for FYE2017 must be at least 50% of FYE2017 Performance Target ("Minimum Threshold"). If CNAD is unable to achieve the Minimum Threshold, no Cash Payment 1 shall be paid.
- 2) Subject to a maximum cap of RM2,500,000.

(b) Cash Payment 2

$$\left[\frac{(\text{Audited PAT of CNAD for FYE 31 March 2017} + \text{Audited PAT of CNAD for FYE 31 March 2018})}{(\text{FYE2017 Performance Target} + \text{FYE2018 Performance Target})} \right] \times \text{RM5,000,000} - \text{Cash Payment 1}$$

The performance target for FYE31 March 2017 and FYE31 March 2018 had been set at Singapore Dollar, SGD1.2million and SGD2.3million, respectively. The cumulative cash payments for Cash Payment 1 and Cash Payment 2 shall be subject to a maximum cap of RM5,000,000.

In the event the calculation of the cash payments based on the formula above shall result in a negative figure, there will be no cash payment in that particular financial year shall be payable and the Company will not be entitled to any compensation.

As at acquisition date, the fair value of the contingent consideration was estimated approximately RM5 million and was subsequently revised to RM1.5 million. The revision on the fair value of the contingent consideration was based on the management's expectation of CNAD's future probable results. This is a Level 3 fair value measurement.

Effect of the acquisition of CNAD on cash flows :

	2017 RM
Purchase consideration satisfied by cash	-
Deposits, cash and bank balances of subsidiary company acquired	1,986,173
Less : Fixed deposits pledged as collateral	(1,131,506)
Net cash inflow on acquisition	854,667

Notes To The Financial Statements

- 31 March 2017 (Continued)

8. INVESTMENT IN SUBSIDIARIES (Continued)

8.1 Acquisition of subsidiary during the financial year (Continued)

The acquisition occurred at the beginning of the annual reporting period on 7 April 2016 and had the following effects on the financial results of the Group during the financial year :

Group	From the date of acquisition to 31.03.2017 RM
Revenue	72,900,321
Materials and consumables used	(32,616,259)
Employee benefits expenses	(34,744,480)
Amortisation	(3,607,849)
Other operating expenses	(7,453,355)
Finance expenses	(91)
Other income	422,417
Loss before taxation	(5,099,296)
Taxation	1,021,018
Loss for the year	(4,078,278)

The acquisition-related costs of RM266,274 have been charged to the other expenses in the Group's and the Company's profit or loss for the current financial year.

8.2 Non-controlling interest in a subsidiary

The summarised financial information for subsidiary that has material non-controlling interests ("NCI") are set out below :

The amounts in the summarised financial information are before inter-company eliminations.

CNA Development Pte. Ltd.

(i) Summarised assets and liabilities

	2017 RM
Non-current assets	1,157,161
Current assets	23,296,872
	<u>24,454,033</u>
Non-current liabilities	-
Current liabilities	(15,197,462)
	<u>(15,197,462)</u>
Net assets	<u>9,256,571</u>

Notes To The Financial Statements

- 31 March 2017 (Continued)

8. INVESTMENT IN SUBSIDIARIES (Continued)

8.2 Non-controlling interest in a subsidiary(Continued)

(ii) Summarised profit or loss and other comprehensive income

	2017 RM
Revenue	72,900,321
Loss for the year	(4,078,278)
Other comprehensive income	-
Total comprehensive loss	(4,078,278)
Dividend paid to non-controlling interest	-

(iii) Summarised cash flows

	2017 RM
Net cash outflow from operating activities	(199,415)
Net cash outflow from investing activities	(185,648)
Net cash inflow from financing activities	51,788
Net decrease in cash and cash equivalents	(333,275)

8.3 Incorporation of indirect subsidiary during the financial year

On 16 September 2016, CNAD had incorporated a wholly-owned subsidiary company, Buildmetrix Pte. Ltd. in the Republic of Singapore with an issued and paid up share capital of SGD2 comprising 2 ordinary shares of SGD1.00 each. The incorporation of this subsidiary has no material financial effect to the Group.

9. INVESTMENT IN ASSOCIATES

	GROUP	
	2017 RM	2016 RM
Unquoted shares, at cost	327,960	6,447,032
Share of post-acquisition profits (net of dividends received)	522,940	578,674
Exchange fluctuation reserve	128,788	47,396
	979,688	7,073,102
	COMPANY	
	2017 RM	2016 RM
Unquoted shares, at cost	29,072	6,119,072
Less : Accumulated impairment losses	(29,072)	-
	-	6,119,072

Notes To The Financial Statements

- 31 March 2017 (Continued)

9. INVESTMENT IN ASSOCIATES (Continued)

Reconciliation of Investment in Associates

	GROUP	
	2017 RM	2016 RM
Balance at beginning of financial year	7,073,102	589,432
Loss on remeasurement	(3,834,414)	-
Reclassification to Investment in Subsidiaries	(2,433,660)	-
Share of results	93,268	84,489
Foreign exchange difference	81,392	37,944
Addition during the year	-	6,361,237
	979,688	7,073,102
	COMPANY	
	2017 RM	2016 RM
Balance at beginning of financial year	6,119,072	29,072
Impairment loss	(3,685,412)	-
Reclassification to Investment in Subsidiaries	(2,433,660)	-
Addition during the year	-	6,090,000
	-	6,119,072

Name of Company	Principal Activity	Country of Incorporation	2017 %	2016 %
Held by the Company				
B-Nova Sdn Bhd	To market and deliver Information Technology solutions	Brunei Darussalam	40	40
CNA Development Pte. Ltd. (Note 8.1)	Provision, design and implementation of integrated control, automation systems and information technology solutions for buildings and facilities	Republic of Singapore	-	20
Associated companies held by novaHealth Pte. Ltd.				
JPMCnova Sdn Bhd	Industry solution provider to medical and healthcare institutions and related areas	Brunei Darussalam	49	49
Nova AI Khaleej Technology Information LLC	Provision of information technology expertise/consultancy solution, including development of certain software application and platforms which will be available to subscribers via the internet on a pay-per-use basis, in UAE	United Arab Emirates	49	49

Notes To The Financial Statements

- 31 March 2017 (Continued)

9. INVESTMENT IN ASSOCIATES (Continued)

All the associated companies are not audited by Folks DFK & Co.

Summarised financial information in respect of material associates of the Group is set out below. The summarised financial information presented below represents the financial statements of the associates and not the Group's share of those amounts.

