

Annual Report 2011

The Power of **E** Solutions



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

CONTENT

02 Financial Highlights

03 CEO's Address - The Year In Review

05 Corporate Profile

07 Corporate Information

08 Directors' Profile

12 Corporate Governance

15 Accountability And Audit

15 Directors' Responsibility Statement

16 Audit Committee Report

19 Summary Of Audit Committee Activities

20 Statement On Internal Control

22 Corporate Social Responsibility

23 Additional Compliance Information

24 Financial Statements

68 Analysis Of Shareholdings

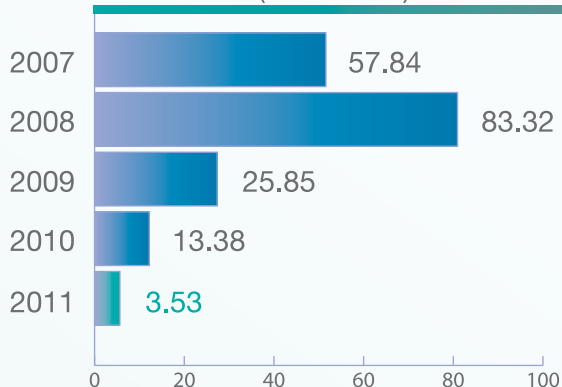
72 Notice Of Annual General Meeting

Proxy Form

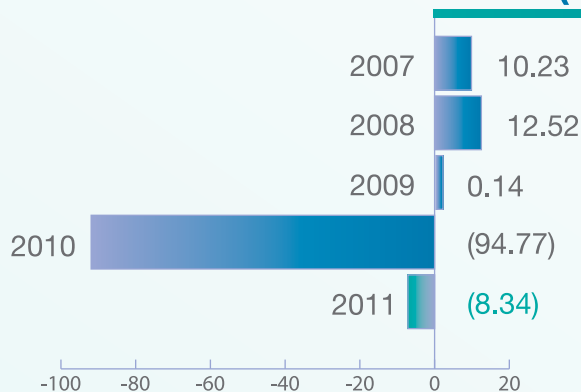


Financial Highlights

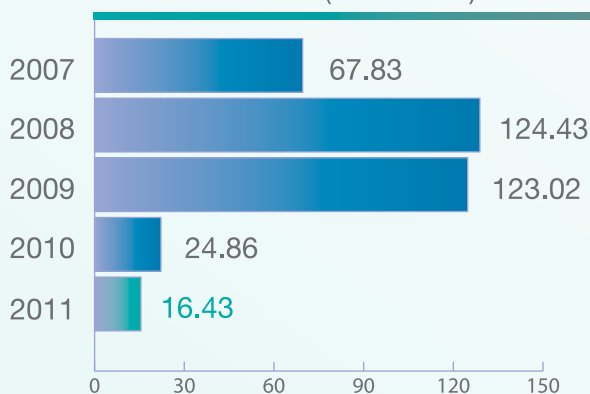
Revenue (RM Million)



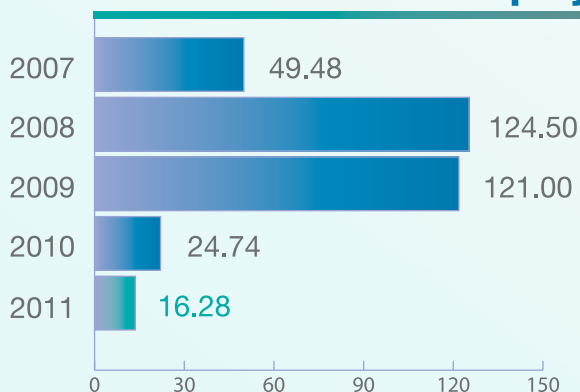
Profit/(Loss) After Tax (RM Million)



Total Assets (RM Million)



Total Shareholders' equity (RM Million)



FOREWORD

Dear Valued Shareholders,

On behalf of the Board of Directors of I-Power Berhad, I hereby present to you the Annual Report and Audited Financial Statements of the Company for the financial year ended 30 June 2011.

Overview

For the year under review, I-Power has achieved revenue of RM3.53 million, a decrease of 73.6% from the revenue recorded for FYE 30 June 2010. However, net loss after tax for the current financial year was RM8.34 million. The loss after tax for the previous financial year was RM94.77 million.

Financial Review

For FYE 30 June 2011, the prevailing uncertainty in the economy and the corresponding contraction in the ICT market, whereby new projects were few and far in between, and the few projects available were all fiercely contested with very competitive pricing and razor thin margins, which adversely resulted in the Company's revenues dropping sharply. As a consequence, the Company was left with no choice but to make the necessary provision for impairment on the various classes of assets held, which significantly contributed to the loss after tax of RM8.34 million.

The Board of Directors believed that in order to turn the Company around, the Company would need to clean up its balance sheet, realign its business direction and find new revenue streams in a growth industry.

With that in mind, the Company has put forth a scheme of proposals which involved, amongst others, a proposed share capital reduction, capital redemption reserve reduction, share premium reduction, share consolidation and proposed acquisition of the entire issued and paid-up share capital of Instacom Engineering Sdn Bhd ("Instacom") for a purchase consideration of RM102 million.

The proposed share capital reduction, capital redemption reserve reduction and share premium reduction will help to offset the substantial accumulated losses of I-Power and enable the balance sheet to be more reflective of the value of I-Power's underlying assets and to attain a stronger financial position moving forward. In addition, the proposed share consolidation which will involve the consolidation of every ten (10) ordinary shares of RM0.01 each after the proposed capital reduction into one (1) consolidated share, will improve the Company's capital structure.



