



Annual Report 2008 | I-Power Berhad



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The Power of  
**e - SOLUTIONS**

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**I-POWER BERHAD** (596299-D)  
Incorporated in Malaysia under the Companies Act 1965

Annual Report **2008**



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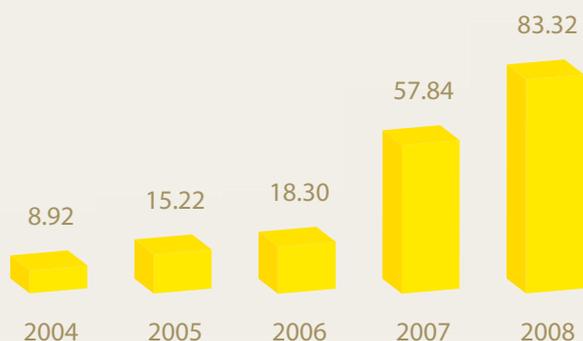
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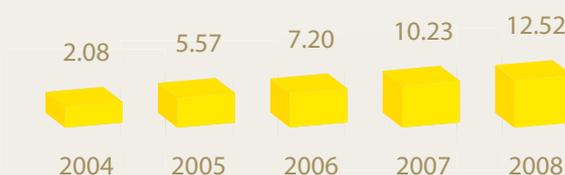
# FINANCIAL HIGHLIGHTS



Revenue (RM Million)



Profit After Tax (RM Million)



	2004	2005	2006	2007	2008
Statement of income Data					
Revenue	8,924,361	15,223,637	18,297,815	57,840,393	83,320,097
Income from Operations	2,084,289	5,570,621	7,197,032	10,233,675	12,524,152
Balance Sheet Data					
Cash & Cash Equivalents	970,516	3,431,036	4,291,614	32,009,703	26,572,142
Working Capital	3,149,518	7,774,233	13,022,801	43,399,203	91,145,178
Total assets	7,999,378	13,268,379	20,581,697	67,829,680	124,428,078
Total shareholders' equity	7,393,365	12,903,348	20,100,380	49,475,784	123,498,801



## CEO'S ADDRESS - THE YEAR IN REVIEW

### Foreword

Dear Valued Shareholders,

On behalf of the Board of Directors of I-Power Berhad, it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of the Company for the financial year ended 30 June 2008, a set of reports that further underlined our continued and steady growth.

The year 2007/2008 has been a most challenging year, both internationally and domestically. Uncertainties in the world economy arising from the subprime financial crisis, increasing crude oil prices and rising inflation have led to cautious spending across all sectors the world over.

Despite the challenges, I am pleased to report that with the Company's prudent and disciplined management and tireless teamwork, the Company has yet again delivered a set of financial results we can be proud of.

The Company has registered sales of RM83.320 million for the financial year just concluded, an increase of 44.0% compared to RM57.84 million recorded for the prior financial year ended 30 June 2007. The Company's profit after tax generated from operating activities was a solid RM12.524 million, an increase of 22.4% from the preceding year ended 30 June 2007 of RM10.234 million.

Among the factors that contributed to the strong performance of the company are :-

- An ever vigilant, marketing focused and forward looking management;
- Entrenched core competencies in E-Business;
- More aggressive marketing and sales activities;
- The expanding acceptance of I-Power brand-name and E-Solution products, and
- The Company's strategic partnership with IBM and other leading ICT companies.

We are also pleased to state that the Renounceable Rights Issue of up to 228,690,000 new ordinary shares of RM0.10 each in I-Power with up to 76,230,000 free detachable new warrants on the basis of three (3) Rights Shares with one (1) free detachable warrant for every three (3) existing ordinary shares of RM0.10 each in I-Power were fully subscribed and the resultant ordinary shares and warrants were listed and quoted on the MESDAQ Market of Bursa Malaysia Securities Berhad on 17 December 2007.

The success of the Rights Issue reflects the Company's shareholders' sustained confidence in I-Power. With the listing and quotation of the rights shares, the issued and paid up share capital of I-Power have increased significantly to 438,196,000 ordinary shares. This aspect of growth further enhances I-Power's reputation as a respectable corporate player and heralds the Company's gradual transformation into one of the bigger companies in the Malaysian MESDAQ bourse in terms of market capitalization.

We are also delighted to proclaim that the Company has taken a bold step in its M&A initiative with the completion

## CEO'S ADDRESS (cont'd)

on 7 March 2008 of the acquisition of 2,777,750 ordinary shares of RM1.00 each in Izzinet Sdn Bhd ("IZZ"), representing 25% equity interest in IZZI for a purchase consideration of RM27,000,000, to be wholly satisfied in cash. This acquisition will provide I-Power with an opportunity to diversify into new business activities and places I-Power in a position to tap the exponential growth potential of the mobile wireless broadband market.

The Company's M&A initiative of acquiring companies in high growth, new exciting industries and/or companies with proven track record in established industries, if concluded successfully, will be to add value and depth to I-Power's existing business by :

- Expanding and diversifying the Company's revenue base,
- Broadening and enriching the Company's products offerings,
- Widening and enlarging the Company's customer base considerably, and
- Generating recurring revenues/incomes to compliment I-Power's mainly project based revenues/incomes.

The main objective of our M&A strategy is to realise our vision of I-Power Berhad becoming a great public Company in Malaysia whereby the Company is a leader in its chosen fields, with a diversified and well balanced portfolio, stable recurring incomes and highly profitable accompanied by healthy cash flows which enables it to reward its loyal shareholders with a generous dividends policy and building into the Company's DNA a strong and innovative wealth creation capability in the long run.

Looking ahead to the long term, we are committed and determined to scale even greater heights.

Going forward, I-Power will continue to strive on all fronts, pull out all the stops and explore all avenues available to it to build and turn I-Power into a world-class company via both organic and M&A growth. With the domestic and world economy expecting to soften considerably over the next 12 months, the Board remains cautious yet maintains an optimistic outlook of the Company's prospects and anticipates another year of growth and healthy financial performance albeit at a slower pace.

Going forward, the Company will make every effort to become a world-class company by building a culture of adhering to the following:

- a) A strong product strategy, a good understanding of its strengths and weaknesses, and the ability to leverage on its strengths and work off the weaknesses;
- b) Sufficient transparency in managing costs and running a lean, no frills operation, minimizing wastage, and always seeking to improve margins and efficiencies;
- c) Cultivate a strong and deep understanding and appreciation of the competition, knowing where the Company is heading at all times and where we are in the business growth curve;
- d) Being innovative in seeking new ideas, adding value upstream and downstream, and constantly positioning itself well for the future;
- e) Have a good strategy on growth, build on our organic market and drive further growth via acquisitions;
- f) Have a coherent product – sales-clients delivery platform that is always striving to improve;
- g) Constantly developing the I-Power brand-name and let it be known that the company has a deep passion for product excellence, customer excellence, service excellence, operational excellence, staff excellence and corporate excellence;
- h) Cultivate strong leadership at all fronts with the ability to communicate well and motivate well, plus getting everybody on the same page and platform with a strong professionalism culture and always adopting global best practices, with all its different units working well together and encouraging constructive feedback to the top yet being entrepreneurial driven at all times and continuously putting a high premium on being able to attract and retain critical staff; and
- i) In 8 or 12 years time, the Company will become a truly well diversified corporate in the Malaysian unified board, a leader in its chosen fields, with a diversified and well balanced portfolio, stable recurring incomes and highly profitable accompanied by healthy cash flows which will enable it to reward its loyal shareholders with a generous dividends policy and, building into the Company's DNA a strong and innovative wealth creation capability in the long run.

In short, I-Power Berhad will be a "going somewhere" company, knowing what the critical success factors are and

# CEO'S ADDRESS (cont'd)

also growing beyond local shores and extending its reach, walking the extra mile and always acting in the best interests, constantly creating value for all its shareholders.

On a personal note, I would like to take the opportunity to share that I have increased my shareholdings in the Company from 32 million shares or 15% as at November 2007 (refer to page 60 Annual Report 2007) to presently 108 million shares or 25.9% as at 30 October 2008. This reflects my abiding confidence in the Company's future prospects, and my ongoing commitment and passion towards building I-Power Berhad into a leading organisation in the Malaysian corporate world.

With that, lets us now together review the general outlook for the Company going forward and other aspects pertinent to the Company's business for the past 12 months.

## Industry Outlook

### Overview of the Global And Malaysian Economy

While the Malaysian economy has performed well in the first-half of the year, in the next twelve months, it is expected to experience a more challenging environment in which both the risks to higher inflation and slower growth have increased considerably. The performance of the Malaysian economy in the first-half of 2008 has been driven by robust domestic demand and reinforced by favourable export performance. The recent major restructuring of domestic energy prices to bring prices closer to the substantially higher international prices is intended to reduce the fundamental distortions that it might create, and to ensure fiscal sustainability. These adjustments are expected to have a deflationary effect on the economy in the second half of this year and into the early part of 2009.

The adjustments to the higher international energy and commodity prices have translated into higher domestic consumer prices. In June, consumer price inflation increased by 7.7%, of which about 41% of the increase in inflation was due to the increase in transportation costs while another 41% of the increase has been due to higher prices for food and non-alcoholic beverages.

The Bank is projecting inflation to remain elevated in the second-half of this year and into early next year before moderating towards the middle of 2009. The average inflation for 2008 is projected to be in the range of 5.5-6.0%. The inflation rate is expected to moderate in the second half of 2009 in the context of a more moderate growth environment. Currently, much of the significant rise in inflation is due to the increase in fuel prices. At this stage, the concern is for broader price increases and second-round effects, which would result in inflation being persistent.

In the next twelve months, while both the risks to higher inflation and the risks to slower growth have increased, the immediate concern is to avoid a fundamental economic slowdown that would involve higher unemployment. Slowing growth itself will contribute to containing the potential for second round effects on inflation, thereby containing further increases in prices in the second-half of 2009. Given the underlying fundamental strength of the economy, and the resilient banking sector, the Bank's assessment is that after this transitional period, the Malaysian economy has the potential to re-establish its medium term growth path.

(Source: Monetary Policy Statement, Bank Negara Malaysia dated 25 July 2008)

### Overview on the Information and Communication Technology, E-Commerce

In the Eighth Malaysia Plan period, Malaysia made significant progress in increasing the information and knowledge content in all sectors of the economy as well as ensuring that the ensuing benefits accrued to all segments of society including rural communities. As more concerted and systematic efforts continue to be undertaken to reinforce the foundation for a knowledge-based economy, the greater adoption and usage of information and communications technology will become more imperative. Malaysia will need to increasingly utilize ICT to obtain productivity and competitiveness improvement as well as to progress to a higher value added and knowledge-intensive economic activities.

# CEO'S ADDRESS (cont'd)

In moving forward towards a knowledge-based economy, Malaysia will leverage on the networked environment alongside the next wave of the Multimedia Super Corridor ("MSC") expansion including the development of cybercities and cyber centres.

Further initiatives will be undertaken to attract investments in existing and new areas. These will include provision of improved incentives, review of investment-related laws and regulations, with an intention to provide a more conducive environment for investment as well as making available funding.

(Source: Ninth Malaysia Plan, 2006 - 2010)

## Prospect for the Information and Communication Technology

To sustain Malaysia's position as a multimedia and ICT hub, three technology areas were identified, namely the wireless sensor network for applications, particularly in agricultural farming and disaster management; predictive analysis technology for software applications, particularly in Islamic financing, retail and logistics industries; and 3-Dimensional Internet technology for development of multimedia digital content, including in education, gaming and entertainment. The Government will continue to promote Malaysia as a preferred destination for Shared Services and Outsourcing (SSO) activities and attract leading global ICT players and MNCs investment in the new growth areas.

The key expected outcomes for 2010 for the ICT sector are as follows :-

Commitment	Outcome
<ul style="list-style-type: none"> <li>Increasing export from MSC status companies to RM4.9 billion</li> <li>Increasing number of MSC status companies to 2,500</li> <li>Increasing ICT global players' investment in high-valued outsourcing</li> </ul>	Malaysia as a multimedia and ICT hub and as an attractive destination for SSO activities
<ul style="list-style-type: none"> <li>Increasing ICT value added to RM30 billion</li> <li>Increasing ICT related jobs to 500,000</li> </ul>	Increasing value added and jobs in the ICT sector

(Source: Mid Term Review of the Ninth Malaysia Plan, 2006 - 2010)

The National Strategic ICT Roadmap has identified three Technology Focus Areas that could advance Malaysia economically and technologically over the next ten years and beyond, and could help fulfill the tenets of Vision 2020 :-

- (i) Wireless Sensors Networks
- (ii) Predictive Analytics
- (iii) Dimensional Internet

These technologies were evaluated based on their capability to leverage on the strengths and uniqueness of Malaysia vis-à-vis other economies globally, emerging technologies and global societal issues, as well as the current ICT plans that the country has produced in recent years. As a start, five areas of greatest impact were identified namely smart agriculture, logistics systems, financial services, halal and manufacturing sectors.

To create a robust and sustainable ICT sector around the three identified focus areas, Malaysia need a complete ecosystem which would translate into actionable programs in the areas of education, R&D and commercialization, infrastructure and industry development, as well as attracting investments.

The key recommendations of the National Strategic ICT Roadmap are inputs for the formulation of strategic policies, programmes and plans to intensify Malaysia's transformation to a knowledge-based economy. There are three strategies for Malaysia to pursue :-

# CEO'S ADDRESS (cont'd)

Strategy 1 : Be a global leader in 3 Technology Focus Areas namely :

- (a) Wireless Sensor Networks (ICT infrastructure)
- (b) Predictive Analytics (ICT info-structure)
- (c) 3-Dimensional Internet (Multimedia Digital Content)

Strategy 2 : rationalize institutional arrangement and accelerate K-Based Ecosystem

Strategy 3 : Use Signposts and Vision Areas to manage opportunity and risks

(Source: Strategic ICT Roadmap for Malaysia, Ministry of Science, Technology and Innovation)

The Malaysian's Government's realization of the importance of ICT and its continuous support of the use of ICT have propelled ICT to become an indispensable tool and factor in achieving the objectives of the Ninth Malaysia Plan. This is evident from the omnipresent role played by ICT in all of the five thrusts of the National Mission as stated in the Mid Term Review of the Ninth Malaysia Plan. I-Power will continue to ride on this expansion crest of the ICT sector by continuously scouting for opportunities in this exponential growth period of ICT. We would capitalize on the opportunities which we feel would bring potential rewards to the Company and ultimately, maximize our shareholders' wealth.