	CNA Development Pte. Ltd. *		JPMCnova Sdn Bhd		Nova AI Khaleej Technology Information LLC	
	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM
Assets and liabilities						
Non-current assets	-	1,992,628	-	-	32,502	33,713
Current assets	-	51,900,153	2,297,724	2,498,504	610,491	629,282
Total assets	-	53,892,781	2,297,724	2,498,504	642,993	662,995
Non-current liabilities	-	-	-	-	-	-
Current liabilities	-	46,744,461	589,439	1,128,016	351,173	381,357
Total liabilities	-	46,744,461	589,439	1,128,016	351,173	381,357
Results						
Revenue	-	33,487,372	2,447,418	2,572,505	-	-
Profit/(Loss) after taxation	-	1,201,290	190,348	100,530	-	(273,340)
The reconciliation of net assets to carrying amount is as follows :-						
Group's share of net assets	-	1,448,119	837,060	671,539	142,992	138,003
Goodwill	-	4,819,936	-	-	-	-
Carrying amount of Group's interest in associates	-	6,268,055	837,060	671,539	142,992	138,003

Aggregate information of associates that are not individually material :-

	2017	2016
	RM	RM
Share of loss after taxation	-	(31,731)
Share of comprehensive loss	-	(31,731)

* The Group had acquired an additional 31% equity interest in CNA Development Pte. Ltd. ("CNAD") resulted in CNAD became 51% owned subsidiary company as disclosed in Note 8.1.

Notes To The Financial Statements

- 31 March 2017 (Continued)

10. OTHER INVESTMENT

	GROUP 2017 RM	2016 RM
Golf club membership, at cost	60,230	-

11. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP 2017 RM	2016 RM
Balance as at 1 April	-	-
Acquisition of a subsidiary (Note 8.1)	(1,075,814)	-
Recognised in profit or loss	1,298,828	-
Net exchange differences	(72,321)	-
Balance as at 31 March	150,693	-

The components and movement of deferred tax assets and liabilities prior to offsetting are as follows :

	As at 1.04.2016 RM	Acquisition of a subsidiary RM	Recognised in profit or loss RM	Net exchange differences RM	As at 31.03.2017 RM
2017					
Other taxable temporary differences	-	(1,075,814)	730,638	(72,321)	(417,497)
Other deductible temporary differences	-	-	568,190	-	568,190
		(1,075,814)	1,298,828	(72,321)	150,693
				2017 RM	2016 RM

Presented after offsetting as follows :

Deferred tax assets	568,190	-
Deferred tax liabilities	(417,497)	-
	150,693	-

Notes To The Financial Statements

- 31 March 2017 (Continued)

11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross amounts) due to the uncertainty of their realisation in the foreseeable future :-

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Development expenditure capitalised	16,754,361	11,492,740	-	-
Unutilised capital allowances	(2,296,979)	(2,105,012)	(480,207)	(455,364)
Unabsorbed tax losses	(68,610,914)	(54,066,510)	(22,019,699)	(18,663,583)
	(54,153,532)	(44,678,782)	(22,499,906)	(19,118,947)

The unutilised capital allowances and unabsorbed tax losses have no expiry date under current tax legislations but are subject to agreement of the tax authorities and compliance with tax regulation in the respective countries in which companies of the Group operate.

12. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Aggregate costs incurred to date and attributable profit	134,928,332	37,568,664	2,082,404	4,199,956
Less : Progress billings	(119,514,125)	(28,261,645)	(2,559,118)	(4,283,550)
	15,414,207	9,307,019	(476,714)	(83,594)
Analysed as:				
Amount due from contract customers	17,843,560	10,110,511	179,338	-
Amount due to contract customers	(2,429,353)	(803,492)	(656,052)	(83,594)
	15,414,207	9,307,019	(476,714)	(83,594)

The currency profile of the amount due from/(to) contract customers is as follows :-

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Amount due from contract customers				
- Singapore Dollar	17,664,222	10,110,511	-	-
- Ringgit Malaysia	179,338	-	179,338	-
	17,843,560	10,110,511	179,338	-
Amount due to contract customers				
- Singapore Dollar	(1,773,301)	(719,898)	-	-
- Ringgit Malaysia	(656,052)	(83,594)	(656,052)	(83,594)
	(2,429,353)	(803,492)	(656,052)	(83,594)

Notes To The Financial Statements

- 31 March 2017 (Continued)

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current				
Trade receivables	27,874,294	17,795,673	1,193,491	783,895
Less: Allowance for impairment loss	(9,554,221)	(1,268,873)	(500,108)	(500,108)
Trade receivables, net	18,320,073	16,526,800	693,383	283,787
Other receivables				
Accrued receivables	1,379,695	449,760	-	-
Other receivables, deposits and prepayments	3,675,385	2,790,179	43,319	353,957
	23,375,153	19,766,739	736,702	637,744
Amount due from an associate				
- Trade	446,288	982,250	-	-
Amount due from subsidiaries				
- Non-trade	-	-	6,969,270	2,361,003
Total trade and other receivables	23,821,441	20,748,989	7,705,972	2,998,747

13.1 Trade and other receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 (2016: 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 end of financial year.

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

	GROUP	
	2017	2016
	RM	RM
Ringgit Malaysia	736,699	637,744
United States Dollar	7,162,206	7,992,464
Singapore Dollar	14,930,402	3,905,019
Philippines Peso	308,828	398,075
Saudi Riyal	122,105	6,436,592
Brunei Dollar	561,201	1,205,616
Emirati Dirham	-	173,479
	23,821,441	20,748,989
	COMPANY	
	2017	2016
	RM	RM
Ringgit Malaysia	7,705,972	2,998,747

Notes To The Financial Statements

- 31 March 2017 (Continued)

13. TRADE AND OTHER RECEIVABLES (Continued)

13.1 Trade and other receivables (Continued)

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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Neither past due nor impaired	14,106,936	9,404,576	7,293,388	2,719,096
1 to 30 days past due not impaired	1,551,687	1,869,577	174,503	147,679
31 to 60 days past due not impaired	804,470	968,102	-	108,010
More than 61 days past due not impaired	7,358,348	8,506,734	238,081	23,962
	9,714,505	11,344,413	412,584	279,651
Impaired	9,554,221	1,268,873	500,108	500,108
	33,375,662	22,017,862	8,206,080	3,498,855

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 receivables.

Receivables that are impaired

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

	GROUP	
	2017	2016
	RM	RM
Trade receivables - nominal amounts	9,554,221	1,268,873
Less: Allowance for impairment	(9,554,221)	(1,268,873)
	-	-

	COMPANY	
	2017	2016
	RM	RM
Trade receivables - nominal amounts	500,108	500,108
Less: Allowance for impairment	(500,108)	(500,108)
	-	-

Notes To The Financial Statements

- 31 March 2017 (Continued)

13. TRADE AND OTHER RECEIVABLES (Continued)

13.1 Trade and other receivables (Continued)

Movements in impairment loss :-

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
At beginning of financial year	1,268,873	722,441	500,108	500,108
Exchange differences	298,117	12,058	-	-
Charge for the year	7,987,231	534,374	-	-
At end of financial year	9,554,221	1,268,873	500,108	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.