The crown jewel of the scheme of proposals is the proposed acquisition of Instacom. Instacom is principally involved in the fast growing telecommunication engineering and services industry, which has strong recurrent revenue streams. According to an independent market research report, the telecommunications network services market is expected to register a compound annual growth rate of 3.3 percent for the forecast period from 2011 to 2015 and the size of this market is expected to reach RM6.51 billion in 2015.

The acquisition will be satisfied entirely by the issuance of 1,020,000 new consolidated shares at an issue price of RM0.10 per consolidated share. The purchase consideration was arrived after taking into account the following:-

- a) a price-to-earnings multiple of 6.8 times over the forecasted profit after tax ("PAT") of Instacom and its subsidiaries (collectively referred to as "Instacom Group") for the financial year ending 31 December 2012 of RM15,000,000;
- b) the profit guarantee of RM15,000,000 from the vendors in respect of the aggregate PAT of Instacom Group for the financial year ending 31 December 2012; and
- c) the future earnings potential of Instacom Group.

Industry Outlook

The outlook for the telecommunications network services market in Malaysia remains positive and steady growth is projected for the period of 2011 to 2015. The positive outlook for the telecommunications network services market in Malaysia stems mainly from the growing prominence of the broadband market in Malaysia, advancement in technology for ICT products, inherent needs for capital expenditure by telecommunications carriers or operators to sustain or grow their businesses, increasing population and young demographic profile in Malaysia, an expanding local economy, increasing importance of ICT in business activities, replacement of physical functions with virtual possibilities as well as development and improvement in the interconnection of telecommunications networks between countries. The ICT industry in general is expected to continue playing an important role in the Malaysian economy which would help to





raise the nation's overall productivity and competitiveness. The Malaysian Government expects the industry to contribute 10.2 percent of the nation's gross domestic product by 2015. According to an independent market research firm, the telecommunications network services market is expected to register a compound annual growth rate of 3.3 percent during the forecast period from 2011 to 2015; and the size of this market is expected to reach RM6.51 billion in 2015.

Prospects for the next FYE 30 June 2011

Assuming the scheme of proposals, which were submitted to Bursa Malaysia Securities Berhad on 22 September 2011, are approved by the relevant authorities and shareholders of the Company and, subsequently implemented, the Directors believed that the restructured I-Power Group with Instacom's business as its mainstay would put I-Power in a solid position to deliver stronger and much improved financial performances in the foreseeable future, particularly in view of the fact that the corporate exercise comes with a profit guarantee of RM15 million for the financial year ended December 2012. Instacom's unaudited financial results for the six months ended 30 June 2011 showed the company recording revenues of RM39.0m with profit after tax of RM4.2 million. Annualising the six monthly interim results would put Instacom's revenues at RM78m and profits of RM8.2m. Such strong performance speaks volumes for Instacom, and hence the Board's confidence in supporting the corporate proposals submitted.

Accordingly, the Board recommends that the shareholders of I-Power vote in favour of the corporate proposals, which will be tabled at an extraordinary general meeting to be held on a later date.

Acknowledgement and Appreciation

I would like to convey my sincere gratitude to the Directors of the Company, both past and present, who have provided valuable insights, guidance and wise counsels to the Company.

To our staff, a big thank you for all your tireless effort, loyalty, dedication and commitment in helping the Company to weather out the unsettling times. My gratitude also goes out to all our customers, business associates, shareholders and various stakeholders for your continued support and confidence.

I believe that with the combined effort of our Board of Directors, management team, staff and alongside with the continuous support from our business friends and associates, the Company would be looking at better times ahead.

Chia Kok Chin
Chief Executive Officer
I-Power Berhad

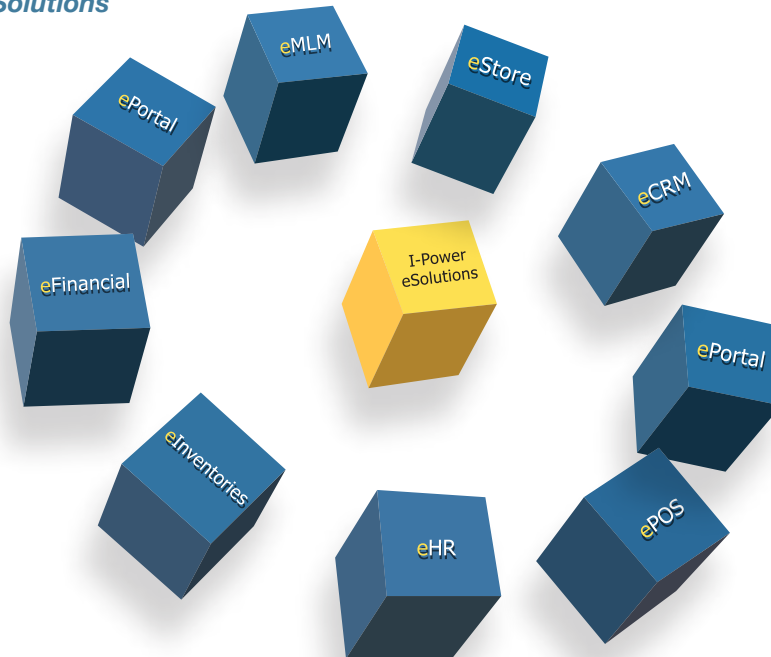


Overview

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 has been listed in Malaysian Exchange of Securities Dealing and Automated Quotation Bhd (MESDAQ) since 18th January 2005, which has now been revamped as the ACE Market of Bursa Malaysia Securities Berhad.