## Corporate Development Highlights

In addition to the strong financial performance for the financial year under review, I-Power has also undertaken the following corporate exercises (back-tracking from the most recent exercise):

### (i) Proposed Share Buy-Back

On 4 June 2008, on behalf of the Board of Directors of I-Power, OSK Investment Bank Berhad announced that the Company intends to seek the approval of its shareholders to purchase up to ten percent (10%) of its issued and paid-up share capital ("Proposed Share Buy-Back") pursuant to Section 67A of the Companies Act, 1965, Part IIIA of the Companies Regulations 1966 and Chapter 12 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market at a general meeting to be convened.

On 2 September 2008, the Company announced that the Proposed Share Buy-Back was duly approved at the Extraordinary General Meeting convened on 2 September 2008.

### (ii) Disposal of Investment

On 30 April 2008, the Board announced that the proposed disposal by I-Power of 2,777,750 ordinary shares of RM1.00 each in Izzinet Sdn Bhd ("iZZi"), representing 25% equity interest in iZZi to KZEN Solutions Berhad ("KZEN") for a total purchase consideration of RM37,500,000 to be satisfied by the issuance of 300,000,000 ordinary shares of RM0.10 in KZEN at the issue price of RM0.10 per KZEN share and cash consideration of RM7.5 million.

Subsequently on 19 September 2008, OSK Investment Bank Berhad (OSK) announced that the Securities Commission (SC) has not approved the Proposed Disposal of IZZI to KZEN.

On 13 October 2008, on behalf of the Board of Directors of KZEN, OSK announced that the Company had on even date submitted an appeal to the SC on the decision in respect of the Proposals.

### (iii) Mergers & Acquisitions Exercise

On 6 February 2008, OSK Investment Bank Berhad, on behalf of the Board, announced the proposed acquisition by I-POWER of 2,777,750 ordinary shares of RM1.00 each in IZZI, representing 25% equity interest in iZZi from Fan Ruy Yin for a purchase consideration of RM27,000,000 to be wholly satisfied in cash.

This proposal was completed on 7 March 2008.

# CEO'S ADDRESS (cont'd)

## (iv) Rights Issue

On 20 June 2007, the Company proposed to undertake the following :-

- (a) Proposed renounceable rights issue of up to 228,690,000 new ordinary shares of RM0.10 each in I-Power ("Rights Shares") with up to 76,230,000 free detachable warrants ("Warrants") on the basis of three (3) Rights Shares with one (1) Warrant for every three (3) existing ordinary shares of RM0.10 each in I-Power ("Shares") held on an entitlement date to be determined later;
- (b) Proposed increase in the authorized share capital of I-Power from RM25,000,000 comprising 250,000,000 Shares to RM100,000,000 comprising 1,000,000,000 Shares; and
- (c) Proposed amendments to the Memorandum and Articles of Association of the Company.

We are pleased to state that the Rights Shares were fully subscribed and the whole exercise was duly completed with the successful listing and quotation of the Rights Shares and Warrants on the MESDAQ Market of Bursa Malaysia Securities Berhad on 17 December 2007.

## (v) Private Placement

On 17 May 2007, the Company announced that it proposes to implement a private placement of up to 20,790,000 new ordinary shares of RM0.10 each in I-Power, representing not more than ten percent (10%) of the issued and paid-up share capital of the Company, to investors to be identified later. The proposed private placement was approved by the SC vide its letter dated 28 May 2007.

Subsequent to approval, an additional 13,618,000 new ordinary shares of RM0.10 each were issued at RM0.35 per share and were granted listing and quotation on 15 June 2007 and an additional 6,300,000 new ordinary shares of RM0.10 each were issued at RM0.365 per share and were granted listing and quotation on 12 November 2007.

We are proud to add that both the Rights Issue and Private Placement corporate exercises were successfully completed and reflect shareholders' continued confidence in the Company. The funds generated from these exercises have enabled the Company to acquire a 25% stake in Izzinet Sdn Bhd, a wireless broadband company. The acquisition has placed I-Power in a strategic position to tap the exponential growth potential of the mobile wireless broadband market.

On 30 April 2008, the Board announced that the proposed disposal by I-Power Berhad (I-Power) of 2,777,750 ordinary share of RM1.00 each in IZZI representing 25% equity interest in IZZI to KZEN Solutions Berhad (KZEN) for a total consideration of RM37,500,000 to be satisfied by the issuance of 300,000,000 ordinary shares of RM0.10 in KZEN at the issue price of RM0.10 per KZEN share and cash consideration of RM7.5 million.

Consequently, I-Power would end up holding an equity stake in Kzen Solutions Berhad, another company listed in the MESDAQ bourse. K-Zen will in turn assume the business of iZZinet Sdn Bhd in the wireless broadband industry which will become its core business, replacing its existing core business in offering Human Resources solutions and services.

Subsequently on 19 September 2008, OSK Investment Bank Berhad announced that the Securities Commission has not approved the Proposed Disposal of IZZI to KZEN. The rejection is based on the grounds that the Proposal has not complied with paragraph 6.10 of the Guidelines on the Offering of Equity and Equity-linked Securities for the MESDAQ Market which requires the new core business to be suitable for listing on the MESDAQ Market. This is after taking into consideration the following:-

- i. IZZI's reliance on related parties to conduct its business operations;
- ii. IZZI does not own the core technology of its wireless broadband business; and
- iii. IZZI operates only in the Klang Valley, giving rise to uncertain future growth prospect given the competitive environment in which the company is in.

Notwithstanding the Securities Commission's rejection, looking ahead, the Company plans to undertake more corporate exercises in the foreseeable future which include an application to upgrade to the Main or Unified Board of Bursa Malaysia Securities Berhad by the end of first quarter of 2009. Amongst the other corporate exercises the Company plans to carry out include private placements of shares, bonus issues, more M&A activities, and possibly another rights issue.

# CEO'S ADDRESS (cont'd)

## Financial Performance Review

For the current financial year ended 30 June 2008, the Company recorded revenue of RM83.32 million, representing an increase of 44.0% when compared to the prior year ended 30 June 2007 of RM57.84 million.

The Company's profit after tax generated from operating activities was a solid RM12.524 million, an increase of 22.4% from the preceding year ended 30 June 2007 of RM10.234 million.

One of the main strengths of this Company is its strong financial position and healthy cash position. As at 30 June 2008, I-Power maintains a cash and cash equivalent balance of RM26.572 million. In addition to the Company's zero borrowings, the Company has lowered its current and total liabilities to RM0.929 million, compared to RM18.354 million for the year ended 30 June 2007. This in turn translates to an amazing leap in its current ratio from 3.36 (30 June 2007) to 99.08 (30 June 2008).

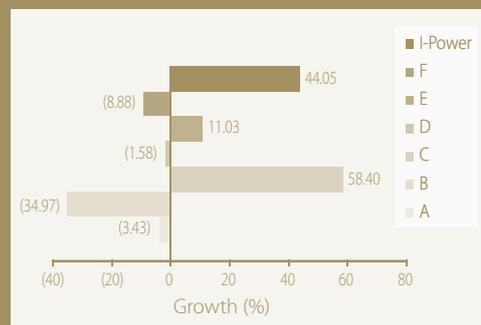
Such a highly liquid position would ensure that the Company has the financial resources and readiness to capitalize on any business opportunities that may arise at a moment's notice.

From our internal benchmarking, it is evident that I-Power continues to outperform its peers in the software sector of the MESDAQ market. Detailed below are our benchmarking reports for your perusal. All the figures quoted in the comparison tables have been made public and are easily accessible on the website of Bursa Malaysia Securities Berhad.

### Percentage Of Sales Growth

Company	Sales ('000) (The Year Prior)	Sales ('000) (Current Year)	% Growth
A	26,233	25,332	(3.43)
B	2,488	1,618	(34.97)
C	8,608	13,635	58.40
D	9,514	9,364	(1.58)
E	5,596	6,213	11.03
F	7,452	6,790	(8.88)
I-Power	57,840	83,320	44.05
<b>Average</b>	<b>16,819</b>	<b>20,896</b>	<b>9.23</b>

### Percentage Of Sales Growth

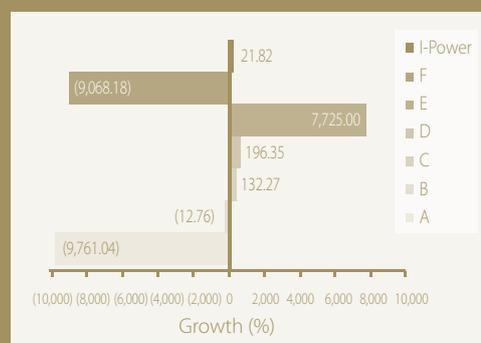


The table above shows that I-Power's sales outperformed its peers.

### Percentage Of Profit Growth

Company	Profit After Tax ('000) (The Year Prior)	Profit After Tax ('000) (Current Year)	% Growth
A	77	(7,439)	(9,761.04)
B	(1,309)	(1,142)	(12.76)
C	251	583	132.27
D	(1,888)	(5,595)	196.35
E	8	626	7,725.00
F	44	(3,946)	(9,068.18)
I-Power	10,234	12,467	21.82
<b>Average</b>	<b>1,060</b>	<b>(635)</b>	<b>(1,538.08)</b>

### Percentage Of Profit Growth



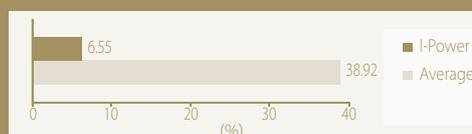
While its peers alternate between growing profits and declining income, I-Power has registered the highest profits increase in terms of nominal values.

# CEO'S ADDRESS (cont'd)

## Expenses To Sales Ratio

Company	Total Expenses ('000)	Sales ('000)	% Expenses to Sales
I-Power	5,456	83,320	6.55
Average	8,133	20,896	38.92

## Expenses To Sales Ratio

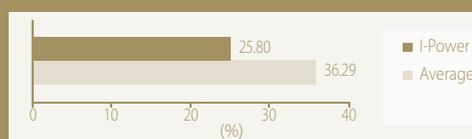


I-Power continues to increase its efficiency and effectiveness in terms of cost management, whereby it improves upon its Expenses to Sales Ratio to 6.55%, as compared to 10.57% for the previous financial year ended 30 June 2007. This percentage is way below its peers' average.

## AR To Sales Ratio

Company	Sales	Trade Receivables	% AR to Sales
I-Power	83,320	21,495	25.80
Average	20,896	7,582	36.29

## AR To Sales Ratio



I-Power has successfully managed to lower its AR to 25.8%, an improvement from 49% for the previous financial year ended 30 June 2007. I-Power has also bettered the industry average of 36.29%.

## Acknowledgement and Appreciation

Having seen this Company grown from its humble beginning in its formative years since listing in January 2005 to its current position, notwithstanding that we still have a long uphill and winding road ahead of us, it has indeed been most gratifying and at the same time, deeply humbling to have had the opportunity to be part of the I-Power team thus far. It is gratifying because it shows that the core values, sound business principles and fundamentals that have become deeply entrenched in the Company are bearing fruits and proven successful thus far.

We are equally humbled because we also realized that I-Power would not have been able to come this far if not for the unwavering support of our clients, suppliers and business partners. I would therefore like to take this opportunity to extend my deepest gratitude for your undivided support.

On behalf of our Board of Directors, I would also like to specially extend a note of thanks to all of our staff members for their industry, loyalty, dedication and commitment and a note of personal thanks to my fellow directors for their wise counsel and dedication to the Company.

Last but not least, to all our esteemed shareholders, we extend our deepest gratitude for your loyalty and confidence through the years. With your continuous support, I-Power shall go on to scale greater heights.

Jason Chia Kok Chin  
Chief Executive Officer  
I-Power Berhad

### Awards & Recognitions

There are 24,155 public listed companies in Asia Pacific region, which has sales of below USD1 Billion.

Of these 24,155 companies, a total of 200 companies were selected by Forbes, as under Forbes Asia 4th Annual "Best Under 1 Billion" list.

Malaysia ranked number 7, in terms of ranking based on number of companies qualified under the list. China is first with 88 companies, followed by Japan 23 companies, India 22 companies and Singapore 14 companies. Malaysia has 13 companies falling under the list.

One of the Malaysian companies is I-Power Berhad.

#### Malaysian Companies On Forbes Asia's 'Best Under A Billion List'

SINGAPORE, Sept 18 (Bernama) - Thirteen Malaysian companies made the Forbes Asia's fourth annual 'Best Under A Billion' list, according to Forbes, the US-based publisher of the leading Asian business magazine.

The companies are CB Industrial Product, Coastal Contracts, Efficient E-Solutions, ETI Tech, Grand-Flo Solution, Hai-O Enterprise, **I-Power**, JobStreet, Notion Vtec, Pintaras Jaya, Plant Offshore, Sarawak Oil Palms and Success Transformer.

Malaysia was also ranked seventh in terms of the number of companies represented on this year's list, Forbes said in a statement Thursday.

The list features the best 200 companies from among 24,155 listed firms in the Asia-Pacific region.

Forbes said those with less than US\$1 billion in sales were vetted for consistent growth of both sales and profits over three years.

The Malaysian companies on the Forbes list dealt in a wide range of products and services, from rechargeable batteries, industrial tools, marine vessels, online recruitment, information technology solutions and multi-level marketing to palm oil and construction services for the oil and gas industry.

The net income of the companies ranged between US\$2 million and US\$33 million with a market value of between US\$15 million and US\$341 million.

They also recorded sales of between US\$17 million and US\$132 million, Forbes said.