13.2 Amount due from subsidiaries and associates

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

14. FIXED DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash in hand and at banks	4,642,826	3,237,643	680,823	111,467
Deposits with licensed banks	2,688,680	-	1,500,000	-
	7,331,506	3,237,643	2,180,823	111,467
Less : Fixed deposits pledged as collateral	(1,188,680)	-	-	-
Cash and cash equivalents	6,142,826	3,237,643	2,180,823	111,467

Notes To The Financial Statements

- 31 March 2017 (Continued)

14. FIXED DEPOSITS, CASH AND BANK BALANCES (Continued)

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

	GROUP	
	2017 RM	2016 RM
Ringgit Malaysia	2,180,823	111,467
Philippines Peso	32,096	26,292
New Taiwan Dollar	90,595	-
Singapore Dollar	4,856,738	2,912,114
United States Dollar	171,254	187,770
	7,331,506	3,237,643

	COMPANY	
	2017 RM	2016 RM
Ringgit Malaysia	2,180,823	111,467

15. SHARE CAPITAL

15.1 Authorised shares

	Group and Company			
	2017 Number of shares	2016 Number of shares	2017 RM	2016 RM
At beginning and end of financial year	-	1,000,000,000	-	100,000,000

15.2 Issued and fully paid ordinary shares

	Group and Company			
	2017 Number of shares	2016 Number of shares	2017 RM	2016 RM
At beginning of financial year	550,786,360	493,592,600	55,078,636	49,359,260
Issued during financial year :				
- Acquisition of a subsidiary (Note 8.1)	45,454,545	-	4,545,455	-
- Employees' Share Option Scheme (Note 17)	-	7,395,000	-	739,500
- Private placement	87,000,000	49,798,760	8,700,000	4,979,876
Effect of transition to no par value shares on 31 January 2017 (Note 16)	-	-	12,462,524	-
At end of financial year	683,240,905	550,786,360	80,786,615	55,078,636

As disclosed in Note 8.1, the Company issued a total of 45,454,545 new ordinary shares of RM0.10 each at an issue price of RM0.11 per share as part of the purchase consideration for the acquisition of a subsidiary during the financial year.

During the financial year, the Company allotted and issued 87,000,000 new ordinary shares at an issue price of RM0.10 per share by way of a private placement for cash consideration to eligible investors. The private placement was approved by the shareholders at an extraordinary general meeting of the Company held on 5 April 2016.

Notes To The Financial Statements

- 31 March 2017 (Continued)

15. SHARE CAPITAL (Continued)

15.2 Issued and fully paid ordinary shares (Continued)

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

The new Companies Act 2016 ("Act") which became effective from 31 January 2017 removed the concept of authorised share capital and par value of share capital. Section 74 of the Act provides that all shares issued before or upon commencement of the Act shall have no par or nominal value. In accordance with the transitional provision under Section 618(2) of the Act, any amount outstanding in the credit of the share premium account shall become part of the share capital. Notwithstanding, the share premium amount can be utilised for purposes set out in the Section 618(3) within 24 months upon commencement of the Act. Pursuant to the aforesaid, the share premium of RM12,462,524 was transferred to the share capital account and formed part of the share capital of the Company upon commencement of the Act on 31 January 2017. The change to no par value shares has no effect on the number of ordinary shares in issue of the Company.

16. SHARE PREMIUM

	Group and Company	
	2017	2016
	RM	RM
At beginning of financial year	12,254,668	11,658,531
Share premium attributable to issuance of shares from :-		
- Acquisition of a subsidiary (Note 8.1)	454,545	-
- ESOS exercised	-	298,792
- Private placement	-	415,535
Share issuance expenses	(246,689)	(118,190)
Effect of transition to no par value shares on 31 January 2017 (Note 15.2)	(12,462,524)	-
At end of financial year	-	12,254,668

17. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS Scheme") on 18 November 2015 for a period of ten (10) years and will expire on 17 November 2025.

The salient features of the ESOS Scheme are as follows :-

- 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.
- 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.
- The option is personal to the grantee and is non-assignable.
- An option may, at the discretion of the ESOS Committee, be determined based on a discount of not more than 10% from the 5-day weighted average market price of the underlying shares as shown in the Daily Official List issued by Bursa Malaysia for the 5 market days immediately preceding the Date of Offer in writing to the grantee.

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

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

Notes To The Financial Statements

- 31 March 2017 (Continued)

17. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME (Continued)

The details of options over the ordinary shares of the Company under the ESOS Scheme are as follows :

	Exercise price RM/share	Number of options over ordinary shares in the Company				
		As at 01.04.2016	Granted	Exercised	Forfeited	As at 31.03.2017
2017						
<u>Grant date</u>						
02.06.2016	RM0.10	-	15,000,000	-	(10,500,000)	4,500,000
Number of options exercisable at end of the financial year						4,500,000

Share options exercised during the financial year

No options were exercised during the financial year (2016 : options over 7,395,000 ordinary shares at RM0.10 each were exercised).

Fair value of share options granted during the financial year

The fair value of the share options granted during the financial year was measured using the binomial valuation model at grant date and the inputs to that model used to measure the fair value are as follows :

	ESOS Scheme
Share price at grant date (sen)	10.5
Exercise price (sen)	10.0
Early exercise factor (times)	2.5
Expected volatility (%)	55.274
Expected option life (years)	10
Risk free interest rate (%)	3.928

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

During the financial year, the Group and the Company recognised total expenses of RM279,450 (2016 : Nil) and RM Nil (2016 : Nil) respectively in profit or loss in respect of equity settled share based payment transaction with corresponding transfer to equity.

In the previous financial year, the ESOS Scheme implemented on 31 October 2004 had lapsed on 30 October 2015 ("Lapsed ESOS Scheme").

The salient features of the Lapsed ESOS Scheme are as follows :-

- 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.
- 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.
- The option is personal to the grantee and is non-assignable.
- An option may, at the discretion of the ESOS Committee, be determined based on a discount of not more than 10% from the 5-day weighted average market price of the underlying shares as shown in the Daily Official List issued by Bursa Malaysia for the 5 market days immediately preceding the Date of Offer in writing to the grantee.