Our Comprehensive e-Solutions



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

Our Business Focus



Our Technology

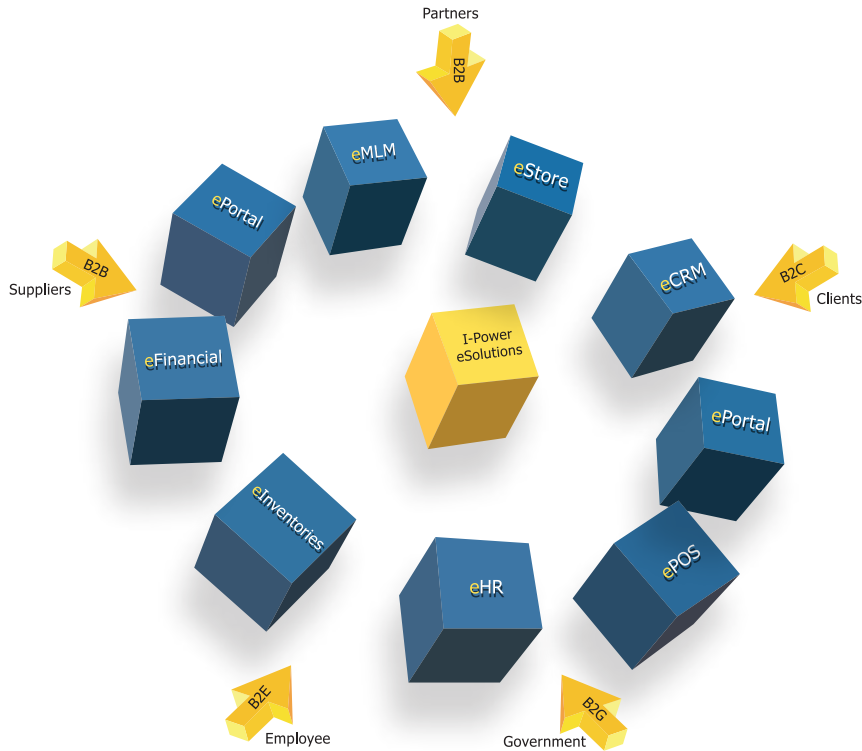
ICT will ultimately become the vital enabler in supporting the services, retail, manufacturing and financial areas so as to boost efficiency, productivity and value in an increasingly competitive global environment. This in turn will increase the complexity of the IT system used and entails a more demanding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





BOARD OF DIRECTORS

Chia Kok Chin
Chief Executive Officer/Chief Technology Officer

Tan Chuek Hooi
Executive Director

Hoh Chee Kuan
Non-Independent, Non-Executive Director

Leou Thiam Lai
Independent, Non-Executive Director

Choo Seng Choon
Independent, Non-Executive Director

AUDIT COMMITTEE

Choo Seng Choon, *Chairman*
Leou Thiam Lai
Hoh Chee Kuan

NOMINATION COMMITTEE

Choo Seng Choon, *Chairman*
Leou Thiam Lai

REMUNERATION COMMITTEE

Choo Seng Choon, *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
(Ace Market)

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Public Bank Berhad

REGISTERED OFFICE

149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail, 60000 Kuala Lumpur
Telephone: 03-7729 1519
Fax: 03-7728 5948
Email: edzonems@gmail.com

REGISTRAR

Insurban Corporate Services Sdn. Bhd.
149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail, 60000 Kuala Lumpur
Telephone: 03-7729 5529
Fax: 03-7728 5948

PRINCIPAL PLACE OF BUSINESS

86A, Jalan SS 21/62
Damansara Utama
47400 Petaling Jaya, Selangor
Telephone: 03-7727 7388
Fax: 03-7732 0623



Directors' Profile

Board of Directors

Name Of Members	Designation	Nationality
Chia Kok Chin	CEO / CTO	Malaysian
Tan Chuek Hooi	Executive Director	Malaysian
Hoh Chee Kuan	Non-Independent Non-Executive Director	Malaysian
Leou Thiam Lai	Independent Non-Executive Director	Malaysian
Choo Seng Choon	Independent Non-Executive Director	Malaysian

MR. CHIA KOK CHIN

A Malaysian and aged 43, 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 2011, he held 51,000,078 ordinary shares in I-Power Berhad. He has no family relationship with any directors or substantial shareholder of the Company.

Chia Kok Chin attended all the Board meetings held during his tenure in office for the financial year ended 30 June 2011.

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 51, 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.

Directors' Profile (cont'd)



MR. TAN CHUEK HOOI (cont'd)

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 2011, he did not hold ordinary shares in I-Power Berhad. Tan Chuek Hooi attended all Board meetings held during his tenure in office for the financial year ended 30 June 2011. He has no family relationship with any directors or substantial shareholder of the Company.

Tan Chuek Hooi also sits on the Board of R&A Telecommunication Berhad as an Independent Non-Executive Director.

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 42, Hoh Chee Kuan is an Non-Independent Non-Executive Director of I-Power Berhad. He was appointed to the Board on 5 September, 2003 as an Executive Director and was re-designated as an Non-Independent Non-Executive Director on 18 January 2011.

He graduated from Federal Institute of Technology, Kuala Lumpur, in 1991 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 where he was mainly involved in channel marketing planning and helping the development of the company's business partner and later moved on to Nineten Media (M) Sdn Bhd in 2001, where he acted as its General Manager. He joined I-Power Berhad as an executive director and left in 2010 and is currently attached to Elegant Biz Sdn Bhd where he oversees the sales and marketing division and developing the company's business strategies.

As at 30 June 2011, he did not hold ordinary shares in I-Power Berhad. Hoh Chee Kuan attended all the Board meetings held during his tenure for the financial year ended 30 June 2011. He has no family relationship with any directors or substantial shareholder of the Company.

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 55, Leou Thiam Lai is an Independent Non-Executive Director. He is the 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 1988, 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 an Associate member of the Chartered Tax Institute of Malaysia.