Forbes explained that more than a quarter of last year's companies made the list again with consumer technology, commercial real estate, clean energy producers and business services sectors leading the way.

All the companies on this year's list increased sales and profits despite major indexes in Hong Kong, Japan, Korea and Australia falling by more than 20 percent over the past year.

The greater China region outperformed the rest of the Asia Pacific with the most number of firms, with 88 on the list, followed by Japan (23), India (22) and Singapore (14).

The full list will appear in the Sept 29 issue of Forbes Asia magazine. It will be available in newsstands this week.

-- Bernama

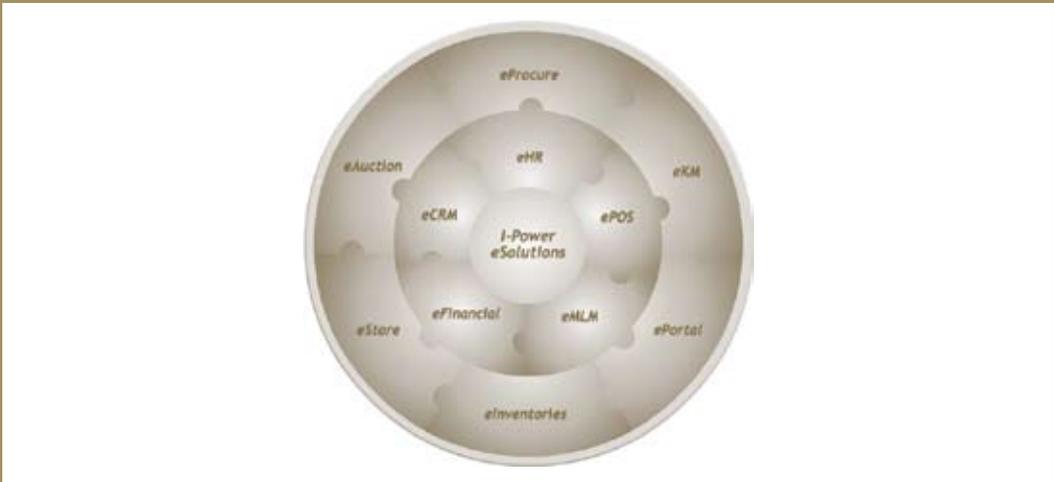
# CORPORATE PROFILE

## Overview

Established in October 2002, I-Power Berhad is a locally nurtured e-business solutions specialist and system integrator with a wide range of dominant e-Solutions products that caters for the business needs of both medium and large-sized organizations.

I-Power is headquartered in Technology Park Malaysia (TPM) Bukit Jalil, Kuala Lumpur and has a solid workforce of approximately 71 employees. I-Power has been listed in Malaysian Exchange of Securities Dealing and Automated Quotation Bhd (MESDAQ) since 18th January 2005.

## Our Comprehensive e-Solutions



The most extensive suite of e-Solutions in Malaysia deployed in latest Java and IBM middlewares technologies.

## Our Business Focus



# CORPORATE PROFILE (cont'd)

## Our Technology

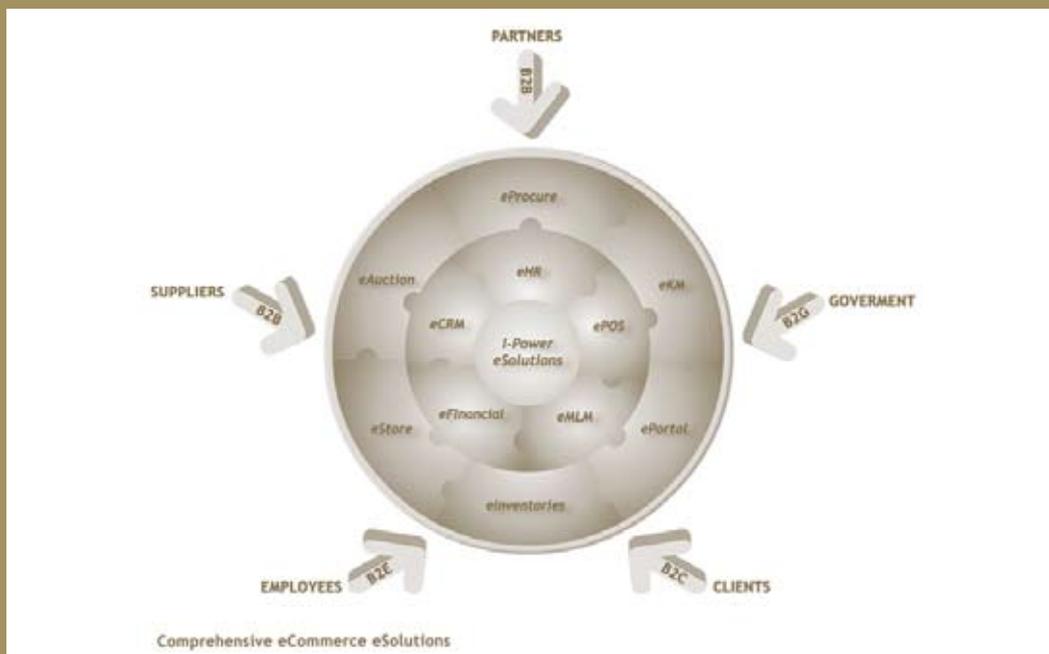
ICT will ultimately become the vital enabler in supporting the services, retail, manufacturing and financial areas so as to boost efficiency, productivity and value in an increasingly competitive global environment. This in turn will increase the complexity of the IT system used and entails a more demanding solution to meet these intricate requirements.

Hence, we believe that technology could actually help create those solutions to assist organisations in increasing their efficiency and productivity, and we only adopt the best of technologies available and continuously keep abreast of the latest technology in the industry. The technologies we have employed will enable us to consistently deliver state-of-the-art solutions to our clients, allowing them a faster time to market and flexibility in deploying the solutions.

- ⊕ Open Java Standard
- ⊕ SQL ANSI Standard
- ⊕ IBM e-business Framework
- ⊕ Struts Application Framework
- ⊕ Server-centric

## Solid Customisable e-Solutions

Not only I-Power's range of e-Solutions is robust, server-centric and highly efficient but also customisable that caters well to our clients' business needs. Our powerful set of solutions will enable our clients' organisations to rapidly align around key corporate goals and help their employees to collaborate more effectively.



# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman (Chairman)  
Independent, Non-Executive Director

Chia Kok Chin  
Chief Executive Officer/Chief Technology Officer

Tan Chuek Hooi  
Executive Director

Hoh Chee Kuan  
Executive Director

Leou Thiam Lai  
Independent, Non-Executive Director

Koay Ben Ree  
Independent, Non-Executive Director

## **AUDIT COMMITTEE**

Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman (Chairman)

Leou Thiam Lai

Koay Ben Ree

## **NOMINATION COMMITTEE**

Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman (Chairman)

Leou Thiam Lai

## **REMUNERATION COMMITTEE**

Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman (Chairman)

Leou Thiam Lai

## **AUDITORS**

Sha, Tan & Co (AF: 0185)  
Chartered Accountants  
Box #289, Lots 4.122 - 4.125  
Tingkat 4, Wisma Central  
Jalan Ampang, 50450 Kuala Lumpur

## **COMPANY SECRETARY**

Laang Jhe How, MIA 25193

## **STOCK EXCHANGE LISTING**

Bursa Malaysia Securities Berhad  
(Mesdaq Market)

## **PRINCIPAL BANKERS**

Hong Leong Bank Berhad  
OCBC Bank (Malaysia) Berhad

## **REGISTERED OFFICE**

149A, Jalan Aminuddin Baki  
Taman Tun Dr Ismail  
60000 Kuala Lumpur  
Tel: 03-7727 3873  
Fax: 03-7728 5948  
Email: inforsearch@gmail.com

## **REGISTRAR**

Insurban Corporate Services Sdn Bhd  
149, Jalan Aminuddin Baki  
Taman Tun Dr Ismail  
60000 Kuala Lumpur  
Tel: 03-7729 5529  
Fax: 03-7726 6686

## **PRINCIPAL PLACE OF BUSINESS**

L4-E-11, Enterprise 4  
Technology Park Malaysia  
Bukit Jalil  
57000 Kuala Lumpur  
Tel: 03-8996 8080  
Fax: 03-8996 6880

# DIRECTORS' PROFILE

## Board Of Director

Name Of Members	Designation	Nationality
Tan Sri Dato'Wan Sidek Bin Haji Wan Abd Rahman	Independent Non-Executive Chairman	Malaysian
Jason Chia Kok Chin	CEO / CTO	Malaysian
Hoh Chee Kuan	Executive Director	Malaysian
Tan Chuek Hooi	Executive Director	Malaysian
Leou Thiam Lai	Independent Non-Executive Director	Malaysian
Koay Ben Ree	Independent Non-Executive Director	Malaysian

## TAN SRI DATO'WAN SIDEK BIN HAJI WAN ABD RAHMAN

A Malaysian and aged 72, Tan Sri Dato'Wan Sidek is the Independent Non-Executive Chairman of I-Power Berhad. He was appointed to the Board on 1 September, 2004. He is the Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee.

He graduated from University of Malaya in 1959 with a Bachelor of Economics (Honours). Upon graduation, he joined the Malaysian Administrative and Diplomatic Service.

During his tenure in the civil service, he served in several senior positions at the District, State and Federal level. Prominent among these were as the District Officer of Dindings and Kinta in Perak; as Federal Secretary of Sarawak (1970-1974) and as State Secretary of Pahang (1974-1977). At the Federal level, he served as Secretary-General in the Ministry of Science, Technology and Environment (1981-1982), Ministry of Information (1982-1985) and Deputy Secretary-General in the Prime Minister's Department (1985-1988) and as Secretary-General, Ministry of Home Affairs (1988-1990).

His last posting in the civil service before he retired was as the Malaysian High Commissioner to the United Kingdom and concurrently as Malaysian Ambassador to the Republic of Ireland from 1990-1993.

During the course of this career and in recognition of his contributions to the civil service and the country, he was bestowed with Honours and Awards, namely PSM (Federal), SIMP (Kelantan), DSAP (Pahang), PNBS (Sarawak), JMN, KMN and PJK.

In 1992, he was made Chairman of Kuala Lumpur Industries Holdings Berhad. He was later appointed as Chairman of Shangri-La Hotels (M) Berhad (1992) and Rahman Hydraulic Tin Berhad (1998). He currently serves as a board member of Resorts World Bhd (1997).

As at 30 June, 2008, he does not hold any ordinary shares in I-Power Berhad. He has no family relationship with any directors or substantial shareholder of the Company.

Tan Sri Dato'Wan Sidek Bin Haji Wan Abd Rahman attended all the Board meetings held during his tenure in office in the year ended 30 June 2008.

Tan Sri Dato'Wan Sidek Bin Haji Wan Abd Rahman has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences.

# DIRECTORS' PROFILE (cont'd)

## MR. CHIA KOK CHIN

A Malaysian and aged 40, Chia Kok Chin is the Chief Executive Officer / Chief Technology Officer of I-Power Berhad. He was appointed to the Board on 21 October, 2002. He graduated from Deakin University, Melbourne, Australia in 1990 with a Bachelor of Business majoring in Computing.

He started his career as an analyst programmer with Glaxo (Malaysia) Sdn Bhd in 1991. His main function was to ensure the development and maintenance of key accounting, marketing and sales system. He later joined Focus Technology Sdn Bhd in 1993 as a system analyst, where some of his main responsibilities were systems development and user requirement study.

In 1994, he joined Phileo Allied Bank Sdn Bhd where among the posts he held was as System Architect, Business Analyst and Project Manager. During his stint there, he was involved in certain main information system projects such as PalDirect, which is an Internet share trading system, and PalWorld, which is an Internet banking system.

After six years with Phileo Allied Bank Sdn Bhd, he then accepted the post of CTO with PowerSys in 2000, where he was also a major shareholder. He was the key figure in the R&D of several commercial e-Solutions projects which were implemented by PowerSys and he also held the IPR to PowerSys key technology competencies. Some of the projects in which he played a key role were turnkey solutions developed for e-Cosway and Deutsche Bank (Malaysia) Bhd. With the forming of I-Power, he later sold the market-proven IPR of his e-Solutions to I-Power.

As at 30 June 2008, he held 98,607,878 ordinary shares in I-Power Berhad. He has no family relationship with any directors or substantial shareholder of the Company.

Mr. Chia Kok Chin attended all the Board meetings held during his tenure in office in the year ended 30 June 2008.

Mr. Chia Kok Chin has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences.

## MR. TAN CHUEK HOOI

A Malaysian and aged 48, Tan Chuek Hooi is the Executive Director of I-Power Berhad. He was first appointed to the Board on 16 June, 2003.

He graduated from University of Windsor, Ontario, Canada in 1983 with a Bachelor of Commerce (Honours) in Business Administration majoring in Accounting and minoring in Business Statistics.

He started his career as an accountant with United Computers Sdn Bhd in 1984. In 1986, he joined Imagineering Sdn Bhd as its Finance Manager, where he was responsible for the implementation of the company's operation procedure.

In 1987, he accepted an appointment from Tech Pacific NZ Ltd in Auckland New Zealand, where he acted as its Finance Manager. During his stay, he was in charge of, among others, the company system administration, credit control and financial accounting.

After seven years working in New Zealand, he then returned to Malaysia and later joined Tele Dynamics Sdn Bhd as its Financial Controller. He was mainly responsible for maintaining the company's whole financial system which included, among others, treasury function, financial accounting, corporate planning and cash flow management.

As at 30 June 2008, he did not hold ordinary shares in I-Power Berhad. Tan Chuek Hooi attended all Board meetings held during his tenure in office in the year ended 30 June 2008. He has no family relationship with any directors or substantial shareholder of the Company.

## DIRECTORS' PROFILE (cont'd)

Mr. Tan Chuek Hooi has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences.

### MR. HOH CHEE KUAN

A Malaysian and aged 39, Hoh Chee Kuan is an Executive Director of I-Power Berhad. He was appointed to the Board on 5 September, 2003.

He graduated from Federal Institute of Technology, Kuala Lumpur, in 2001 with a Diploma in Electrical Engineering.