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

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

Notes To The Financial Statements

- 31 March 2017 (Continued)

17. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME (Continued) Fair value of share options granted during the financial year (Continued)

The details of options over the ordinary shares of the Company under the Lapsed ESOS Scheme :-

2016	Exercise	Number of options over ordinary shares in the Company				
	price	As at	Granted	Exercised	Lapsed	As at
	RM/share	01.04.2015				31.03.2016
<u>Grant date</u>						
15.06.2007	RM0.10	4,260,000	-	(2,740,000)	(1,520,000)	-
01.10.2009	RM0.10	1,455,000	-	(1,455,000)	-	-
01.10.2010	RM0.10	1,250,000	-	(1,250,000)	-	-
15.04.2011	RM0.10	910,000	-	(910,000)	-	-
30.10.2014	RM0.10	1,040,000	-	(1,040,000)	-	-
		8,915,000	-	(7,395,000)	(1,520,000)	-
Number of options exercisable at end of the financial year						

18. BANK BORROWINGS

The bank borrowings of the subsidiaries represent proceeds from factoring of trade receivables (with recourse) and are subject to interest at 7.49% (2016: 7.49% to 7.50%) per annum and are secured as follows :-

- Corporate guarantee from holding company; and
- Pledge of present and future proceeds from certain consultancy contracts.

The currency exposure profile of borrowings is as follows :-

	GROUP	
	2017 RM	2016 RM
Singapore Dollar	1,937,507	2,050,140

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	8,487,128	883,865	-	39,892
Other payables and accrued expenses	11,163,005	3,124,933	1,907,718	481,141
Revenue received in advance	1,288,250	1,411,260	-	-
Liability for short term accumulating compensated absences	510,311	493,774	22,660	31,991
Amount owing to affiliated corporations	2,504,940	2,451,983	-	-
Amount due to subsidiaries	-	-	2,775,028	458,585
Amount owing to Directors	1,119,850	907,956	1,119,850	907,956
	25,073,484	9,273,771	5,825,256	1,919,565

The normal credit terms of trade payables granted to the Group and the Company range from 30 to 60 (2016: 30 to 60) days.

Notes To The Financial Statements

- 31 March 2017 (Continued)

19. TRADE AND OTHER PAYABLES (Continued)

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Ringgit Malaysia	3,050,228	1,460,983	5,825,256	1,919,565
British Pound	6,340	-	-	-
Philippines Peso	78,921	116,058	-	-
Singapore Dollar	20,247,567	7,645,556	-	-
China Yuan	-	51,174	-	-
United States Dollar	1,648,501	-	-	-
Euro	23,509	-	-	-
Qatari Rial	18,418	-	-	-
	25,073,484	9,273,771	5,825,256	1,919,565

The amounts owing to affiliated corporations, subsidiaries and 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.

Other payables include contingent consideration of RM1,500,000 for the acquisition of CNAD as disclosed in Note 8.1.

20. REVENUE

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Consultancy contracts	14,274,525	19,576,004	675,442	409,591
Contract revenue	54,786,475	-	-	-
Maintenance services	27,749,911	11,402,136	933,653	949,255
	96,810,911	30,978,140	1,609,095	1,358,846

21. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Wages, salaries and bonus	49,801,826	19,881,814	1,438,534	1,811,107
Contributions to defined contribution plans	4,192,090	1,862,964	188,785	205,289
Share based compensation expense	279,450	-	-	-
Other benefits	1,437,266	763,199	11,057	10,429
	55,710,632	22,507,977	1,638,376	2,026,825

Included in employee benefits expenses of the Group is executive directors' remuneration amounting to RM5,987,128 (2016: RM2,924,527) as further disclosed in Note 23.

Notes To The Financial Statements

- 31 March 2017 (Continued)

21. EMPLOYEE BENEFITS EXPENSES (Continued)

Employee benefits expenses are taken up as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Charged to profit or loss	50,341,347	17,214,502	1,638,376	2,026,825
Capitalised as development expenditure	5,369,285	5,293,475	-	-
	55,710,632	22,507,977	1,638,376	2,026,825

22. FINANCE COSTS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Interest on bank borrowings	164,838	143,038	-	-

23. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Executive Directors' remuneration :				
Directors of holding company				
- Salaries, allowances and others benefits	883,178	844,118	-	-
- Contributions to a defined contribution plan	30,915	29,548	-	-
Directors of subsidiary companies				
- Salaries, allowances and others benefits	4,853,461	1,938,643	-	-
- Contributions to a defined contribution plan	219,574	112,218	-	-
	5,987,128	2,924,527	-	-
Non-Executive Directors' fees	228,800	228,800	228,800	228,800
Total directors' remuneration	6,215,928	3,153,327	228,800	228,800

Notes To The Financial Statements

- 31 March 2017 (Continued)

24. (LOSS)/PROFIT BEFORE TAXATION

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Amortisation of intangible assets	6,947,546	2,299,100	-	-
Depreciation of property, plant and equipment	591,354	346,548	39,114	17,339
Gain on disposal of property, plant and equipment	(6,325)	-	-	-
Impairment of investment	-	-	3,685,412	-
Allowance for impairment loss				
- trade receivables	7,987,231	534,374	-	-
Auditors' remuneration				
- current year	261,191	138,669	51,000	49,500
- underprovision in prior year	18,105	4,500	-	4,500
- other services	6,000	5,000	6,000	5,000
Property, plant and equipment written off	91,605	1,727	-	-
Unrealised foreign exchange	8,492	693,350	-	-
Office rental	2,420,912	986,312	92,237	102,398
Interest expense	164,838	143,038	-	-
Interest income	(34,666)	(38,863)	(34,329)	(38,480)

25. TAXATION

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
<u>Foreign tax</u>				
Current year taxation	200,482	15,337	-	-
Under provision of taxation in prior year	77,328	-	-	-
Deferred taxation relating to origination and reversal of temporary differences	(1,298,828)	-	-	-
Tax (income)/expense	(1,021,018)	15,337	-	-

Notes To The Financial Statements

- 31 March 2017 (Continued)

25. TAXATION (Continued)

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
(Loss)/Profit before taxation	(23,447,828)	525,695	(8,094,801)	(2,559,252)
Taxation at the rate of 24% (2016 : 25%)	(5,627,479)	131,424	(1,942,752)	(639,813)
Tax effect of:				
Different tax rates in foreign jurisdictions	1,023,292	(268,873)	-	-
Effect of tax incentives	(1,665,086)	-	-	-
Non-deductible expenses	1,109,610	640,980	1,139,742	164,690
Income not subject to tax	1,680,276	(1,470,386)	-	-
Deferred tax benefits not recognised	2,381,041	982,192	803,010	475,123
Under provision of taxation in prior year	77,328	-	-	-
	(1,021,018)	15,337	-	-