MR. LEOU THIAM LAI (cont'd)

He is also in the board of Degem Berhad, United Bintang Berhad, Ramunia Holdings Berhad, Nextnation Communication Berhad, Sern Kou Resources Berhad and Cosway Corporation Limited (a Company listed in the Hong Kong Stock Exchange). He too, serves as Chairman of the audit committee for Degem Berhad.

As at 30 June 2011, 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 for the financial year ended 30 June 2011. He has no family relationship with any directors or substantial shareholder of the Company.

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. CHOO SENG CHOON

A Malaysian and aged 37, Choo Seng Choon is an Independent Non-Executive Director. He is the also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee. He was appointed to the Board on 7 September 2011.

Choo Seng Choon obtained his Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur in 1997 and is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Member of the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors, Malaysia and a Certified Internal Auditor.

He has over 15 years of professional experience that includes internal audits, risk management, investigations, business management consulting, business process re-engineering, corporate governance advisory, due diligence, financial projections and financial audits.

He is currently the Executive Director and Chief Operating Officer of Audex Governance Sdn Bhd, a professional services firm that specialises in the provision of internal audit, risk management and management consulting services to a wide range of multinational and public listed conglomerate clients operating in the Asia Pacific Region. He also sits on the Research and Technical Advisory Committee of the Institute of Internal Auditors, Malaysia.

He is also in the board of EA Holdings Berhad and R&A Telecommunication Berhad. He too, serves as Chairman of the audit committee for EA Holdings Berhad.

As at 30 June 2011, he did not hold ordinary shares in I-Power Berhad. Choo Seng Choon did not attend any Board meetings held during the financial year ended 30 June 2011 as he was appointed to the Board on 7 September 2011. He has no family relationship with any directors or substantial shareholder of the Company.

Choo Seng Choon 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)



TAN SRI DATO' WAN SIDEK BIN HAJI WAN ABD RAHMAN

A Malaysian and aged 75, Tan Sri Dato' Wan Sidek resigned as the Independent Non-Executive Chairman of I-Power Berhad on 7 September 2011. He was appointed to the Board on 1 September, 2004. He was also the Chairman of the Audit Committee, Nomination Committee and 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.

As at 30 June 2011, 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 for the financial year ended 30 June 2011.

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.



Corporate Governance

Board of Directors

Roles And Principal Responsibilities

The Board recognizes that there is value in each of the Board member's knowledge and experience in providing oversight for the Company. The CEO and Executive Directors are responsible for the strategic planning implementation of policies, executive and investment decisions whilst the Independent Non-Executive Director provides judgement on issues of strategy, performance and standards.

Board Composition and Balance

The Board consists of five (5) members, consisting of two (2) Executive Directors, one (1) Non-Independent Non Executive Director and two (2) Independent Non-Executive Directors. Their biographies appear in the Profile of Directors and illustrate the Directors' range of backgrounds and experiences. The Board believes that it has the right mix of skills, knowledge and experience to ensure that all matters tabled to the Board for consideration are well reviewed and deliberated. The independent non-executive Directors provide unbiased and independent view, advice and judgment in the decision making process of the Board and thus ensuring that the interests of the shareholders and stakeholders are well safeguarded.

Board Meetings And Supply of Information to the Board

The Board has met five (5) times during the financial year to drive the focus of the Company. The agendas for the Board meetings were circulated well in advance to the Directors. The Directors are also supplied with the detailed reports and relevant supporting documents pertaining to the financial performance, investments and strategic direction prior to the meetings for their perusal and consideration to assist them in making well-informed decisions. All rationales of proposals, issues discussed and decisions made at the Board meetings were properly recorded to provide a historical record and insight into those decisions.

Senior management staff were invited to the Board meetings to enlighten the Board on matters tabled to the Board and if required, to advise and provide clarification on matters of concern raised by the Board.

The Board is ably supported by the various Board committees as recommended by the Malaysian Code on Corporate Governance. The committees set-up are the Audit Committee, Nomination Committee and Remuneration Committee. All Board committees discharged their duties within their terms of reference and make recommendation to the Board if matters are beyond their authority limit.

The Board members are given unrestricted access to all information pertaining to the Company; whether as a full Board or individually to assist them in carrying out their duties. Should it be deemed necessary, the Directors are allowed to engage independent professionals at the Company's expense on specialized issues to enable the Board to discharge their duties with adequate knowledge on matters being deliberated.

The attendance of the Directors at Board meetings during the financial year are as 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	5/5	100%
2	Chia Kok Chin	CEO / CTO	5/5	100%
3	Hoh Chee Kuan	Non-Independent Non-Executive Director	5/5	100%
4	Tan Chuek Hooi	Executive Director	5/5	100%
5	Leou Thiam Lai	Independent Non-Executive Director	5/5	100%
6	Koay Ben Ree (##)	Independent Non-Executive Director	3/3	100%
7	Choo Seng Choon (#)	Independent Non-Executive Director	N/A	N/A

* Resigned on 7 September 2011

Appointed on 7 September 2011

Retired on 17 December 2010

Corporate Governance (cont'd)



Remuneration Committee and Directors' Remuneration

The Remuneration Committee comprises exclusively of independent Non-Executive Directors. The Committee's composition is as follows :-

- 1 Choo Seng Choon (Chairman)
Independent Non-Executive Director
- 2 Leou Thiam Lai
Independent Non-Executive Director

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration packages of the executive directors in all forms. None of the executive directors participated in any way in determining their individual remuneration. The Board as whole determines the remuneration of the non-executive Chairman and non-executive directors with individual directors abstaining from decisions in respect of their individual remuneration.