He started his career as Technical Supervisor with Hitechniaga Sdn Bhd in 1992. There he was given the responsibility to oversee technical support for line printer division. In 1995, he further advanced his career by accepting an appointment as Sales Manager with LEO Computer Distribution Sdn Bhd. During his three-year tenure, he managed the sales and marketing division and was also involved in developing the company's business strategies.

He later joined Fujitsu PC Asia Pte Ltd as Channel Manager. There he was mainly involved in channel marketing planning and helping the development of the company's business partner.

Prior to joining I-Power, he joined Nineten Media (M) Sdn Bhd in 2001, where he acted as its General Manager. Again, he was deeply involved in the development of the company's business strategy apart from managing the sales and marketing division.

As at 30 June 2008, he did not hold ordinary shares in I-Power Berhad. Hoh Chee Kuan attended all the Board meetings held during his tenure in the year ended 30 June 2008. He has no family relationship with any directors or substantial shareholder of the Company.

Mr. Hoh Chee Kuan has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences.

### MR. LEOU THIAM LAI

A Malaysian and aged 52, Leou Thiam Lai is an Independent Non-Executive Director. He is a Member of the Audit Committee, the Nomination Committee and the Remuneration Committee. He was appointed to the Board on 1 September, 2004.

He studied at the Tunku Abdul Rahman College, Kuala Lumpur, and upon graduation in June 1980, he began his career in a Chartered Accountants firm. He left the profession to accept an appointment as the Group Accountant of a public-listed company.

Subsequently, in 1987, he started a risk management agency and in 1998, upon the approval of his Audit Licence by the Treasury, he started his own accounting firm, Leou & Associates, a Chartered Accountants Firm.

He is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Chartered Association of Certified Accountants (UK) and a Fellow member of the Malaysian Institute of Taxation.

He is also in the board of Degem Berhad, United Bintang Berhad, Ramunia Holdings Berhad, Nextnation Communication Berhad, Mobif Berhad and Berjaya Holdings (HK) Limited. He too, serves as Chairman of the audit committee for Degem Berhad.

As at 30 June 2008, he did not hold ordinary shares in I-Power Berhad. Leou Thiam Lai attended all the Board meetings held during his tenure in office in the year ended 30 June 2008. He has no family relationship with any directors or substantial shareholder of the Company.

## DIRECTORS' PROFILE (cont'd)

Mr. Leou Thiam Lai has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences.

### MR. KOAY BEN REE

A Malaysian and aged 37, Koay Ben Ree is an Independent Non-Executive Director. He was appointed to the Board on 23 April 2007. He was then appointed as a Member of the Audit Committee on 25 May 2007.

He graduated from Universiti Malaya in 1995 with LLB (Honours). He gained admission as an Advocate & Solicitor to the High Court of Malaya in 1996. He later obtained his postgraduate qualification, LLM from University of Warwick in 1997.

Koay Ben Ree started his career in law in 1996. He has worked in various legal firms, including Herbert Smith in London. He made a steady climb in his career by being made a Partner of Corporate Finance Practice Group at Zul Rafique and Partners in 2004. In 2007, he opened his own legal practice – Messrs. Ben & Partners.

He is also a Director of Ruby Quest Berhad.

As at 30 June 2008, he did not hold any I-Power Berhad shares. Koay Ben Ree has also attended all Board meetings during his tenure in office in the year ended 30 June 2008. He has no family relationship with any directors or substantial shareholder of the Company.

Koay Ben Ree has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences.

# CORPORATE GOVERNANCE

## Board of Directors

### Roles And Principal Responsibilities

The Independent Non-Executive Chairman leads strategic planning at the Board level while the CEO and Executive Directors are responsible for the implementation of policies, executive and investment decisions. The Independent Non-Executive Directors provides judgement on issues of strategy, performance and standards.

### Meetings

The Board of Directors has met six (6) times during the financial year to drive the focus of the Company.

The attendance record of each member is shown below:

No.	Name Of Members	Designation	Attendance	Percentage Of Attendance
1	Tan Sri Dato'Wan Sidek Bin Haji Wan Abd Rahman	Independent Non-Executive Chairman	6/6	100%
2	Chia Kok Chin	CEO / CTO	6/6	100%
3	Hoh Chee Kuan	Executive Director	6/6	100%
4	Tan Chuek Hooi	Executive Director	6/6	100%
5	Leou Thiam Lai	Independent Non-Executive Director	6/6	100%
6	Koay Ben Ree	Independent Non-Executive Director	6/6	100%

### Board Composition and Balance

The Board consists of six (6) members. At present, the Board consist of one (1) Independent Non-Executive Chairman, three (3) Executive Directors and one (2) Independent Non-Executive Directors.

The profiles of the Board members can be found in pages (15) to (18) in the Annual Report.

The Board is satisfied that the Board composition is balanced to ensure long term interest of all shareholders.

### Directors' Remuneration

Remuneration Band	No. of Directors	
	Financial Year - Ended 30 June 2008	Financial Year - Ended 30 June 2007
Executive Directors:		
Below RM50,000	1	1
RM50,001 – RM 300,000	2	1
RM300,001 – RM950,000	-	1
Non Executive Directors:		
Below RM50,000	3	3

# CORPORATE GOVERNANCE (cont'd)

## Supply of Information

All Board members were appointed on independent dates. Please refer to Directors' Profile in pages (15) to (18). The Board called for meetings six (6) times during the financial year ended 30 June 2008.

Members of the Board will be supplied with all papers pertaining to financial performance, investments, strategic direction and such prior to the Board meeting to provide sufficient time for them to deliberate on the issues.

## Appointments to the Board

The Board is appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee will make recommendations to the Board and the Board upon review and deliberation, approve the appointment. The Company Secretary will ensure that all appointments are properly made and that all legal and regulatory obligations are complied with.

## Directors' Training

All Directors as pursued in Guidance Note 10, have gone through Continuing Education Program training to help them to dispense their responsibilities and duties.

## Re-election

One third of the Board, excluding the CEO shall retire from office and eligible for re-election at each Annual General Meeting and all directors except the CEO shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

## Relationship with Shareholders and Investors

The Board of Directors holds with utmost importance the act of keeping all shareholders and investors informed of the company's business and corporate developments. Such information is disseminated through the company's quarterly results and through various disclosures via the Bursa Malaysia Securities Berhad website.

The forthcoming Annual General Meeting will be a great avenue of meeting between the Board of Directors and the shareholders and investors.

## Annual General Meeting

The Annual General Meeting (AGM) is the primary gathering for all shareholders to raise questions or to inquire more information on the Company's development and financial performance. The CEO and Board members are present to address all shareholders' queries on issues relevant to the Company. However, if the queries raised are not immediately answerable during the AGM, the CEO will send a written letter containing the explanation after the AGM is over. Notice of the AGM is released to shareholders at least 21 days before the date of the meeting

The shareholders have direct access to the Board and are encouraged to participate in the open question and answer session.

# ACCOUNTABILITY AND AUDIT

The Board of Directors aims to present a balanced and true view of the Company's corporate and financial states of affairs.

## Audit Committee

The Committee was set to assist the Board of Directors with added focus in discharging its responsibilities and duties.

## Financial Reporting

The Board of Directors is satisfied that appropriate accounting policies have been consistently applied and supported by reasonable judgements and estimates.

A balanced and understandable assessment of the Company's position and prospects is released through annual financial statements and quarterly financial results.

Quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors before being released to Bursa Malaysia Securities Berhad.

## Internal Control

The Board of Directors takes into seriousness a system of internal controls covering not only financial controls but also operations and compliance controls as well as risk management.

## Relationship With Auditors

The Company forges a transparent and professional relationship with the Company's auditors.

# DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors takes it upon themselves to ensure each financial statement for each financial year are properly drawn up in accordance with applicable financial policies and standards in Malaysia so as to give a true and fair view of the Company's state of affairs as at the financial year and of the results and cash flows of the Company for that period.

The Board of Directors takes the responsibilities of safeguarding assets of the Company, prevent and detect fraud and other irregularities seriously.

# AUDIT COMMITTEE REPORT

## Audit Committee Members

Chairman	Tan Sri Dato'Wan Sidek Bin Haji Wan Abd Rahman (Independent Non-Executive Director)
Members	Leou Thiam Lai (Independent Non-Executive Director)
	Koay Ben Ree (Independent Non-Executive Director)
Secretary	Laang Jhe How (Company Secretary)

## Audit Committee Terms Of Reference

### 1. Composition

- (a) The Board shall elect an Audit Committee from amongst themselves (pursuant to a resolution of the Board of Directors) comprising not less than three (3) members, composed exclusively of Non-Executive Directors, of whom the majority shall be independent.
- (b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as maybe required by Bursa Malaysia Securities Berhad.
- (c) The term of office of the Audit Committee is two (2) years and may be re-nominated and appointed by the Board.
- (d) The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an independent director. The Chairman of the Audit Committee shall be approved by the Board.
- (e) All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit Committee cease to be a Director of the Company, his membership in the Audit Committee would cease forthwith.
- (f) No Alternate Director of the Board shall be appointed as a member of the Audit Committee.
- (g) If the number of members of the Audit Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

### 2. Objectives

The primary objectives of the Audit Committee are:

- (a) to provide assistance to the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies and practices and financial management and control.
- (b) to provide greater emphasis on the audit functions by increasing the objectivity and independence of external and internal auditors and providing a forum for discussion that is independent of the management.
- (c) to maintain through regularly scheduled meetings a direct line of communication between the Board and the external auditors, internal auditors and financial management.

# AUDIT COMMITTEE REPORT (cont'd)

## 3. Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be to review the following and report the same to the Board:

- (a) The appointment of the external auditors, the audit fee, and any questions of resignation or dismissal.
- (b) The nature and scope of the audit including the co-operation of auditors where more than one audit firm is involved.
- (c) The quarterly and annual financial statements, focusing particular on:
  - i. changes in accounting policies and practices
  - ii. major judgement areas
  - iii. significant adjustments resulting from the audit
  - iv. the going concern assumption.
  - v. compliance with accounting standards
  - vi. compliance with Bursa Malaysia Securities Berhad rules and other legal requirements.
- (d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- (e) to review the internal audit programmes, consider the major findings of internal audit programmes and management's response, and ensure co-ordination between the internal and external auditors.
- (f) to keep under review the effectiveness of internal control systems, and in particular review the external auditors' management letter and management's response.
- (g) to discuss the related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedures or conduct that give rise to questions of management integrity.
- (h) to give assistance given by the employees of the Company to the auditors.
- (i) to do the following, in relation to the internal audit function :-
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (j) to carry other duties and responsibility as may be agreed to by the Audit Committee and the Board.

# AUDIT COMMITTEE REPORT (cont'd)

## 4. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company :

- (a) have authority to investigate any matters within its terms of reference and to seek any information it requires from any employees.
- (b) have right to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.
- (c) have adequate resources to perform its duties.
- (d) have full and unrestricted access to any information pertaining to the Company.
- (e) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any).
- (f) be able to convene meetings with the External Auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

## 5. Meetings and Minutes

The Audit Committee shall hold not less than four (4) meetings a year to review the quarterly results and year end financial statements. In order to form the quorum for each meeting, a minimum of two (2) members present shall be Independent Directors.

In addition to the Committee members, the head of internal audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.

The Secretary to the Audit Committee shall be the Company Secretary.

# SUMMARY OF AUDIT COMMITTEE ACTIVITIES

## Summary Of Activities

During the financial year ended 30 June 2008, in line with the terms of reference, the Committee carried out the following activities in discharge of its functions and duties:

1. Reviewed the audit reports of the Company prepared by the external auditors and considered the major findings by the auditors and management's responses thereto;
2. Reviewed the quarterly and annual reports of the Company prior to submission to the Board for consideration and approval.
3. Reviewed the disclosure of related party transactions entered into by the Company in the annual report of the Company;
4. Met with the external auditors to review the audited financial statements for the financial ended 30 June 2008.

Deliberations are ongoing to engage an external professional firm to undertake the internal audit function. Pending the establishment of this outsourced internal audit function, the Committee took into cognizance the existence of key elements of internal control at the management and operational levels and the contribution to internal control by the existing internal quality system established under the ISO 9002 regulations, which covers a significant section of the overall internal control objectives and which are regularly audited by internal as well as external quality auditors.

## Meeting Attendance

The Committee held six (6) meetings during the year ended 30 June 2008. The details of the attendance are as follows:

Directors	No. of meetings attended out of total no. of meetings held during tenure of office
Tan Sri Dato'Wan Sidek Bin	
Haji Wan Abd Rahman	6/6
Leou Thiam Lai	6/6
Koay Ben Ree	6/6

# STATEMENT ON INTERNAL CONTROL

## Introduction

Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market requires the Board of Directors to include in its annual report a statement about the state of internal control of the listed company as a group. The Board of Directors believes that with good governance comes a sound system of internal control to safeguard our shareholders investment and the company's assets.

## Board Responsibilities

It is the Board of Directors' duty to maintain the Company's system of internal controls and ensure the adequacy and integrity of the Company's state of affairs.

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Company's operational effectiveness and efficiency.

The Board recognizes the importance of maintaining sound internal control systems and risk management practices to ensure good corporate governance.

The Board confirms that there is a continuous process to identify, evaluate and manage the significant risks of the Company and this process is regularly reviewed by the Board.

The key processes include:

- Regular and comprehensive information is provided to the management, covering financial performance and key business indicators.
- Approve quarterly and full year financial results.
- Make performance analysis on financial performance and business objectives.
- Review the adequacy and effectiveness of the system of internal control in an on-going process.

## System of Internal Control

The Board has a formalized reporting structure with clearly defined lines of accountability and delegated authority. It comprising the CEO and senior management team and ensures communication of the Company's business objectives, operational and financial issues or risks through management meetings at various levels.

The CEO and senior management team monitor the day-to-day affairs of the Company by attending scheduled meetings both at management and operational levels and review the performance and operation reports. These include technical and operations meetings and management review meetings.