Subject to the agreement of the tax authorities and compliance with tax regulation in the respective countries in which companies of the Group operate, the estimated unutilised capital allowances and unabsorbed tax losses available for set off against future taxable profits are as follows :-

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unutilised capital allowances	2,296,979	2,105,012	485,206	455,364
Unabsorbed tax losses	68,610,914	54,066,510	22,019,699	18,663,583
	70,907,893	56,171,522	22,504,905	19,118,947

Notes To The Financial Statements

- 31 March 2017 (Continued)

26. (LOSS)/EARNING PER ORDINARY SHARE

Basic earning per ordinary share

The calculation of basic loss per ordinary share is based on the net loss attributable to shareholders of the Company of RM20,425,642 (2016: net profit attributable to shareholders of RM513,055) and the weighted average number of ordinary shares in issue during the financial year of 664,616,995 (2016: 461,410,232) which was derived at after taking into account the issuance of shares pursuant to private placement and acquisition of a subsidiary.

Fully diluted (loss)/earning per ordinary share

The calculation of fully diluted (loss)/earning per ordinary share is based on the net loss attributable to shareholders of the Company of RM20,425,646 (2016: net profit attributable to shareholders of RM513,055) and the weighted average number of ordinary shares after adjustments for effects of all dilutive potential ordinary shares attributable to the share options in issue calculated as follows :

	GROUP	
	2017	2016
<u>Weighted average number of ordinary shares</u>		
Weighted average number of ordinary shares in issue	664,616,995	461,410,232
Effect of share options *	-	-
Weighted average number of ordinary shares for diluted earning per share	<u>664,616,995</u>	<u>461,410,232</u>

* There were no share options outstanding at end of financial year ended 31 March 2016.

The share options exercisable at end of the financial year ended 31 March 2017 does not have a dilutive effect to the earnings per ordinary share as the average market price per ordinary shares for the period does not exceed the exercise price of the share options.

27. OPERATING SEGMENTS

Segmental information is presented in respect of the Group's business segment. The primary segment reporting format is based on the Group's management and internal reporting structure. The secondary format by geographical location is based on the locations where Group's management function is exercised.

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 and for development expenditure.

27. OPERATING SEGMENTS (Continued)

Notes To The Financial Statements

- 31 March 2017 (Continued)

	E-Business Solutions				Business Control and Automation				Eliminations				Group	
	Malaysia		Singapore		Singapore		2016		2017		2016		2017	
	2017	2016	2017	2016	2017	2016	RM	RM	RM	RM	RM	RM	RM	RM
Geographic segments														
Revenue from external customers	1,609,095	1,358,846	22,301,495	29,619,294	72,900,321	-	-	-	-	-	-	-	96,810,911	30,978,140
Revenue from inter-segment	-	-	3,681,649	2,583,832	-	-	-	(3,681,649)	(2,583,832)	-	-	-	-	-
Total revenue	1,609,095	1,358,846	25,983,144	32,203,126	72,900,321	-	-	(3,681,649)	(2,583,832)	96,810,911	30,978,140			
Segment results	(8,129,130)	(2,597,732)	(9,072,003)	3,143,113	1,850,940	-	-	(8,060,731)	-	(23,410,924)	545,381			
Interest income													34,666	38,863
Interest expense													(164,838)	(143,038)
Share of results of associates													93,268	84,489
(Loss)/Profit before taxation													(23,447,828)	525,695
Taxation													1,021,018	(15,337)
(Loss)/Profit after taxation													(22,426,810)	510,358
Segment assets	2,626,715	3,137,017	55,119,855	50,913,786	23,293,709	-	-	(3,342,296)	(2,361,003)	77,697,983	51,689,800			
Tax recoverable	4,064	2,590	-	-	-	-	-	-	-	4,064	2,590			
Investment in associates	-	6,287,985	979,688	785,117	-	-	-	-	-	979,688	7,073,102			
Total assets													78,681,735	58,765,492
Segment Liabilities	3,706,280	1,544,575	11,183,951	10,144,542	15,202,217	-	-	-	458,584	30,092,448	12,147,701			
Other segment items														
Capital expenditure	103,793	17,840	6,449,548	7,816,727	133,276	-	-	-	-	6,686,617	7,834,567			
Depreciation and amortisation	39,114	17,339	3,729,443	2,628,309	162,494	-	-	3,607,849	-	7,538,900	2,645,648			

Notes To The Financial Statements

- 31 March 2017 (Continued)

27. OPERATING SEGMENTS (Continued) Geographical information

	Non-current assets RM	Revenue RM
2017		
Malaysia	91,482	1,609,095
Singapore	29,589,682	95,201,816
	<u>29,681,164</u>	<u>96,810,911</u>
2016		
Malaysia	6,145,875	1,358,846
Singapore	18,519,884	29,619,294
	<u>24,665,759</u>	<u>30,978,140</u>

Major customers

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

		Revenue 2017 RM	2016 RM
Customer	Segment		
Customer A	Singapore	9,630,167	-
Customer B	Singapore	-	6,180,943
Customer C	Singapore	-	4,541,349
Customer D	Singapore	-	3,133,100

28. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY 2017 RM	2016 RM
Guarantees given by the Company to financial institutions for credit facilities granted to subsidiaries		
- Limit	3,804,000	3,460,800
- Utilised	<u>1,937,507</u>	<u>2,050,140</u>

29. OPERATING LEASES

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

	GROUP 2017 RM	2016 RM	COMPANY 2017 RM	2016 RM
Less than one year	2,953,098	1,112,008	106,980	24,558
Between one to five years	1,455,601	650,540	151,555	-
	<u>4,408,699</u>	<u>1,762,548</u>	<u>258,535</u>	<u>24,558</u>

The Group and the Company leases office premises under operating leases. The leases have remaining lease terms between one to five years, with an option to renew the leases after the date of expiration. None of the leases include contingent rentals.

Notes To The Financial Statements

- 31 March 2017 (Continued)

30 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 8;
- (b) The associates as disclosed in Note 9;
- (c) Chan Wing Kong, being a Director;
- (d) Dr. Victor John Stephen Price, being a Director;
- (e) Zylog Systems Asia Pacific Pte. Ltd., a substantial shareholder;
- (f) GETC Asia Private Limited being company in which Shen Meei Juana a director of a subsidiary, is deemed to have a substantial interest; and
- (g) novaSprint Pte. Ltd. and novaC2R Pte. Ltd. being companies in which Chan Wing Kong and Dr. Victor John Stephen Price have or are deemed to have a substantial interest.