In carrying out its duties and responsibilities, the Remuneration Committee has full, free and unrestricted access to any information, record, properties and personnel of the Company. The Remuneration Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

The remuneration package is designed to support the Company's strategy and to provide an appropriate incentive to maximise individual and corporate performance, whilst ensuring that overall rewards are market competitive. The Executive Directors' package consists of basic salary, contribution to the national pension fund and benefits-in-kind such as medical care, car allowance and fuel whilst the Non-executive Directors' package primarily consists of fees only.

Remuneration Band	<-----No. of Directors----->	
	Financial Year Ended 30 June 2011	Financial Year Ended 30 June 2010
Executive Directors:		
Below RM50,000	-	2
RM50,001 – RM 300,000	2	1
Non Executive Directors:		
Below RM50,000	3	3

Nomination Committee and Appointments to the Board

The Nomination Committee comprises exclusively of Independent Non-Executive Directors. The Committee's composition is as follows :-

- 1 Choo Seng Choon (Chairman)
Independent Non-Executive Director
- 2 Leou Thiam Lai
Independent Non-Executive Director

The Nomination Committee considers and recommends to the Board suitable candidates whom the Committee feels would be a good value and complementing addition to the Board. The appointment of the Directors remains the responsibility of the Board after taking into consideration the recommendations of the Nomination Committee. The assessment of the effectiveness of the Board collectively and individually is an on-going continuous process undertaken by the Nomination Committee. Whenever deemed necessary, the Committee would forward the relevant recommendations for the Board consideration.

In carrying out its duties and responsibilities, the Nomination Committee has full, free and unrestricted access to any information, record, properties and personnel of the Company. The Committee may seek the external professional services to source for the right candidate for directorship or seek independent professional advice whenever necessary.

Re-election

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

Directors over seventy (70) years of age are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

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.

Directors' Training

Whilst all Directors have successfully completed the Mandatory Accreditation Programme training to help them dispense their responsibilities and duties, the training needs of the Directors are regularly reviewed. The Directors are collectively updated and briefed on corporate governance, changes to the relevant legislation, rules and regulation, etc, during the Board meetings. During the year, all Directors have attended the following training/briefing organized by the Company :

1. Updates on the Listing Requirements for the ACE Market

In addition to the above, the Directors have also attended other training and education programmes individually in their own professional capacity.

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's website.

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

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 up to assist the Board of Directors with added focus in discharging its responsibilities and duties as set out under its terms of reference.

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 to safeguard the interests of the shareholders and stakeholders of the Company. The Board reviewed the effectiveness of the internal control system through the Audit Committee with the assistance of the outsourced independent Internal Auditors, which carried out risk assessment and auditing of different areas of the business covering financial, operational and compliance.

Relationship With Auditors

The Company forges a transparent and professional relationship with the Company's auditors. During the course of the year, the external auditors attended two (2) meetings with the Audit Committee to review and discuss the audit plan, scope, nature of audit and the financial statements. These meetings were conducted without the presence of the Executive Directors and the Company's management staff.

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, with the assistance of the Internal Auditors, takes the responsibilities of safeguarding assets of the Company to prevent and detect fraud and other irregularities seriously.



Audit Committee Members

Chairman	Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman (Independent Non-Executive Director) (Resigned on 7 September 2011) Choo Seng Choon (Independent Non-Executive Director) (Appointed on 7 September 2011)
Members	Leou Thiam Lai (Independent Non-Executive Director) Hoh Chee Kuan (Non-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 where the majority of them shall be composed of independent non-executive members of the Board.
- (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 particularly 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's 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 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;
- (j) to carry other duties and responsibility as may be agreed to by the Audit Committee and the Board.



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.

Representatives of the internal audit service provider shall attend meetings where matters relating to internal control reviews are to be discussed whilst 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.

6. Internal Audit Function

The Company's internal audit function is outsourced to an independent professional internal audit service provider, which reports directly to the Audit Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit Committee. The internal audit reports presented were deliberated by the Audit Committee and the recommendations were duly acted upon by the management. During the year, the internal auditors have reviewed the system of internal controls for the capital asset management and account receivables, credit control and collection process of the company.



Summary Of Activities

During the financial year ended 30 June 2011, in line with the terms of reference, the Committee carried out the following activities in discharge of its functions and duties:

1. Meeting with the external auditors to review the audited financial statements for the financial ended 30 June 2011.
2. 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;
3. Reviewed the quarterly and year-end financial results of the Company prior to submission to the Board for consideration and approval.
4. Reviewed the disclosure of related party transactions entered into by the Company in the annual report of the Company;
5. Reviewed and deliberated on the audit plan, nature and scope of the external auditors and considering their audit fee;
6. Reviewed and deliberated on the audit plan, nature and scope proposed by the internal auditors;
7. Reviewed the audit reports presented by the internal auditors on the findings and recommendations and ensure that they are duly acted upon by the management.

Meeting Attendance

The Committee held five (5) meetings during the year ended 30 June 2011. The details of the attendance are as follows:

Directors	No. of meetings attended
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	5/5
Leou Thiam Lai	5/5
Koay Ben Ree (*)	3/3
Hoh Chee Kuan (#)	2/2

(*) Retired on 17 December 2010

(#) Appointed to the Audit Committee on 18 January 2011



Statement On Internal Control



Introduction

Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE 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, with the assistance of the internal audit function, 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

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 has outsourced its internal audit function to an independent professional firm to review the adequacy and integrity of the internal control systems of the Company.

The 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.
5. Review and comment on the implementation status of the recommendation by the internal audit function.

The internal audit function is independent of the management and reports directly to the Audit Committee. The internal audit reports are submitted to the Audit Committee, who reviews the findings and deliberate on the reports at its quarterly meeting, who will then consider the 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, internal auditors and the management.