The key elements of the internal control system :

- A well defined organization structure with clear lines of accountability that sets out the authority delegated to the board and management committees
- Documented policies and procedures for all significant processes
- There is a clearly defined delegation of responsibilities to the Audit Committee of the Board and the management
- Performance reports such as quarterly financial review, business development and other corporate matters are regularly provided to the directors and discussed at Board meetings
- Management meetings are regularly held

The Board remains committed towards maintaining a sound system of internal controls therefore on-going reviews will be carried out to measure the effectiveness of the internal control systems and establish shareholders' confidence.

# STATEMENT ON INTERNAL CONTROL (cont'd)

## Internal Audit Function

The Company is in the process of setting up its internal audit function through outsourcing to an independent professional internal audit service provider.

The proposed functions of the internal audit are as follows :-

1. Perform audit work in accordance with the pre-approved internal audit plan
2. Carry out review on the system of internal controls of the Company
3. Review and comment on the effectiveness and adequacy of the existing control policies and procedures.
4. Provide recommendations, if any, for the improvement of the control policies and procedures.

The proposed internal audit function will be independent and report directly to the Audit Committee. The Audit Committee will receive and deliberate on the reports received from the proposed internal auditor and will consider management response prior to making the necessary recommendations to the Board to strengthen its system internal control and policies.

## Audit Committee

The Committee was set up to assist the Board of Directors with added focus in discharging its responsibilities and duties. In discharging its duties, the Committee will review and obtain the necessary assurance from the reports by the external auditors, proposed internal audit function and the management.

# CORPORATE SOCIAL RESPONSIBILITY

## Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a concept whereby I-Power holds with utmost importance in taking responsibility for the impact of our activities on our customers, employees, shareholders, communities and the environment in all aspects of our operations. I-Power is fully aware that our obligation extends beyond the statutory obligation to comply with legislation and therefore voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

Various activities were planned and implemented by the Company to fulfil its CSR obligations as follows:

### (a) The Workforce

The Company organizes outings, gatherings and recreational events on a regular intervals for its staff and family members as the Company desires to cultivate and happy and productive workforce who have a strong sense belonging.

### (b) The Community

I-Power team constantly make donations in the form of cash and tangible goods to various welfare bodies and NGOs for welfare purposes.

### (c) The Environment

The Company has adopted eco-friendly practices in its day-to-day work in order to minimize the impact on the environment :

- (i) Paperless environment  
Staffs and clients are encouraged to fully maximize the benefits of ICT (eg email, instant messaging, etc.) for communications.
- (ii) Recycling  
Both sides of the papers are used for printing to minimize paper usage while unwanted papers are segregated for recycling.
- (iii) Energy Savings  
Staffs are encouraged to conserve energy by switching off unused equipments and lightings.

# FINANCIAL STATEMENTS 30 June 2008

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# DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Economic Entity and of the Company for the financial year ended 30 June 2008.

## Principal Activities

The Company is principally involved in the provision of e-business software application development, software integration and related services and sale of the related products.

The principal activities of the associate are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## Results

	Economic Entity RM	Company RM
<u>Profit for the year</u>	<u>12,524,152</u>	<u>12,466,566</u>

## Dividends

No dividend has been paid or declared since the end of the previous financial year.

The directors do not recommend any dividend payment in respect of the current financial year.

## Reserves And Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## Shares, Warrants And Options

During the financial year, the Company's issued and paid up share capital was increased from RM21,279,800 to RM43,819,600 by ways of:

- (a) The issuance of 6,300,000 new ordinary shares of RM0.10 each at RM0.365 per ordinary share for cash pursuant to a private placement which were granted listing and quotation on 12 November 2007.
- (b) The issuance of 219,098,000 new ordinary shares of RM0.10 each at RM0.28 per ordinary shares, and 73,032,667 free detachable warrants pursuant to the Renounceable Rights Issue on the basis of 3 rights shares and 1 free detachable warrant for every 3 existing ordinary shares of RM0.10 held which were granted listing and quotation on 17 December 2007.

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

The warrants are constituted under the Deed Poll dated 29 October 2007. Details of the warrants are disclosed in note 24 to the financial statements.

Except as stated above, no other shares or debentures were issued during the financial year.

# DIRECTORS' REPORT (cont'd)

The Company's Employee Share Option Scheme (ESOS) was implemented on 23 April 2007 and is to be in force for a period of five (5) years from the date of implementation. The ESOS is governed by the by-law approved by the shareholders at an Extraordinary General Meeting held on 19 April 2007.

The salient features and other terms of ESOS are disclosed in Note 16 to the financial statement.

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Directors

The directors in office since the date of the last report are:

- Tan Sri Dato'Wan Sidek Bin Haji Wan Abd Rahman
- Chia Kok Chin
- Tan Chuek Hooi
- Hoh Chee Kuan
- Leou Thiam Lai
- Koay Ben Ree

## Directors' Benefits

During and at the end of the financial year, no arrangement subsisted to which the Economic Entity nor the Company is a party with the objects of enabling the 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.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## Directors' Interests In Shares

The shareholdings in the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' shareholdings kept under Section 134 of the Companies Act 1965 are as follows:

### Number Of Ordinary Shares Of RM0.10 Each

	At 1.7.2007	Acquired	Disposed	At 30.6.2008
Chia Kok Chin	22,310,350	76,297,528	-	98,607,878

### Number Of Warrants

	At 1.7.2007	Acquired	Disposed	At 30.6.2008
Chia Kok Chin	-	21,243,706	-	21,243,706

None of the other directors in office at the end of the financial year, held shares, warrants or beneficial interest in shares of the Company during the financial year, according to the register required to be kept under Section 134 of the Companies Act 1965

# DIRECTORS' REPORT (cont'd)

## Significant Events

The significant events during and after the financial year are disclosed in Note 28 to the financial statements.

## Statutory information on the financial statements

Before the financial statements of the Economic Entity and of the Company were made out, the directors took reasonable steps:

- a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- b) to ensure that any current assets other than the debts which were unlikely to realise in the ordinary course of business as shown in the accounting records of the Economic Entity and of the Company have 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:

- a) which would render the amount written off for bad debts or the allowance for doubtful debts inadequate to any substantial extent; or
- b) which would render the values attributed to current assets in the financial statements of the Economic Entity and of the Company misleading; or
- c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Economic Entity and of the Company misleading or inappropriate.

No contingent 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, in the opinion of the directors, will or may substantially affect the ability of the Economic Entity and of the Company to meet its obligations when they fall due.

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

- a) any charge on the assets of the Economic Entity and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Economic Entity and of the Company which has arisen since the end of the financial year.

# DIRECTORS' REPORT (cont'd)

## Other Statutory Information

The directors state that at the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or in the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

- a) the results of the Economic Entity'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
- b) there has not arisen in the interval between the end of the 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 Economic Entity and of the Company for the financial year in which this report is made.

## Auditors

The auditors, Sha, Tan & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors  
in accordance with a resolution of the directors,

.....  
CHIA KOK CHIN  
Director

.....  
TAN CHUEK HOOI  
Director

Dated: 29 October 2008  
Kuala Lumpur

## STATEMENT BY DIRECTORS

The directors of I-Power Berhad stated that, in the opinion of the directors, the financial statements set out on pages 38 to 58 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Economic Entity and of the Company at 30 June 2008 and of their results and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors  
in accordance with a resolution of the directors,

.....  
CHIA KOK CHIN  
Director

.....  
TAN CHUEK HOOI  
Director

Dated: 29 October 2008  
Kuala Lumpur

## STATUTORY DECLARATION

I, TAN CHUEK HOOI, being the director primarily responsible for the accounting records and financial management of I-POWER BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 38 to 58 are to the best of my knowledge and belief, 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 )  
TAN CHUEK HOOI (I/C No. 600804-10-6361) )  
at Kuala Lumpur in the Wilayah Persekutuan )  
on 29 October 2008 )

.....  
TAN CHUEK HOOI  
Director

Before me,

.....  
AHMAD BIN LAYA (No. W259)  
Commissioner For Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

## Report on the Financial Statements

We have audited the financial statements of I-POWER BERHAD, which comprise the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended of the Economic Entity and of the Company, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 58.

## Directors' Responsibility for the Financial Statements

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

## Auditors' Responsibility

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

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

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

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as of 30 June 2008 and of their financial performance and cash flows for the year then ended.

# INDEPENDENT AUDITORS' REPORT (cont'd)

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

## Other Matters

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

SHA, TAN & CO  
[AF: 0185]  
Chartered Accountants  
Box #289, Lots 4.122 - 4.125  
Tingkat 4, Wisma Central  
Jalan Ampang, 50450 Kuala Lumpur

SHA THIAM FOOK  
[853/03/09(J/PH)]  
Chartered Accountant

Date: 29 October 2008  
Kuala Lumpur

# BALANCE SHEETS

AS AT 30 JUNE 2008

	Note	Economic Entity 2008 RM	2008 RM	Company 2007 RM
<b>NON CURRENT ASSETS</b>				
Plant and equipment	4	1,090,253	1,090,253	1,158,755
Intellectual property rights	5	2,900,000	2,900,000	3,100,000
Development expenditure	6	1,363,370	1,363,370	1,817,826
Investment in associate	7	27,057,586	27,000,000	-
		32,411,209	32,353,623	6,076,581
<b>CURRENT ASSETS</b>				
Trade receivables	8	21,494,985	21,494,985	28,317,988
Other receivables, deposits and prepayments	9	1,068,633	1,068,633	1,425,408
Amount owing by associate	10	40,843,101	40,843,101	-
Fixed deposits with a licensed bank	11	2,084,073	2,084,073	15,350,000
Bank balance		26,583,663	26,583,663	16,659,703
		92,074,455	92,074,455	61,753,099
<b>CURRENT LIABILITIES</b>				
Trade payables	12	802,756	802,756	18,284,396
Other payables and accruals		77,000	77,000	69,500
Bank overdraft (secured)	13	11,521	11,521	-
Taxation		38,000	38,000	-
		929,277	929,277	18,353,896
NET CURRENT ASSETS		91,145,178	91,145,178	43,399,203
		123,556,387	123,498,801	49,475,784
<b>EQUITY</b>				
Share capital	14	43,819,600	43,819,600	21,279,800
Share premium	15	50,126,118	50,126,118	11,109,467
Retained earnings		29,610,669	29,553,083	17,086,517
<b>TOTAL EQUITY</b>		123,556,387	123,498,801	49,475,784

The annexed notes form an integral part of the financial statements

# INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity 2008 RM	2008 RM	Company 2007 RM
Revenue	17	83,320,097	83,320,097	57,840,393
Other operating income		147,100	147,100	29,536
Purchases		(65,496,571)	(65,496,571)	(41,168,364)
Staff costs	18	(2,949,764)	(2,949,764)	(4,246,992)
Depreciation of plant and equipment		(438,880)	(438,880)	(391,757)
Amortisation of intellectual property rights		(200,000)	(200,000)	(200,000)
Amortisation of development expenditure		(454,456)	(454,456)	(454,456)
Other operating expenses		(1,300,435)	(1,300,435)	(1,174,685)
Finance costs		(112,752)	(112,752)	-
Share of results in associate		57,586	-	-
Profit Before Taxation	19	12,571,925	12,514,339	10,233,675
Taxation	20	(47,773)	(47,773)	-
Profit For The Year		12,524,152	12,466,566	10,233,675
Basic earnings per ordinary share	21	3.7 sen	3.7 sen	5.8 sen

The annexed notes form an integral part of the financial statements

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Share capital RM	-----Non distributable----- Share premium      compensation RM                      reserve RM		Distributable Retained earnings RM	Total RM
<b>Economic Entity</b>					
As at 1.7.2007	21,279,800	11,109,467	-	17,086,517	49,475,784
Private placement	630,000	1,669,500	-	-	2,299,500
Rights issue with warrants	21,909,800	39,437,640	-	-	61,347,440
Share issue expenses	-	(2,090,489)	-	-	(2,090,489)
Profit for the year	-	-	-	12,524,152	12,524,152
Balance at 30.6.2008	43,819,600	50,126,118	-	29,610,669	123,556,387
<b>Company</b>					
As at 1.7.2006	6,300,000	4,439,362	-	9,361,018	20,100,380
Private placement on 3.11.2006	630,000	3,654,000	-	-	4,284,000
Bonus issue	10,395,000	(7,886,824)	-	(2,508,176)	-
Share options granted under ESOS	-	-	1,392,441	-	1,392,441
Issue of ordinary shares pursuant to ESOS	2,593,000	6,482,500	-	-	9,075,500
Transfer from equity compensation reserve to share premium upon exercise of ESOS options	-	1,392,441	(1,392,441)	-	-
Private placement on 15.6.2007	1,361,800	3,404,500	-	-	4,766,300
Share issue expenses	-	(376,512)	-	-	(376,512)
Profit for the year	-	-	-	10,233,675	10,233,675
Balance at 30.6.2007	21,279,800	11,109,467	-	17,086,517	49,475,784
Private placement	630,000	1,669,500	-	-	2,299,500
Rights issue with warrants	21,909,800	39,437,640	-	-	61,347,440
Share issue expenses	-	(2,090,489)	-	-	(2,090,489)
Profit for the year	-	-	-	12,466,566	12,466,566
Balance at 30.6.2008	43,819,600	50,126,118	-	29,553,083	123,498,801

The annexed notes form an integral part of the financial statements

# CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Economic Entity 2008 RM	Company 2008 RM	2007 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation	12,571,925	12,514,339	10,233,675
Adjustments for:			
Depreciation of plant and equipment	438,880	438,880	391,757
Amortisation of intellectual property rights	200,000	200,000	200,000
Amortisation of development expenditure	454,456	454,456	454,456
Share options granted to employees and directors	-	-	1,392,441
Share of results in associate	(57,586)	-	-
Interest income	(147,100)	(147,100)	(29,536)
Interest expense	26,207	26,207	-
Operating Profit Before Working Capital Changes	13,486,782	13,486,782	12,642,793
Increase in receivables	(33,663,323)	(33,663,323)	(20,386,911)
(Decrease)/Increase in payables	(17,474,140)	(17,474,140)	17,872,579
Cash (Used In)/Generated From Operations	(37,650,681)	(37,650,681)	10,128,461
Interest paid	(26,207)	(26,207)	-
Tax paid	(9,773)	(9,773)	-
Net Cash (Used In)/From Operating Activities	(37,686,661)	(37,686,661)	10,128,461
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of investment in associate	(27,000,000)	(27,000,000)	-
Interest received	147,100	147,100	29,536
Decrease/(Increase) in fixed deposits pledged	13,260,927	13,260,927	(15,345,000)
Purchase of plant and equipment	(370,378)	(370,378)	(45,215)
Net Cash Used In Investing Activities	(13,962,351)	(13,962,351)	(15,360,679)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares	63,646,940	63,646,940	18,125,800
Share issue expenses	(2,090,489)	(2,090,489)	(376,512)
Net Cash From Financing Activities	61,556,451	61,556,451	17,749,288
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,907,439</b>	<b>9,907,439</b>	<b>12,517,070</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>16,664,703</b>	<b>16,664,703</b>	<b>4,147,633</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>26,572,142</b>	<b>26,572,142</b>	<b>16,664,703</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Bank balance	26,583,663	26,583,663	16,659,703
Fixed deposits with a licensed bank	2,084,073	2,084,073	15,350,000
Bank overdraft	(11,521)	(11,521)	-
	28,656,215	28,656,215	32,009,703
Fixed deposits pledged	(2,084,073)	(2,084,073)	(15,345,000)
	26,572,142	26,572,142	16,664,703

The annexed notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2008

## 1. GENERAL

The financial statements of the Economic Entity and of the Company are stated in Ringgit Malaysia (RM).