30.1 Related party transactions

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
<u>Income</u>				
Zylog Systems Asia Pacific Pte. Ltd.				
- Rental income	176,430	168,627	-	-
<u>Expenses</u>				
NovaCITYNETS Pte. Ltd.				
- Administrative fees	-	-	218,565	134,054
- Research and development expense	-	-	2,040,014	-
NovaC2R Pte. Ltd.				
- Purchase of scanning services	482,763	512,998	-	-
GETC Asia Private Limited				
- Purchases	155,737	-	-	-
- Consultancy fees and incidental costs	244,037	-	-	-

Notes To The Financial Statements

- 31 March 2017 (Continued)

30 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

30.2 Related party balances

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
<u>Receivables</u>				
Amount due from subsidiaries				
- novaCITYNETS Pte. Ltd.				
(non-trade)	-	-	5,209,500	2,355,673
- novaHEALTH Pte. Ltd.				
(non-trade)	-	-	1,753,220	-
- novaSOLUTIONS (PH) Inc.				
(non-trade)	-	-	6,550	5,330
<u>Payables</u>				
Amount due to subsidiaries				
- novaCITYNETS Pte. Ltd. (trade)	-	-	(2,040,014)	-
- novaCITYNETS Pte. Ltd.				
(non-trade)	-	-	(694,267)	(444,360)
- novaHEALTH Pte. Ltd.				
(non-trade)	-	-	(40,747)	(14,225)
Amount due to affiliated corporation				
- novaSPRINT Pte. Ltd.	(2,504,940)	(2,451,983)	-	-

The amount due from/(to) subsidiaries, amount due to affiliated corporation are unsecured, interest free and repayable on demand.

30.3 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly which include Group Chief Executive Officer, Group Chief Operation Officer and Group Business Development Officer. 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries, allowance and other benefits	2,254,635	2,154,921	-	-
Contributions to a defined contribution plan	112,369	107,400	-	-
	2,367,004	2,262,321	-	-

Notes To The Financial Statements

- 31 March 2017 (Continued)

31. 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 subsidiaries while financial liability include amount owing to subsidiaries.

31.1 Categories of financial instruments

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

2017

Financial assets per statement of financial position

	Carrying amount RM	Loans and receivables RM
Group		
Trade and other receivables	23,821,441	23,821,441
Cash and bank balances	7,331,506	7,331,506
	<u>31,152,947</u>	<u>31,152,947</u>

Company

Trade and other receivables	7,705,972	7,705,972
Cash and bank balances	2,180,823	2,180,823
	<u>9,886,795</u>	<u>9,886,795</u>

Financial liabilities per statement of financial position

	Carrying amount RM	Other financial liabilities measured at amortised cost RM	Fair value through profit or loss RM
Group			
Trade and other payables	25,073,484	23,573,484	1,500,000
Bank borrowings	1,937,507	1,937,507	-
	<u>27,010,991</u>	<u>25,510,991</u>	<u>1,500,000</u>

Company

Trade and other payables	5,825,256	5,825,256	-
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Notes To The Financial Statements

- 31 March 2017 (Continued)

31. FINANCIAL INSTRUMENTS (Continued)

31.1 Categories of financial instruments (Continued)

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

2016

Financial assets per statement of financial position

	Carrying amount RM	Loans and receivables RM
Group		
Trade and other receivables	20,748,989	20,748,989
Cash and bank balances	3,237,643	3,237,643
	<u>23,986,632</u>	<u>23,986,632</u>
Company		
Trade and other receivables	2,998,747	2,998,747
Cash and bank balances	111,467	111,467
	<u>3,110,214</u>	<u>3,110,214</u>

Financial liabilities per statement of financial position

	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Group		
Trade and other payables	9,273,771	9,273,771
Bank borrowings	2,050,140	2,050,140
	<u>11,323,911</u>	<u>11,323,911</u>
Company		
Trade and other payables	1,919,565	1,919,565

31.2 Fair value of financial instruments

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are reflective of fair value

The carrying amount of the following classes of financial instruments approximate their fair values due to their short term nature :-

	Note
Trade and other receivables	13
Amount due from subsidiaries	13
Fixed deposits, cash and bank balances	14
Bank borrowings	18
Trade and other payables	19
Amount due to subsidiaries	19

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

Notes To The Financial Statements

- 31 March 2017 (Continued)

31. FINANCIAL INSTRUMENTS (Continued)

31.2 Fair value of financial instruments (Continued)

- (ii) Financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy :-

	Note	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group/Company					
2017					
<u>Financial liabilities</u>					
Contingent consideration	8.1	-	-	1,500,000	1,500,000

2016 - Not Applicable

Determination of fair value

The contingent consideration is valued based on management expectation of the subsidiary's future probable results.

32. 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.

32.1 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 28.

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.

Notes To The Financial Statements

- 31 March 2017 (Continued)

32. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

32.1 Credit risk (Continued)

Exposure to credit risk

The Group's and the Company's maximum exposure to credit risk as at 31 March 2017 is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

In the case of the Company, its exposure includes the corporation guarantee extended financial institutions for credit facilities granted to subsidiaries as disclosed in Note 28.

Credit risk concentration profile

At 31 March 2017, the Group and the Company had approximately 95 and 4 customers, out of which 10 and 2 respectively, customers owed more than RM500,000 and RM300,000 which accounted for approximately 72% and 75% 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			
	2017		2016	
	RM	% of total	RM	% of total
Malaysia	693,383	3.7%	283,787	1.6%
Laos	902,765	4.8%	261,671	1.5%
Singapore	15,312,151	81.5%	8,700,727	49.7%
Brunei	561,200	3.0%	1,212,825	6.9%
Saudi Arabia	669,529	3.6%	6,759,591	38.6%
Vietnam	427,322	2.3%	152,564	0.9%
Indonesia	146,907	0.8%	91,164	0.5%
Maldives	53,104	0.3%	46,721	0.3%
	18,766,361	100.0%	17,509,050	100.0%

	COMPANY			
	2017		2016	
	RM	% of total	RM	% of total
Malaysia	693,383	100.0%	283,787	100.0%

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 13. 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 13.

Notes To The Financial Statements

- 31 March 2017 (Continued)

32. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

32.2 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 trade financing facilities 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's 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.