Conclusion

The Board is of the view that the system of internal control is adequate based on the size of the Company's operations and functions; and that there was no breakdown or weaknesses in the system of internal control that may result in a significant loss to the Company for the financial year ended 30 June 2011. The Board will remain vigilant and continues to take the necessary measures to improve and strengthen the Company's system of internal controls.



Corporate Social Responsibility

I-Power is fully aware that its business operations have both direct and indirect impacts on the communities and therefore we are committed to adopt and engage in Corporate Social Responsibility (CSR). We uphold our responsibility towards the statutory compliance of CSR and extends it further by implementing various measures as parts of our operation.

(a) The Environment

The Group emphasizes the importance, impact and implications its business operations have on the environment as a whole and implemented some measures in our operations to conserve and minimize the impact to the environment.

(i) Paperless environment

Business entities and staff are encouraged to fully maximize the advancement and benefits of ICT (eg email, instant messaging, etc.) for communication, filing and only print hard copy when necessary.

(ii) Recycling

Staff are encouraged to maximize the usage of papers by printing on both sides while unwanted papers and recyclable items are collected and sent to be recycled. This initiative is in place to support the government's Go Green effort.

(iii) Inverter Based Air Conditioner

I-Power has adopted the usage of Inverter-based air conditioners in the office recently. These air conditioners are significantly more efficient than conventional air conditioners as they do not consume as much energy.

(b) The Marketplace

I-Power seeks to always uphold and comply the standards of Corporate Governance within the operation of the company in order to meet shareholder expectations and to benefit the stake of the shareholders.

(c) The Workplace

I-Power always strives to set up a quality work environment for our dedicated workers in line with the health and safety standards. A good working environment is conducive to improve the efficiency and productivity of employees. Employees are also sent for various training during their employment to enhance their skills and abilities which would be beneficial for the group besides offering excellent opportunities for staff future career development.

In addition, the company also organizes gatherings, sports activities such as futsal and badminton games to foster and cultivate close ties among the company besides producing quality workforce with a strong sense belonging.



(a) Statement on Compliance with the best practices in Corporate Governance

The Company has complied throughout the full financial year with the principles of Best Practices in Corporate Governance as set out in Part 2 of the Malaysian Code on Corporate Governance.

(b) Utilisation of Proceeds

There were no proceeds raised by the Company from any corporate proposal during the financial year.

(c) Share Buybacks

During the financial year, the Company did not repurchase any of its issued ordinary shares. As at 30 June 2011, 35,572,600 ordinary shares have been purchased for RM5,160,145 including the transaction costs. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

(d) Options, Warrants or Convertible Securities

(i) ESOS

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

(ii) Warrants 2007/2012 (“Warrants”)

None of the warrants has been exercised during the financial year and the total number of warrants remained unexercised is 73,032,667.

(e) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

(f) Sanctions and Penalties

There were no material sanctions and penalties imposed on the Company, Directors or management by the relevant regulatory bodies.

(g) Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company by its external auditors was RM 2,000.

(h) Profit Estimates, Forecast or Projection

The Company did not issue any profit estimate, forecast or projection for the financial year.

(i) Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

(j) Material Contracts

During the financial year, there were no material contracts of the Company involving its Directors' and major shareholders' interest.

(k) Revaluation Policy

The Company does not have a revaluation policy in respect of its properties.

(l) Recurrent Related Party Transactions of Revenue Nature (“RRPT”)

During the financial year, the Company did not enter into any RRPT.



FINANCIAL STATEMENTS

- 25** Directors' Report
- 28** Statement By Directors/Statutory Declaration
- 29** Independent Auditors' Report To The Members
- 31** Statements Of Financial Position
- 32** Statements Of Comprehensive Income
- 33** Statements Of Changes In Equity
- 34** Statements Of Cash Flows
- 36** Notes To The Financial Statements
- 67** Supplementary Information On Disclosure Of
Realised And Unrealised Profits Or Losses



The Directors submit their report together with the audited financial statements of the Company for the financial year ended 30 June 2011.

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 6 to the financial statements.

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

RESULTS

	Company RM
Loss for the financial year	<u>8,342,872</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

No shares, warrants or debentures were issued, and no options to take up unissued shares were granted during the financial year, and at the end of the financial year, no options over unissued shares of the Company were outstanding.

As at 30 June 2011, a total of 35,572,600 of its 438,196,000 issued ordinary shares were held as treasury shares at a carrying amount of RM5,160,144. Further details are disclosed in Note 13 to the financial statements.

The warrants are constituted under the Deed Poll dated 29 October 2007. Details of the warrants are disclosed in Note 23 to the financial statements.

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-laws 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 14 to the financial statements.

DIRECTORS

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

Chia Kok Chin
 Tan Chuek Hooi
 Hoh Chee Kuan
 Leou Thiam Lai
 Choo Seng Choon (Appointed on 7 September 2011)
 Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman (Resigned on 7 September 2011)
 Koay Ben Ree (Retired on 17 December 2010)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which 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 1.7.2010	Acquired	Disposed	At 30.6.2011
Chia Kok Chin	88,424,578	-	37,424,500	51,000,078

	NUMBER OF WARRANTS			
	At 1.7.2010	Acquired	Disposed	At 30.6.2011
Chia Kok Chin	21,243,706	-	9,243,700	12,000,006

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.

SIGNIFICANT EVENTS

The significant events during and after the financial year are disclosed in Note 27 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:

- 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 have been written off and that adequate allowance had been made for doubtful debts; and

Directors' Report (cont'd)



- 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 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 Company misleading; or
 c) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 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 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 Company which has arisen since the end of the financial year.

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 financial performance 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 except for impairment loss on plant and equipment, software licences, intellectual property rights, investment in associate, trade receivables and development expenditure written off as disclosed in Note 18 to the financial statements; 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 financial performance of the operations of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Sha, Tan & Co, retire and do not wish to seek reappointment.