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The registered office is located at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur. The principal place of business is located at L4-E-11, Enterprise 4, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur.

The Company is principally involved in the provision of e-business software application development, software integration and related services and sale of the related products. The principal activities of the associate are disclosed in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The total number of employees, inclusive of executive directors, of the Company at the end of the financial year is 72 (2007 - 70).

The financial statements of the Economic Entity and of the Company were authorised for issue by the Board of Directors on 29 October 2008.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Economic Entity and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia.

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

Estimate and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Economic Entity's and the Company's accounting policies, which are described below, management is of the opinion that there are no instances of application of judgement and estimate and assumption which are expected to have a significant effect on the amounts recognised in the financial statements except for the equity compensation reserve as disclosed in Note 16.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

At the beginning of the current financial year, the Company had adopted the following new and revised Financial Reporting Standards (FRSs) which are mandatory for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

The adoption of the new and revised FRSs does not result in significant changes in accounting policies of the Company except for disclosures presented in the financial statements.

The Company has not early adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 which effective date is for financial year beginning 1 July 2010 as announced by the Malaysian Accounting Standards Board. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Accounting

The financial statements of the Economic Entity and of the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

### b. Plant and Equipment and Depreciation

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

Plant and equipment are depreciated on the straight line basis to write off their costs over their estimated useful lives. The annual rates used are as follows:-

Computers	20%
Office equipment, furniture and fittings	20%
Renovations	20%
Motor vehicle	20%

Gain and loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

### c. Intellectual Property Rights

Intellectual property rights are stated at cost less accumulated amortisation and impairment losses, if any. Intellectual property rights are amortised from the commencement of the income recognition to which they relate on the straight line basis over the period of expected benefit of twenty years.

### d. Research and Development Expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred.

Capitalised development expenditure is stated at cost net of grants less accumulated amortisation and impairment losses, if any. Capitalised development expenditure is amortised from the commencement of the income recognition to which it relate on the straight line basis over the period of expected benefit of five years.

### e. Associates

Associates are entities in which the Economic Entity and the Company have significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights and that is neither subsidiaries nor interest in jointly controlled entities. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is not control or joint control over those policies.

In the Company's separate financial statements, investments in associates are stated at cost less impairment

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

Investment in associates are accounted for in the Economic Entity's financial statements using the equity method of accounting based on latest financial statements of the associates concerned, from the date significant influence commences until the date the Economic Entity cease to have significant influence over the associates. The investment in associates in the Economic Entity's balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition changes in the Economic Entity's share of net assets of the investments.

The interest in associates is the carrying amount of the investment in associates under the equity method together with any long-term interest that, in substance, form part of the Economic Entity's net interest in associates.

The excess of the cost of investment over the Economic Entity's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition represent goodwill. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Economic Entity's share of the net fair value of the net assets of the associates' identifiable assets, liabilities and contingent liabilities over the cost of investment at the date of acquisition is recognised in the Economic Entity's income statement.

The Economic Entity's share of results of the associates during the financial year is recognised in the Economic Entity's income statement, after adjustments to align the accounting policies with those of the Economic Entity, from the date that significant influence commence until the date that significant influence ceases. Distributions received from the associates reduce the carrying amount of the investments. Adjustment to the carrying amount may also be necessary for changes in the Economic Entity's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's income statement. Such changes include those arising from the revaluation of property, plant and equipment and from foreign currency translation differences. The Economic Entity's share of those changes is recognised directly in the equity of the Economic Entity.

When the Economic Entity's share of losses exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Economic Entity does not recognised further losses unless it has incurred legal or constructive obligations or made payments of its behalf.

The most recent available financial statements of the associate are used by the Economic Entity in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in reporting dates is not more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

## **f. Revenue and Income Recognition**

Revenue from services rendered is recognised in the income statement when the services are rendered.

Revenue on maintenance contracts is recognised when the services are rendered.

Interest income is recognised as it accrues (taking into account the effective yield on the assets) unless collectability is in doubt.

## **g. Grants**

Grants represent monetary grants awarded by Multimedia Development Corporation under the Multimedia Super Corridor Research and Development Grant Scheme, for the purposes of supporting the Company's research and development activities in information technology. Grants are not recognised until there is reasonable assurance that all conditions attaching to them will be complied with and that the grants will be received.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Grants related to income are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis, and are presented as a credit under other operating income in the income statement. Grants related to assets are presented in the balance sheet by deducting the grants in arriving at the carrying amount of the assets.

## **h. Foreign Currency Transactions**

Transactions in foreign currencies are translated into Ringgit Malaysia at rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange ruling on that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All foreign exchange differences are reflected in the income statement.

The principal exchange rates ruling at the balance sheet date used are as follows:

	2008 RM	2007 RM
1 United States Dollar	3.266	3.455
1 EURO	n/a	4.643
1 Singapore Dollar	n/a	2.255
1 Japanese Yen	n/a	0.028

## **i. Employee Benefits**

### **i. Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Economic Entity and of the Company. 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 the absences occur.

### **ii. Defined contribution plan**

The Economic Entity and the Company makes contribution to the state pension scheme, the Employee Provident Fund (EPF). Such contribution is recognised as an expense in the income statement as incurred.

### **iii. Share based compensation**

The Company operates an equity settled, share based compensation plan for the eligible employees of the Company. The fair value of the employee services received in exchange for the grant of the share options without vesting condition is recognised as an expense in the income statement with a corresponding increase in equity.

The total amount to be recognised as compensation expenses is determined by reference to the fair value of the share options at the date of the grant and the estimation of the number of share options to be exercised. The fair value of the share options is computed using a Binomial Tree Model. Measurement inputs include strike price, underlying asset price, days to expiration, expected dividend, option type, volatility and interest rate.

The equity amount is recognised in the equity compensation reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account when the share options are exercised.

## **j. Income Tax**

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

## **k. Impairment of Assets**

The carrying amounts of assets, other than deferred tax assets and financial assets (other than investment in associate), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement immediately whenever the recoverable amount is less than the carrying amount of the asset. All reversals of an impairment loss are recognised as income immediately.

## **l. Financial Instruments**

Financial instruments are recognised in the balance sheet when the Economic Entity and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Economic Entity and the Company have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

### **i. Receivables**

Receivables are carried at anticipated realisable value. All known bad debts are written off and specific allowances are made for debts considered to be doubtful of collection. In addition, general allowances are made to cover possible debts which are not specifically identified.

### **ii. Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### **iii. Interest bearing borrowings**

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

### **iv. Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

## **m. Cash flow statement**

Cash flow statement is prepared using the indirect method.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged fixed deposits.

## 4. PLANT AND EQUIPMENT

Economic Entity and Company	At 1.7.07 RM	Additions RM	Disposals RM	At 30.6.08 RM
At cost:				
Computers	1,780,181	20,378	-	1,800,559
Office equipment, furniture and fittings	169,526	-	-	169,526
Renovations	30,133	-	-	30,133
Motor vehicle	-	350,000	-	350,000
	1,979,840	370,378	-	2,350,218
Accumulated depreciation:				
Computers	710,703	332,682	-	1,043,385
Office equipment, furniture and fittings	90,797	30,172	-	120,969
Renovations	19,585	6,026	-	25,611
Motor vehicle	-	70,000	-	70,000
	821,085	438,880	-	1,259,965

	Net book value		Depreciation
	2008 RM	2007 RM	2007 RM
Computers	757,174	1,069,478	352,113
Office equipment, furniture and fittings	48,557	78,729	33,618
Renovations	4,522	10,548	6,026
Motor vehicle	280,000	-	-
	1,090,253	1,158,755	391,757

## 5. INTELLECTUAL PROPERTY RIGHTS

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
At cost:			
At beginning of year/end of year	4,000,000	4,000,000	4,000,000
Accumulated amortisation:			
At beginning of year	900,000	900,000	700,000
Charge for the year	200,000	200,000	200,000
At end of year	1,100,000	1,100,000	900,000
Net book value	2,900,000	2,900,000	3,100,000

The Intellectual Property Rights (IPR) were acquired from a director on a willing buyer, willing seller arrangement. Pursuant to the agreement, the assignor, the director of the Company, being the proprietor of the IPR, assigns the IPR to the Company in the work, including all associated product designs, proprietary processes, human capital, customer maintenance contracts, development rights and know how processes.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 6. DEVELOPMENT EXPENDITURE

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
At cost:			
At beginning of year/end of year	2,272,282	2,272,282	2,272,282
Accumulated amortisation:			
At beginning of year	454,456	454,456	-
Charge for the year	454,456	454,456	454,456
At end of year	908,912	908,912	454,456
Net book value	1,363,370	1,363,370	1,817,826

## 7. INVESTMENT IN ASSOCIATE

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
Unquoted shares at cost	27,000,000	27,000,000	-
Share of post acquisition results	57,586		
	<u>27,057,586</u>		
Represented by:			
Share of net assets of associate	5,251,903		
Goodwill on acquisition	21,805,683		
	<u>27,057,586</u>		

The details of the associate which was incorporated in Malaysia are as follows:

Name of the Company	Equity	Effective Holdings	Principal Activities
	2008 %	2007 %	
Izzinet Sdn. Bhd.	25	-	Principally engaged as an Internet Service Provider in operating "i-Burst" "4G" mobile wireless Broadband telecommunication system.

The investment in associate was accounted for in the Economic Entity's financial statements under the equity method using the latest non-audited financial statements as at 30 June 2008.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

The summarised financial information of the associate are as follows:

	2008 RM
Assets and Liabilities	
Non current assets	88,555,019
Current assets	14,429,076
<b>Total assets</b>	<b>102,984,095</b>
Non current liabilities	-
Current liabilities	81,976,485
<b>Total liabilities</b>	<b>81,976,485</b>
Results:	
Revenue (post acquisition)	4,687,198
<b>Profit for the year (post acquisition)</b>	<b>230,342</b>

## 8. TRADE RECEIVABLES

The Economic Entity's and the Company's trade credit terms are assessed and approved on a case by case basis.

## 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Economic Entity		Company	
	2008 RM	2008 RM	2007 RM	2007 RM
Other receivables	1,300	1,300	-	-
Tender deposits	957,852	957,852	1,276,427	1,276,427
Sundry deposits	109,481	109,481	113,981	113,981
Prepayments	-	-	35,000	35,000
	<b>1,068,633</b>	<b>1,068,633</b>	<b>1,425,408</b>	<b>1,425,408</b>

The amount owing by other receivables is unsecured, interest free and with no fixed term of repayment.

## 10. AMOUNT OWING BY ASSOCIATE

The amount owing by associate is trade related, unsecured, interest free and with no fixed term of repayment.

## 11. FIXED DEPOSITS WITH A LICENSED BANK

Included in the fixed deposits with a licensed bank is RM2,084,073 (2007 - RM15,345,000) pledged to the bank to secure the banking facilities granted to the Company.

The weighted average interest rate and average maturity of the fixed deposits are as follows:

	Economic Entity		Company	
	2008 RM	2008 RM	2007 RM	2007 RM
Weighted average interest rate	2.94%	2.94%	2.82 %	2.82 %
Average maturity	30 days	30 days	30 days	30 days

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 12. TRADE PAYABLES

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
Trade payables	802,756	802,756	2,673,832
Letters of credit	-	-	15,610,564
	802,756	802,756	18,284,396

Letters of credit issued by a licensed bank, when converted into trust receipts upon presentation by the suppliers, will bears interest of 1.25% (2007 - 1.25%) per annum above the bank's Base Lending Rate and this trade facility is secured by way of fixed deposits of the Company.

The normal trade credit terms granted to the Economic Entity and the Company range from 60 days to 90 days.

## 13. BANK OVERDRAFT (SECURED)

The bank overdraft is obtained from a licensed bank and bears interest of 1.50% (2007- n/a) per annum above the bank's Base Lending Rate. It is secured by way of fixed deposits of the Company.