32.3 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 currencies primarily giving rise to this exposure are Saudi Arabia Riyal ("SAR") and United States Dollar ("USD"). 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 2017 have been disclosed under the respective notes :-

	<u>Note</u>
Trade and other receivables	13
Fixed deposits, Cash and bank balances	14
Bank borrowings	18
Trade and other payables	19

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 various functional currencies at the end of the reporting period of entities within the Group. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP	
	Loss for the year	
	(Increase) / Decrease	
	2017	2016
	RM	RM
SAR against SGD (Functional currency : SGD)		
- strengthened 5%	174,156	337,134
- weakened 5%	(174,156)	(337,134)
USD against SGD (Functional currency : SGD)		
- strengthened 5%	412,232	405,110
- weakened 5%	(412,232)	(405,110)

Notes To The Financial Statements

- 31 March 2017 (Continued)

32. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

32.4 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 :-

	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
Group				
2017				
Financial liabilities				
Trade and other payables	25,073,484	-	-	25,073,484
Bank borrowings	1,937,507	-	-	1,937,507
Total undiscounted financial liabilities	27,010,991	-	-	27,010,991
2016				
Financial liabilities				
Trade and other payables	9,273,771	-	-	9,273,771
Bank borrowings	2,050,140	-	-	2,050,140
Total undiscounted financial liabilities	11,323,911	-	-	11,323,911
	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
Company				
2017				
Financial liabilities				
Trade and other payables	5,825,256	-	-	5,825,256
Total undiscounted financial liabilities	5,825,256	-	-	5,825,256
2016				
Financial liabilities				
Trade and other payables	1,919,565	-	-	1,919,565
Total undiscounted financial liabilities	1,919,565	-	-	1,919,565

Notes To The Financial Statements

- 31 March 2017 (Continued)

33. 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 or 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 bank borrowings 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 2017 and 31 March 2016 were as follows :-

	GROUP 2017 RM	2016 RM
Bank borrowings	1,937,507	2,050,140
Total debt	1,937,507	2,050,140
Total equity	48,589,287	46,617,791
Debt-to-equity ratio	0.04	0.04

34. SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of accumulated losses of the Group and the Company as at 31 March 2017, into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010, is as follows :-

	2017 GROUP RM	COMPANY RM
Total accumulated losses of the Company and its subsidiaries :-		
- Realised	(54,802,858)	(38,005,197)
- Unrealised	291,469	-
	(54,511,389)	(38,005,197)
Total share of retained profits from associates :		
- Realised	671,943	-
- Unrealised	-	-
	(53,839,446)	(38,005,197)
Less : Consolidation adjustments	4,350,963	-
Accumulated losses as per financial statements	(49,488,483)	(38,005,197)

Notes To The Financial Statements

- 31 March 2017 (Continued)

34. SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED PROFITS OR LOSSES (Continued)

	2016	
	GROUP	COMPANY
	RM	RM
Total accumulated losses of the Company and its subsidiaries :-		
- Realised	(38,205,238)	(29,910,396)
- Unrealised	(433,695)	-
	(38,638,933)	(29,910,396)
Total share of retained profits from associates :-		
- Realised	578,675	-
- Unrealised	-	-
	(38,060,258)	(29,910,396)
Less : Consolidation adjustments	8,997,417	-
Accumulated losses as per financial statements	(29,062,841)	(29,910,396)

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.

Independent Auditors' Report

To The Members Of Nova Msc Berhad

Report on the Financial Statements

Opinion

We have audited the financial statements of NOVA MSC BERHAD, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, including a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 99.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of opinion

We conduct our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

How our audit addressed the key audit matters

1. Acquisition of CNA Development Pte Ltd – purchase price allocation

As disclosed in Note 8, the Group completed the acquisition of CNA Development Pte Ltd. ("CNAD") during the financial year. MFRS 3 Business Combinations requires the Group to recognise the identifiable assets and liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. The Group engaged an external valuer to determine the fair value of the identifiable assets and liabilities.

The identification of such assets and liabilities, and their measurement at fair value is inherently judgemental, thus we considered this area to be a key audit matter.

Our procedures included the following :

- Considered the qualification, objectivity, independence and competence of the external valuer and assessed the valuation model and estimates used by the external valuer.
- Engaged our valuation specialist to assist in the audit of the purchase price allocation, including the identification and valuation of intangible assets acquired.
- Challenged the appropriateness of the recognition of identified intangible assets.
- Assessed the adequacy of the Group's disclosures regarding the acquisition of the subsidiary.

Independent Auditors' Report

To The Members Of Nova Msc Berhad (Continued)

Report on the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matters
<p>2. Goodwill and Development Expenditure - assessment of impairment</p> <p>As disclosed in Note 6 and Note 7 to the financial statements, the Group's Goodwill and Development Expenditure, classified under Intangible Assets ('IA'), amounted to RM2,727,825 and RM21,005,897 respectively. Goodwill and Intangible assets with an indefinite useful life are required to be tested for impairment annually.</p> <p>As indicated in Notes 4b(i) and 4b(v), the Group carried out impairment test on the cash generation units ("CGUs") to which the goodwill and development expenditure have been allocated to. The management assessed the recoverable amount of the goodwill and development expenditure by determining the value in use of the CGUs using the discounted cash flows method. The determination of value in use is highly subjective as significant judgement is required to determine the appropriate future cash flow forecast and projections and the discount rate to be applied.</p> <p>Impairment assessment of goodwill and development expenditure is considered to be a key audit matter due to the significance of the assets to the Group's consolidated statement of financial position, and due to the significant judgement involved in the assessment of the 'value in use' of the CGUs.</p>	<p>Our procedures included the following :</p> <ul style="list-style-type: none"> • Evaluated whether the cash flow forecast and projections prepared by the management are in accordance with the requirements of MFRS 136 Impairment of Assets. • Assessed the reasonableness of the future cash flows by comparing them against the CGU's past performance and also the achievability of the future projections to the contracted revenue amounts, historic revenue amounts and growth rates. • Assessed the management's determination of the discount rate by evaluating the appropriateness of the models used and the reasonableness of the inputs thereon. • Performed sensitivity analyses for the key assumptions used for the cash flow forecast and projections.
<p>3. Contracts revenue and costs recognition</p> <p>Refer to the Notes 3.14 and 20 to the financial statements.</p> <p>Contract revenue and costs in respect of long term contracts are recognised using the stage of completion method. The stage of completion is measured by the extent of actual contract costs incurred to date compared to the estimated total contract costs in the project budgets for contracts in progress. In this respect, significant judgement is required from management in determining the estimated total contract revenue and costs, the extent of actual costs incurred as well as the recoverability of amount due from customers for contract works performed. Such judgement involves estimation uncertainty which have significant risk of causing material misstatements to the amounts recognised in the financial statements.</p>	<p>Our procedures included the following :</p> <ul style="list-style-type: none"> • Performed an update of our understanding of the Group's project budgeting and costing processes including relevant controls and performed tests to determine the reliability of the project budgets. • Verified the contract sums and material cost elements in the project budgets for selected significant on-going projects against their respective supporting documentation including contracts, key assumptions and relevant workings for estimates of contract costs. • Performed inquiry of management to assess whether the status of on-going contracts accord with the stage of completion determined for revenue recognition and also whether the estimates used for project budgets are reasonable, taking into consideration the findings from our other audit procedures. We further assessed whether management has updated the project budgets where actual revenue or costs have deviated significantly from estimates. • Performed recomputation to assess the mathematical accuracy of revenue and costs recognised based on stage of completion method and considered the implications of any identified error and change in estimates. • Verified actual contract billings and costs recognised for selected projects to supporting invoices.