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

.....
 CHIA KOK CHIN
 Director

.....
 TAN CHUEK HOOI
 Director

Kuala Lumpur
 Date: 21 October 2011



Statement By Directors



Pursuant to Section 169(15) of the Companies Act 1965

The Directors of I-POWER BERHAD stated that, in the opinion of the Directors, the financial statements set out on pages 31 to 66 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 Company as of 30 June 2011, and of its financial performance and cash flows for the financial year then ended.

The supplementary information set out in page 67, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

.....
CHIA KOK CHIN
Director

.....
TAN CHUEK HOOI
Director

Kuala Lumpur
Date: 21 October 2011



Statutory Declaration



Pursuant to Section 169(16) of the Companies Act 1965

I, TAN CHUEK HOOI, being the Director primarily responsible for the financial management of I-POWER BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 31 to 66 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 Federal Territory)
on 21 October 2011)

.....
TAN CHUEK HOOI
Director

Before me,

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

Independent Auditors' Report

To The Members Of I-Power Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of I-POWER BERHAD, which comprise the statement of financial position as at 30 June 2011, and the statements of comprehensive income, changes in equity and cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 66.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Company as of 30 June 2011 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report 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 Reporting Responsibilities

The supplementary information set out in page 67 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible of the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants "(MIA Guidance)" and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



Independent Auditors' Report (cont'd)



To The Members Of I-Power Berhad (Incorporated in Malaysia)

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

SHA THIAM LU
[1998/12/11(J)]
Chartered Accountant

Kuala Lumpur
Date: 21 October 2011

Statements Of Financial Position

As At 30 June 2011

	Note	Economic Entity		Company
		2010	2011	2010
		RM	RM	RM
ASSETS				
NON CURRENT ASSETS				
Plant and equipment	4	1,873,519	419,894	1,873,519
Intangible assets	5	8,311,143	3,146,875	8,311,143
Investment in associate	6	5,236,854	-	5,126,204
		15,421,516	3,566,769	15,310,866
CURRENT ASSETS				
Trade and other receivables	7	6,003,399	2,662,166	6,003,399
Amount owing by associate	8	-	-	-
Cash and cash equivalents	9	3,431,801	1,782,306	3,431,801
Assets classified as held for sale	10	-	8,415,967	-
		9,435,200	12,860,439	9,435,200
TOTAL ASSETS		24,856,716	16,427,208	24,746,066
EQUITY AND LIABILITIES				
EQUITY				
Share capital	11	43,819,600	43,819,600	43,819,600
Share premium	12	51,103,405	51,103,405	51,103,405
Treasury shares	13	(5,160,144)	(5,160,144)	(5,160,144)
Accumulated loss		(65,024,495)	(73,478,017)	(65,135,145)
TOTAL EQUITY		24,738,366	16,284,844	24,627,716
CURRENT LIABILITIES				
Trade and other payables	15	102,350	139,364	102,350
Taxation		16,000	3,000	16,000
TOTAL LIABILITIES		118,350	142,364	118,350
TOTAL EQUITY AND LIABILITIES		24,856,716	16,427,208	24,746,066

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



Statements Of Comprehensive Income



For The Financial Year Ended 30 June 2011

	Note	Economic Entity		Company
		2010	2011	2010
		RM	RM	RM
Revenue	16	13,376,481	3,533,123	13,376,481
Other incomes		129,945	8,432,402	129,945
Purchases		(11,895,141)	(2,110,795)	(11,895,141)
Staff costs	17	(2,908,881)	(2,407,104)	(2,908,881)
Depreciation of plant and equipment		(695,442)	(505,638)	(695,442)
Amortisation of software licences		(225,000)	(225,000)	(225,000)
Amortisation of intellectual property rights		(200,000)	(200,000)	(200,000)
Amortisation of development expenditure		(454,456)	-	(454,456)
Other operating expenses		(91,833,091)	(14,856,314)	(91,833,091)
Finance costs		(25,692)	(503)	(25,692)
Share of results in associate		(3,463)	-	-
Loss Before Taxation	18	(94,734,740)	(8,339,829)	(94,731,277)
Taxation	19	(37,328)	(3,043)	(15,828)
Loss For The Financial Year/ Total Comprehensive Loss For The Financial Year		(94,772,068)	(8,342,872)	(94,747,105)
Basic loss per ordinary share	20	(23.38) sen	(2.07) sen	(23.37) sen

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

Statements Of Changes In Equity

For The Financial Year Ended 30 June 2011

Economic Entity	----- Non distributable -----			Distributable	
	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings /(Accumulated loss) RM	Total RM
At 1.7.2009	43,819,600	51,053,194	(3,618,817)	29,747,573	121,001,550
Shares repurchased			(1,541,327)		(1,541,327)
Gain on resale of treasury shares		50,211			50,211
Total comprehensive loss for the financial year				(94,772,068)	(94,772,068)
Balance at 30.6.2010	43,819,600	51,103,405	(5,160,144)	(65,024,495)	24,738,366
Company					
At 1.7.2009	43,819,600	51,053,194	(3,618,817)	29,611,960	120,865,937
Shares repurchased			(1,541,327)		(1,541,327)
Gain on resale of treasury shares		50,211			50,211
Total comprehensive loss for the financial year				(94,747,105)	(94,747,105)
Balance at 30.6.2010/1.7.2010	43,819,600	51,103,405	(5,160,144)	(65,135,145)	24,627,716
Total comprehensive loss for the financial year				(8,342,872)	(8,342,872)
Balance at 30.6.2011	43,819,600	51,103,405	(5,160,144)	(73,478,017)	16,284,844