## 14. SHARE CAPITAL

### Ordinary shares of RM0.10 each:

	No. of shares	2008	No. of shares	2007
		RM		RM
<b>Authorised:</b>				
At beginning of year	250,000,000	25,000,000	100,000,000	10,000,000
Created during the year	750,000,000	75,000,000	150,000,000	15,000,000
At end of year	1,000,000,000	100,000,000	250,000,000	25,000,000
<b>Issued and fully paid:</b>				
At beginning of year	212,798,000	21,279,800	63,000,000	6,300,000
Private placements	6,300,000	630,000	19,918,000	1,991,800
Bonus issue	-	-	103,950,000	10,395,000
Rights issue with warrants	219,098,000	21,909,800	-	-
Exercise of ESOS options	-	-	25,930,000	2,593,000
At end of year	438,196,000	43,819,600	212,798,000	21,279,800

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 15. SHARE PREMIUM

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
At beginning of year	11,109,467	11,109,467	4,439,362
Private placements	1,669,500	1,669,500	7,058,500
Bonus issue	-	-	(7,886,824)
Rights issue with warrants	39,437,640	39,437,640	-
Exercise of ESOS options	-	-	6,482,500
Transfer from equity compensation reserve to share premium upon exercise of ESOS options	-	-	1,392,441
Share issue expenses	(2,090,489)	(2,090,489)	(376,512)
At end of year	50,126,118	50,126,118	11,109,467

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in section 60(3) of the Companies Act 1965.

## 16. EQUITY COMPENSATION RESERVE

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
At beginning of year	-	-	-
ESOS of 25,930,000 options for new ordinary shares of RM0.10 each granted to eligible employees and directors of the Company	-	-	1,392,441
Exercise of ESOS options for 25,930,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per share	-	-	(1,392,441)
At end of year	-	-	-

The equity compensation reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the equity compensation reserve is transferred to share premium. When the share options expire, the amount from the equity compensation reserve is transferred to retained earnings.

### EMPLOYEE SHARE OPTION SCHEME (ESOS)

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 19 April 2007. The ESOS was implemented on 23 April 2007 and is to be in force for a period of five (5) years from the date of implementation.

The salient features of the ESOS are as follows:

- i. The ESOS Committee may, at any time during the duration of the ESOS, make offers in writing to any eligible person selected by the ESOS Committee which selection shall be at the absolute discretion of the ESOS Committee;
- ii. The total number of new ordinary shares in the Company which currently has a par value of RM0.10 each (I-Power shares) which may be made available under the ESOS shall not exceed 20% of the total issued and paid up share capital comprising ordinary shares of the Company at any one time;
- iii. Eligibility for participation in the ESOS shall be subject to the By-Laws of the ESOS where the eligibility employees must have been confirmed on the offer date and have served for a continuous period of at

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

least six (6) months immediately preceding the offer date;

- iv. Provided always that the selection of any director or employee (including any key pioneer employee) for participation in the ESOS shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding;
- v. The number of I-Power shares allocated, in aggregate, to the directors, senior management and/or the key pioneer employees of the Company and its subsidiaries (if any) shall not exceed 50% of the total I-Power shares available under the scheme;
- vi. The number of I-Power shares allocated to any eligible person who, either singly or collectively through persons connected with the eligible person, holds 20% or more in the issued and paid up share capital of the Company, shall not exceed 10% of the total I-Power shares available under the scheme;
- vii. The option price for each share shall be the weighted average market price of the I-Power shares for the five (5) market days immediately preceding the offer date less a discount of not more than ten percent (10%) therefrom at the ESOS Committee's discretion or the par value of the I-Power shares or at such minimum issue price of the ordinary shares as may be permitted by the provisions of the Companies Act 1965 whichever is the higher amount;
- viii. An offer shall be valid for a period of thirty (30) calendar days from the offer date or such longer period as the ESOS Committee at its discretion, determines on a case to case basis;
- ix. An option can be exercised by any eligible person who has accepted the offer by the Company in accordance with the terms of the ESOS by notice in the prescribed form to the Company during the exercise period in respect of all or part of the I-Power shares comprised in the options, such part being in multiples of one hundred (100) I-Power shares. All options to the extent unexercised on the expiry of the option period applicable thereto shall lapse; and
- x. The new I-Power shares to be allotted upon the exercise of the options shall, upon allotment and issue, rank pari passu in all respect with existing ordinary shares of the Company save and except that the new I-Power shares will not be entitled to any dividends, rights, allotments and/or distributions which entitlement date precedes the date of allotment of the said shares.

There were no options granted to any person to take up unissued ordinary shares of RM0.10 each during the financial year.

### 17. REVENUE

Revenue represents the invoiced value of services rendered for e-business software application development and maintenance, and software integration.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 18. STAFF COSTS

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
Salaries	2,566,928	2,566,928	2,490,256
Defined contribution plans	319,556	319,556	300,300
Other employee related expenses	63,280	63,280	1,456,436
	2,949,764	2,949,764	4,246,992

### Share Options Granted to Employees and Directors:

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
Staff costs recognised in income statement for share options granted under ESOS			
- staff	-	-	462,088
- executive directors	-	-	930,353
	-	-	1,392,441

### Directors' Remuneration:

The emoluments received and receivable by the directors during the financial year are as follows:

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
Executive directors:			
Basic salaries and other emoluments	276,000	276,000	174,720
Share options granted under ESOS	-	-	930,353
Fees	18,000	18,000	18,000
	294,000	294,000	1,123,073
Non executive directors:			
Fees	66,000	66,000	48,000
Total	360,000	360,000	1,171,073

The number of directors whose total remuneration during the financial year fell within the following bands is analysed as follows:

	Economic Entity	Company	
	2008 RM Number of Directors	2008 RM Number of Directors	2007 RM Number of Directors
Executive directors:			
Below RM50,000	1	1	1
RM50,001 - RM100,000	1	1	-
RM150,001 - RM200,000	1	1	-
RM250,000 - RM300,000	-	-	1
RM900,000 - RM950,000	-	-	1
Non executive directors:			
Below RM50,000	3	3	3
Total	6	6	6

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 19. PROFIT BEFORE TAXATION

Profit before taxation is arrived at -

	Economic Entity 2008 RM	2008 RM	Company 2007 RM
<b>After charging:</b>			
Amortisation of development expenditure	454,456	454,456	454,456
Amortisation of intellectual property rights	200,000	200,000	200,000
Auditors' remuneration			
- statutory	35,000	35,000	32,000
- non statutory	9,000	9,000	-
Depreciation of plant and equipment	438,880	438,880	391,757
Directors' remuneration			
- fees	84,000	84,000	66,000
- salaries and other emoluments	276,000	276,000	1,105,073
Rental of premises	179,232	179,232	179,232
Interest expense	26,207	26,207	-
<b>And crediting:</b>			
Interest income on foreign currency deposit	-	-	2,991
Interest income on short term deposits	147,100	147,100	26,545

## 20. TAXATION

	Economic Entity 2008 RM	2008 RM	Company 2007 RM
Malaysian income tax:			
- Provision for the year	(38,000)	(38,000)	-
- Underprovision in previous years	(9,773)	(9,773)	-
Tax expense for the year	(47,773)	(47,773)	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

The numerical reconciliation between profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Economic Entity and of the Company are as follows:

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
Profit before taxation	12,571,925	12,514,339	10,233,675
Taxation at Malaysian statutory tax rate of 26% (2007 – 27%)	(3,268,701)	(3,253,728)	(2,763,000)
Tax effects in respect of:			
Non-allowable expenses	(126,005)	(126,005)	(172,000)
Depreciation on non-qualifying plant and equipment	(16,783)	(16,783)	-
Underprovision of income tax in previous years	(9,773)	(9,773)	-
Deferred tax not recognised during the year	(250,802)	(250,802)	(103,000)
Income exempted from income tax	3,609,072	3,609,072	3,038,000
Share of results in associate	14,973	-	-
Others	246	246	-
Tax expense for the year	(47,773)	(47,773)	-

The Company was granted pioneer status by Multimedia Development Corporation Sdn. Bhd. under the provisions of the Promotion of Investments (Amendment) Act 1997. By virtue of this pioneer status, the Company's statutory income from pioneer activities during the pioneer period from 16 December 2002 to 15 December 2007 is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders.

On 4 October 2007, the Company obtained approval from the relevant authorities for the extension of this pioneer status for another five year period from 16 December 2007 to 15 December 2012.

Deferred tax asset and liabilities have not been recognised in respect of the following items:

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
<b>Deferred tax asset not recognised -</b>			
Government grants received but not credited to income statement	197,000	197,000	263,000
<b>Deferred tax liabilities not recognised -</b>			
Development expenditure incurred but not charged to income statement	551,000	551,000	735,000
Excess of capital allowances over related depreciation of plant and equipment	195,000	195,000	276,000
	746,000	746,000	1,011,000

The deferred tax asset and liabilities are not recognised as the initial recognition of the related asset and liabilities at the time of the transactions, affects neither accounting profit nor taxable profit.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 21. BASIC EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share has been calculated by dividing the Economic Entity's and the Company's net profit for the financial year of RM12,524,152 (2007 - n/a) and RM12,466,566 (2007 - RM10,233,675) respectively by the weighted average number of ordinary shares in issue of 339,014,918 (2007 - 175,987,984).

The diluted earnings per ordinary share is calculated by taking the exercise of warrants into account. Since the conversion of warrants (conversion price pre-determined at RM0.35 per ordinary share) into ordinary shares is anti-dilutive, the calculation for diluted earnings per ordinary share is not applicable.

## 22. SECTION 108 TAX CREDITS AND TAX EXEMPT INCOME ACCOUNT

The Company has tax credit under Section 108 of the Income Tax Act 1967 and tax exempt income account of approximately RM9,700 (2007 - nil) and RM32,656,000 (2007 - RM18,771,000) respectively to be utilised to frank the payment of dividend out of its distributable profit; subject to the approval of the tax authorities.

The Malaysian Budget 2008, introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 30 June 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six year transitional period on 31 December 2013 whichever is earlier.

## 23. COMMITMENT

	Economic Entity 2008 RM	Company 2008 RM	2007 RM
<b>Future minimum rental payments under non cancellable tenancy agreement -</b>			
Not later than 1 year	182,219	182,219	119,488
Later than 1 year and not later than 2 years	125,462	125,462	-
	307,681	307,681	119,488

## 24. WARRANTS

On 10 December 2007, the Company issued 73,032,667 Warrants in conjunction with the Rights Issue exercise during the financial year.

The warrants are constituted under the Deed Poll dated 29 October 2007 and each warrant is convertible into one ordinary share of RM0.10 each at the exercise price of RM0.35 per ordinary share. The warrants are valid for a period of five years and shall expire on 9 December 2012.

During the financial year, none of the warrants has been exercised and the total number of warrants remain unexercised is 73,032,667 warrants as at the balance sheet date.

## 25. FINANCIAL INSTRUMENTS

### Financial Risk Management Objectives And Policies

The Economic Entity's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Economic Entity's business whilst managing its interest rate, liquidity, foreign exchange, and credit risks. The Economic Entity operates within guidelines that are approved by the Board and the Economic Entity's policy is not to engage in speculative transactions.

### Interest rate risk

The Economic Entity's primary interest rate risk relates to interest-bearing debt. The Economic Entity manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Economic Entity actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## Liquidity risk

The Economic Entity actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Economic Entity maintains sufficient levels of cash or cash convertible investments to best meet its working capital requirements.

## Foreign currency risk

The Economic Entity has exposure to foreign currency risk as a result of its trade sales and purchases. The net unhedged financial assets and financial liabilities of the Economic Entity that are not denominated in their functional currencies are as follows:

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
<b>Functional Currencies</b>			
Bank balance -			
United States Dollar	1,307	1,307	1,367
EURO	-	-	6,332
Trade receivables -			
Singapore Dollar	-	-	14,157
Trade payables -			
Japanese Yen	-	-	15,610,564

## Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Economic Entity's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Economic Entity's management reporting procedures.

As at 30 June 2008, there were no significant concentrations of credit risk other than from a single trade receivable which represents approximately 50% of the total trade receivables. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that will eventually be received.

The maximum exposure to credit risk is presented by the carrying amount of each financial asset.

## Fair values

All financial assets and financial liabilities of the Economic Entity as at balance sheet date are not materially different from their carrying values.

## 26. SEGMENTAL INFORMATION

No segmental information by business activity is presented as the Economic Entity's operations are primarily within the information, communication and technology sector.

No segmental information by geographical location is provided as the Economic Entity operates predominantly in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 27. SIGNIFICANT RELATED PARTIES TRANSACTIONS

	Economic Entity	Company	
	2008 RM	2008 RM	2007 RM
Transaction with an associate :			
Izzinet Sdn. Bhd.			
Service rendered for e-business software application development and maintenance, and software integration	5,996,967	5,996,967	-

- a. The Company completed its acquisition of Izzinet Sdn. Bhd. (IZZ) on 7 March 2008. Between the period 1 July 2007 and 30 June 2008, there were RM21,739,460 of business conducted between IZZI and the Company.
- b. Of the total RM21,739,460 transacted for the financial year ended 30 June 2008, only RM5,996,967 were transacted after IZZI has become an associate of the Company. These transactions as such are Related Party Transactions and were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties. The balance of RM15,742,493 were transactions conducted prior to 7 March 2008.

## 28. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- a. During the financial year, the Company's authorised share capital were increased from RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each by creation of 750,000,000 new ordinary shares of RM0.10 each.
- b. On 12 November 2007, 6,300,000 new ordinary shares of RM0.10 each issued at RM0.365 per ordinary share by the Company pursuant to private placement exercise were granted listing and quotation.
- c. On 17 December 2007, 219,098,000 new ordinary shares of RM0.10 each issued at RM0.28 per ordinary share and 73,032,667 free detachable warrants issued pursuant to Renounceable Rights Issue with warrants on the basis of 3 rights shares and 1 free detachable warrant for every 3 existing ordinary shares of RM0.10 held, were granted listing and quotation.
- d. On 7 March 2008, the Company completed the acquisition of 2,777,750 ordinary shares of RM1.00 each in Izzinet Sdn. Bhd. (IZZ), representing 25% equity interest in IZZI from Fan Ruey Yin for a cash consideration of RM27,000,000.
- e. On 30 April 2008, the Board announced that the proposed disposal by I-Power Berhad (I-Power) of 2,777,750 ordinary share of RM1.00 each in IZZI representing 25% equity interest in IZZI to KZEN Solutions Berhad (KZEN) for a total consideration of RM37,500,000 to be satisfied by the issuance of 300,000,000 ordinary shares of RM0.10 in KZEN at the issue price of RM0.10 per KZEN share and cash consideration of RM7.5 million.