Independent Auditors' Report

To The Members Of Nova Msc Berhad (Continued)

Report on the Financial Statements (Continued)

Key Audit Matters (Continued)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information contained in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

To The Members Of Nova Msc Berhad (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also :-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Independent Auditors' Report

To The Members Of Nova Msc Berhad (Continued)

Other Reporting Responsibilities

The supplementary information set out in Note 34 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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 266 of the Companies Act 2016 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.

No.: AF 0502

Chartered Accountants

Kuala Lumpur,

25 July 2017

OOI CHEE KUN

No.: 996/03/18(J/PH)

Chartered Accountant

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 36 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the year ended on that date.

The information set out in Note 34 to the financial statements on page 100 have been prepared in accordance with Guidance on 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.

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

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

CHAN WING KONG

Kuala Lumpur,
25 July 2017

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 36 to 99 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 above named TAN CHEE PING at)
Kuala Lumpur in Wilayah Persekutuan)
on 25 July 2017)

TAN CHEE PING

Statement Of Shareholdings

as at 12 July 2017

Total Number of Issued Shares : 683,240,905
 Issued and fully paid-up capital : RM 80,786,615
 Class of Shares : Ordinary shares
 Voting Rights : One vote per share

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BREAKDOWN OF SHAREHOLDINGS as at 12 July 2017

Range of shareholding	No. of Holders	% of Holders	No of shares	% of Issued Shares
1 – 99	57	1.06	2,810	0.00
100 – 1,000	391	7.26	274,218	0.04
1,001 – 10,000	2,002	37.19	12,694,449	1.86
10,001 - 100,000	2,306	42.84	99,874,230	14.62
100,001 – 34,162,044	624	11.59	409,693,753	59.96
34,162,045 and above	3	0.06	160,701,445	23.52
Total	5,383	100.00	683,240,905	100.00

Substantial Holders as at 12 July 2017

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
Stone Villa Limited	45,454,545	6.61	-	-
Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Zylog Systems Asia Pacific Pte Ltd	42,849,750	6.27	-	-
Raden Corporation Sdn Bhd	39,178,150	5.73	-	-
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5,160,000	0.75	45,178,150*	6.61

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS as at 12 July 2017

Name of Director	No of Shares held(direct)	% of shareholding	No of Shares held (indirect)	% of shareholding
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5,160,000	11.51	45,178,150*	6.61
Chan Wing Kong	17,530,230	2.57	-	-
Dr Victor John Stephen Price	9,428,211	1.38	-	-
Dato' Dr Chua Hock Hoo	440,000	0.06	-	-

*Deemed interested by virtue of his directorship and substantial shareholding in Raden Corporation Sdn Bhd, by virtue of his directorship and substantial shareholding in Syarikat Pesaka Antah Sdn Bhd which owns the entire issued and paid up capital of Pesaka Antah Holding Sdn Bhd and by virtue of the shares held by his brother Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar pursuant to Section 6A of the Act.

Statement Of Shareholdings

as at 12 July 2017

THIRTY LARGEST REGISTERED HOLDERS as at 12 July 2017

		No of Shares held	% of Shareholding
1	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR)	78,673,545	11.51
2	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Zylog Systems Asia Pacific Pte Ltd	42,849,750	6.27
3	Raden Corporation Sdn Bhd	39,178,150	5.73
4	Affin Hwang Nominees (Asing) Sdn. Bhd DBS Vickers Secs (S) Pte Ltd for Dionna Zhao	30,000,000	4.39
5	Li Rongzhi	30,000,000	4.39
6	Chew Leok Chuan	23,600,000	3.45
7	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Chan Wing Kong	17,530,230	2.57
8	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	11,430,500	1.67
9	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Price Victor John Stephen	9,428,211	1.38
10	Lim Seok Kim	8,500,000	1.24
11	Lai Thiam Poh	5,300,000	0.78
12	Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5,160,000	0.76
13	HSBC Nomiees (Asing) Sdn Bhd Exempt An For Credit Suisse (HK BR-TST-Asing)	5,000,000	0.73
14	Jimmy Cheah Kheng Siew	5,000,000	0.73
15	Tay Wai Ming	5,000,000	0.73
16	Lai Teik Kin	4,623,170	0.68
17	Cheah Saw Guat	4,500,000	0.66
18	Tan Yew Soon	4,195,070	0.61
19	Pesaka Antah Holding Sdn Bhd	4,000,000	0.59
20	Kenanga Nominees (Tempatan) Sdn Bhd Liow Yit Lee	3,360,000	0.49
21	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jimmy Cheah Kheng Siew	3,185,000	0.47
22	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Ben Ben	3,000,000	0.44
23	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	3,000,000	0.44
24	To Kwee Eng	2,900,000	0.42
25	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Swee Booi	2,864,400	0.42
26	Chai Siew Wee	2,650,000	0.39
27	Han Foo Juan	2,650,000	0.39
28	Liew Hon Lee	2,290,000	0.34
29	HLIB Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Lee Chin Choo	2,272,000	0.33
30	Lu Kim San	2,195,300	0.32



NOVA MSC BERHAD
(591898-H)

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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 15th Annual General Meeting of the Company held on Tuesday, 29th August 2017 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 Suresh Parthasarathy	2		
b) Mr Peter Thompson	3		
c) Mr Lim Hak Min	4		
3. To approve the payment of Directors' fees for the year ended 31 March 2017.	5		
4. Appointment of Messrs. Folks DFK & Co as Auditors and to authorize the Directors to fix their remuneration.	6		
5. Ordinary Resolution 1 : To approve Mr Onn Kien Hoe to continue to act as an Independent Non-Executive Director	7		
6. Ordinary Resolution 2 : To approve the Issuance of Shares Pursuant to Section 75 & 76	8		
7. Ordinary Resolution 3 : To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature	9		

Dated:

Signature/Seal

Notes :

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 August 2017 shall be eligible to attend the meeting.*
- 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.*
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.*
- 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.*
- 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.*
- The Proxy Form must be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor 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 Share Registrars
NOVA MSC BERHAD (591898-H)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor

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