Subsequently on 19 September 2008, OSK Investment Bank Berhad (OSK) announced that the Securities Commission (SC) has not approved the Proposed Disposal of IZZI to KZEN.

On 13 October 2008, on behalf of the Board of Directors of KZEN, OSK announced that the Company had on even date submitted an appeal to the SC on the decision in respect of the Proposals.

- f. On 2 September 2008, the Board of Directors of I-Power announced that the shareholders of the Company have approved the share buy back scheme which allow the Company to purchase up to ten percent (10%) of its issued and paid-up share capital (Proposed Share Buy-Back) pursuant to Section 67A of the Companies Act 1965, Part IIIA of the Companies Regulations 1966 and Chapter 12 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market at the Extraordinary General Meeting held on 2 September 2008.

# ANALYSIS OF SHAREHOLDINGS

## Shareholding Structure As At 30 October 2008

Share Capital	
Authorised Share Capital	RM100,000,000
Issued and fully paid-up capital	RM43,819,600
Adjusted issued & paid-up capital (after deducting treasury shares pursuant to Section 67A of the Companies Act, 1965)	RM41,920,800
Class of shares	Ordinary Shares of RM0.10 each
Voting Rights	One vote per share

## Distribution Of Shareholdings As At 30 October 2008

Size Of Holdings	No. Of Holders	%	No. Of Shares	%
Less than 100	38	0.64	1,305	0.00
100 – 1,000	171	2.89	120,900	0.03
1,001 – 10,000	2,630	44.49	16,998,350	4.05
10,001 – 100,000	2,652	44.86	91,076,154	21.73
100,001 and below 5%	420	7.10	202,527,013	48.31
5% and above	1	0.02	108,484,278	25.88
<b>TOTAL</b>	<b>5,192</b>	<b>100.00</b>	<b>419,208,000</b>	<b>100.00</b>

## Substantial Shareholder As At 30 October 2008

Name	Direct Interest	%	Deemed Interest	%
Chia Kok Chin	108,484,278	25.88	-	-

## Directors' Shareholding As At 30 October 2008

Name	Direct Interest	%	Deemed Interest	%
1. Tan Sri Dato' Wan Sidek bin Haji Wan Abd Rahman	-	-	-	-
2. Chia Kok Chin	108,484,278	25.88	-	-
3. Hoh Chee Kuan	-	-	-	-
4. Tan Chuek Hooi	-	-	-	-
5. Leou Thiam Lai	-	-	-	-
6. Koay Ben Ree	-	-	-	-

# ANALYSIS OF SHAREHOLDINGS (cont'd)

## List Of Top 30 Shareholders As At 30 October 2008

Name	Shareholdings	%
1. OSK NOMINEES (TEMPATAN) SDN BERHAD BENEFICIARY : OSK CAPITAL SDN BHD FOR CHIA KOK CHIN	62,607,878	14.93
2. OSK NOMINEES (TEMPATAN) SDN BERHAD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHIA KOK CHIN	40,876,400	9.75
3. OSK NOMINEES (TEMPATAN) SDN BERHAD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEONG KONG HOY	18,285,100	4.36
4. OSK NOMINEES (TEMPATAN) SDN BERHAD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG BOON SING	15,098,600	3.60
5. HDM NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TOH PIK CHAI (M05)	9,701,000	2.31
6. HDM NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LO GA LUNG (M05)	8,707,500	2.08
7. TOH PIK CHAI	6,635,400	1.58
8. HDM NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR HWANG AI MOR (M05)	6,161,000	1.47
9. CHIA KOK CHIN	5,000,000	1.19
10. MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MGN-PSG0002M)	3,680,000	0.88
11. SJ SEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHIN KA WONG (SMT)	3,524,600	0.84
12. BACHINT KAU A/P ANOKH SINGH	2,530,000	0.60
13. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHOW YOKE LAY (CEB)	2,461,500	0.59
14. SATVINDER SINGH ANOKH RAJ	2,460,100	0.59
15. MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOW YEW HWA	2,445,000	0.58
16. TAN KIEN HOK	2,070,000	0.49
17. NG LAI YIN	1,920,000	0.46
18. NG BOON SING	1,840,300	0.44
19. AMARJIT SINGH A/L SARBAN SINGH	1,800,000	0.43
20. M.I.T NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR RAJINDER KAUR A/P PIARA SINGH (MI1280-003)	1,730,000	0.41
21. KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH KHENG PEOW	1,606,000	0.38
22. CHIN CHIN SEONG	1,500,000	0.36
23. UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SUSHIL KAUR A/P DULLA SINGH (MKL)	1,425,000	0.34
24. CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR PARMJIT SINGH A/L MEVA SINGH (MY0353)	1,331,000	0.32
25. AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR PARMJIT SINGH A/L MEVA SINGH	1,256,000	0.30
26. CHEAH MEOW SEN	1,250,000	0.30
27. FONG KOK LEONG	1,229,000	0.29
28. MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH BENG POH	1,225,000	0.29
29. TANG KING HUA	1,107,000	0.26
30. GAN WEE PENG	1,103,100	0.26

# ANALYSIS OF WARRANTHOLDINGS

## Warrantholding Structure As At 30 October 2008

Type of Securities	Warrants 2007/2012 ("Warrants")
Voting Rights	One vote per warrant in respect of a meeting of warrantholders

## Distribution Of Warrantholdings As At 30 October 2008

Size Of Holdings	No. Of Holders	%	No. Of Warrants	%
Less than 100	140	7.45	6,796	0.01
100 – 1,000	160	8.52	134,065	0.18
1,001 – 10,000	1,104	58.79	4,908,236	6.72
10,001 – 100,000	409	21.78	14,148,126	19.37
100,001 and below 5%	63	3.35	19,574,838	26.80
5% and above	2	0.11	34,260,606	46.92
<b>TOTAL</b>	<b>1,878</b>	<b>100.00</b>	<b>73,032,667</b>	<b>100.00</b>

## Directors' Warrantholding As At 30 October 2008

Name	Direct Interest	%	Deemed interest	%
1. Tan Sri Dato' Wan Sidek bin Haji Wan Abd Rahman	-	-	-	-
2. Chia Kok Chin	21,243,706	29.09	-	-
3. Hoh Chee Kuan	-	-	-	-
4. Tan Chuek Hooi	-	-	-	-
5. Leou Thiam Lai	-	-	-	-
6. Koay Ben Ree	-	-	-	-

# ANALYSIS OF WARRANTHOLDINGS (cont'd)

## List Of Top 30 Warrantholders As At 30 October 2008

Name	Warrantholdings	%
1. OSK NOMINEES (TEMPATAN) SDN BERHAD BENEFICIARY : OSK CAPITAL SDN BHD FOR CHIA KOK CHIN	21,243,706	29.09
2. OSK NOMINEES (TEMPATAN) SDN BERHAD BENEFICIARY : OSK CAPITAL SDN BHD FOR CHONG MUI FUN	13,016,900	17.82
3. SHIN KONG KEW @ CHIN KONG KEW	1,934,000	2.65
4. TING LIAN SIEW @ TING LIAN BO	1,643,000	2.25
5. AIBB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHONG MUI FUN	1,000,000	1.37
6. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TING WEE HUA (8037309)	900,000	1.23
7. TING WEE HUA	835,000	1.14
8. SU MEU GING	778,333	1.07
9. KAW KENG WAI	613,000	0.84
10. HLG NOMINEE (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	600,000	0.82
11. HDM NOMINEES (ASING) SDN BHD BENEFICIARY : UOB KAY HIAN PTE LTD FOR LEE KAH KIAM	580,000	0.79
12. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TING LIAN SIEW @ TING LIAN BO (8036725)	500,000	0.68
13. KONG JYH CHAU	445,400	0.61
14. ODAYA KUMAR A/L SUPPIAH	381,600	0.52
15. MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOW YEW HWA	379,166	0.52
16. INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEA KENG HUAT	350,000	0.48
17. NG LAI YIN	320,000	0.44
18. CHONG MUI FUN	316,200	0.43
19. BUN SEK YEN	300,000	0.41
20. PAKIRISAMY BASKARAN A/L P THANGAVELU	293,000	0.40
21. MAH YOKE LIAN	280,000	0.38
22. YAP YEE HOCK	280,000	0.38
23. NG BOON SING	270,000	0.37
24. LIM BOON HUA	265,700	0.36
25. LAU PENG LEE	250,000	0.34
26. TEEY LEE SING @ TEY SWEE ENG	233,300	0.32
27. LEE SI CHOO	230,066	0.32
28. WANG TAI YAU	208,000	0.28
29. KOK SEE TONG @ KOK SOO TONG	206,300	0.28
30. FONG KOK LEONG	204,833	0.28

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 26 December 2008 at 10.00 a.m. to transact the following business :

## AGENDA

### AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2008 and the Reports of Directors and Auditors thereon. Resolution 1
2. To approve the payment of Directors' fees amounting to RM84,000 for the financial year ended 30 June 2008. Resolution 2
3. To re-elect the Directors who retire in accordance with Article 116 of the Company's Article of Association as follows :- Resolution 3
  - (a) Tan Chuek Hooi
  - (b) Hoh Chee Kuan
4. To re-appoint Tan Sri Dato'Wan Sidek bin Hj Wan Abd Rahman as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. Resolution 4
5. To re-appoint Messrs. Sha, Tan & Co. as auditors of the Company and to authorize the Directors to fix their remuneration. Resolution 5

### 6. AS SPECIAL BUSINESS

To consider and, if deemed fit, to pass the following resolutions :

#### (a) Ordinary Resolution 1

Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the Company, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed 10% of the issued capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."

#### (b) Ordinary Resolution 2

Proposed Renewal of Authority for Share Buy-Back

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT :-

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (a) The aggregate number of ordinary shares of RM0.10 each in the Company which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements Of Bursa Malaysia Securities Berhad for the MESDAQ Market;
- (b) The maximum funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the Company's latest audited retained profits and/or share premium account.
- (c) The authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until :-
  - (i) The conclusion of the next Annual General Meeting of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
  - (iii) Revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorized to cancel all the shares or any part thereof so purchased or to retain all the shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on Bursa Securities and/or subsequently cancelled), or to retain part of the shares so purchased as treasury shares and cancel the remainder, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Listing Requirements Of Bursa Malaysia Securities Berhad for the MESDAQ Market and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorized to take all such steps as are necessary or expedient to implement, finalize or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."

7. To transact any other business for which due notice shall have been given.

By Order of the Board

**LAANG JHE HOW (MIA 25193)**

Company Secretary

Kuala Lumpur  
3 December 2008

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)

## Notes:-

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply.
- 2) Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- 3) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- 4) The instrument appointing a proxy/proxies must be deposited at the Company's Registered Office, situated at No. 149A, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

## Explanatory notes on Special Business :-

### (a) Resolution pursuant to Section 132D of the Companies Act, 1965.

The proposed Ordinary Resolution No.7 if passed, will give the Directors of the Company, from the date of the above General Meeting, the authority to allot and issue ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting.

### (b) Resolution pursuant to Proposed Share Buy-Back

The proposed Ordinary Resolution No.8 if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting. For further information, please refer to the Circular to Shareholders dated 3 December 2008, which is circulated together with this Annual Report.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### 1. Date, Time and Venue of the Sixth Annual General Meeting ("AGM")

The Sixth AGM of the Company will be held as follows :-

Date : Friday, 26 December 2008

Time : 10.00 am

Venue : Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur

### 2. Directors who are standing for re-election/re-appointment at the Sixth AGM

Directors standing for re-election pursuant to Article 116 of the Company's Article of Association :-

(a) Tan Chuek Hooi

(b) Hoh Chee Kuan

Director standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 :-

(a) Tan Sri Dato' Wan Sidek bin Hj Wan Abd Rahman

### 3. Board Meetings held in the financial year ended 30 June 2008

Six (6) Board meetings were held during the financial year ended 30 June 2008. A record of the Directors' attendances at the Board meetings is presented in the "Statement of Corporate Governance" appearing on pages 19 to 20 of the Annual Report.

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# PROXY FORM FOR ANNUAL GENERAL MEETING

\*I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_

of \_\_\_\_\_

being \*a member / members of **I-POWER BERHAD (596299-D)**, do hereby appoint

\_\_\_\_\_ NRIC No. /Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_ NRIC No. /Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing \*him /her \*the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Sixth Annual General Meeting of the Company to be held at Tioman Room, Bukit Jalil Golf & Country Club, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 26 December 2008 at 10.00 a.m. and at any adjournment thereof.

ORDINARY RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2008 and the Reports of Directors and Auditors thereon.		
2. To approve the payment of Directors' fees amounting to RM84,000 for the financial year ended 30 June 2008.		
3. To re-elect the Director, Mr Tan Chuek Hooi, who retires in accordance with Article 116 of the Company's Article of Association.		
4. To re-elect the Director, Mr Hoh Chee Kuan, who retires in accordance with Article 116 of the Company's Article of Association.		
5. To re-appoint the Director, Tan Sri Dato' Wan Sidek bin Hj Wan Abd Rahman pursuant to Section 129(6) of the Companies Act, 1965.		
6. To re-appoint Messrs. Sha, Tan & Co. as auditors of the Company and to authorize the Directors to fix their remuneration.		
7. Special Business – Ordinary Resolution No.1 Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8. Special Business – Ordinary Resolution No.2 Proposed Renewal of Authority for Share Buy-Back		

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

\*Strike out whichever not applicable.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

No. of Shares held \_\_\_\_\_

\_\_\_\_\_  
Signature(s) of Member(s)

\_\_\_\_\_  
Affix Company's Seal (if applicable)

## Notes:-

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply.
- 2) Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- 3) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- 4) The instrument appointing a proxy/proxies must be deposited at the Company's Registered Office, situated at No. 149A, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

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AFFIX  
STAMP

THE COMPANY SECRETARY  
**I-POWER BERHAD** (596299-D)  
No. 149A, Jalan Aminuddin Baki  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

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