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



Statements Of Cash Flows

For The Financial Year Ended 30 June 2011

	Economic Equity		Company
	2010	2011	2010
	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	(94,734,740)	(8,339,829)	(94,731,277)
Adjustments for:			
Depreciation of plant and equipment	695,442	505,638	695,442
Amortisation of software licences	225,000	225,000	225,000
Amortisation of intellectual property rights	200,000	200,000	200,000
Amortisation of development expenditure	454,456	-	454,456
Share of results in associate	3,463	-	-
Impairment loss			
- plant and equipment	-	935,340	-
- software licences	-	1,996,875	-
- intellectual property rights	-	1,150,000	-
- investment in associate	21,873,796	5,126,204	21,873,796
- trade receivables	5,072,332	2,323,632	5,072,332
- amount owing by associate	63,363,666	-	63,363,666
Reversal of impairment loss on amount owing by associate	-	(8,415,967)	-
Development expenditure written off	454,458	2,387,283	454,458
Plant and equipment written off	129,222	20,246	129,222
Interest income	(86,959)	(12,743)	(86,959)
Interest expense	1,487	-	1,487
Operating Loss Before Working Capital Changes	(2,348,377)	(1,898,321)	(2,348,377)
Decrease in receivables	395,011	1,017,601	395,011
Increase/(Decrease) in payables	(1,882,167)	37,014	(1,882,167)
Cash Used In Operations	(3,835,533)	(843,706)	(3,835,533)
Interest paid	(1,487)	-	(1,487)
Tax paid	(22,828)	(16,043)	(22,828)
Net Cash Used In Operating Activities	(3,859,848)	(859,749)	(3,859,848)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	86,959	12,743	86,959
(Increase)/Decrease in fixed deposits pledged	1,283,758	1,007,323	1,283,758
Purchase of plant and equipment	(666,603)	(7,599)	(666,603)
Purchase of development expenditure	(1,592,393)	(794,890)	(1,592,393)
Net Cash From/(Used In) Investing Activities	(888,279)	217,577	(888,279)

Statements Of Cash Flows (cont'd)

For The Financial Year Ended 30 June 2011

	Economic Equity		Company
	2010	2011	2010
	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares	(1,899,243)	-	(1,899,243)
Proceeds from resale of treasury shares	408,127	-	408,127
Net Cash Used In Financing Activities	(1,491,116)	-	(1,491,116)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,239,243)	(642,172)	(6,239,243)
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF FINANCIAL YEAR	8,663,721	2,424,478	8,663,721
CASH AND CASH EQUIVALENTS			
AT END OF FINANCIAL YEAR	2,424,478	1,782,306	2,424,478
CASH AND CASH EQUIVALENTS COMPRISE:			
Fixed deposits with a licensed bank	1,007,323	-	1,007,323
Short term funds	1,257,308	9,267	1,257,308
Cash and bank balances	1,167,170	1,773,039	1,167,170
	3,431,801	1,782,306	3,431,801
Fixed deposits pledged with a licensed bank	(1,007,323)	-	(1,007,323)
	2,424,478	1,782,306	2,424,478

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



Notes To The Financial Statements

30 June 2011



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 ACE Market of Bursa Malaysia Securities Berhad.

Its registered office is located at 149A, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur and its principal place of business is located at 86A, Jalan SS 21/62, Damansara Utama, 47400 Petaling Jaya, Selangor.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 October 2011.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 3a.

No audited financial statements nor management accounts for the current financial year of the associate, Izzinet Sdn. Bhd. are available as the affairs of the associate have been taken over by the Official Assignee pursuant to a winding-up order dated 17 March 2011 obtained against the associate. As such, no financial statements of the Economic Entity for the financial year ended 30 June 2011 have been prepared.

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

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 their reported amounts of revenues and expenses during the financial year. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies.

Estimate and judgements are continually evaluated by the Directors and are based on the Directors' best knowledge of events and actions, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The significant accounting judgments, estimates and assumptions are as disclosed in Note 3u.

The Company has not early adopted the followings FRSs, Interpretations and Amendments to certain Standards and Interpretations issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs/Interpretations		Effective dates
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendment to FRS 1	Additional Exemptions for First-time Adopters [Improvements to FRSs (2010)]	1 January 2011
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011

Notes To The Financial Statement (cont'd)

30 June 2011

Amendment to FRS 101	Presentation of Financial Statements [Improvements to FRSs (2010)]	1 January 2011
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates [Improvements to FRSs (2010)]	1 January 2011
Amendment to FRS 132	Financial Instruments: Presentation [Improvements to FRSs (2010)]	1 January 2011
Amendment to FRS 134	Interim Financial Reporting [Improvements to FRSs (2010)]	1 January 2011
Amendment to FRS 139	Financial Instruments: Recognition and Measurement [Improvements to FRSs (2010)]	1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2011
FRS 124	Related Party Disclosures (Revised)	1 January 2012

The Company plans to adopt the above pronouncements when they become effective in the respective financial period. The Directors expect that the adoption of these pronouncements will have no significant impact on the financial statements in the period of initial applications.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Changes in Accounting Policies

The accounting policies adopted by the Company are consistent with those adopted in the previous financial year except as follows:

On 1 July 2010, the Company adopted the followings new and amended FRSs and IC Interpretations which are mandatory for annual financial periods beginning on or after 1 January 2010:

FRSs/Interpretations		Effective dates
FRS 1	First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3	Business Combination (Revised)	1 July 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements (Revised)	1 January 2010
FRS 123	Borrowing Costs (revised)	1 January 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 2	Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 2	Share-based Payment	1 July 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendment to FRS 8	Operating Segments	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010



30 June 2011

Amendment to FRS 120	Accounting for Government Grant	1 January 2010
Amendment to FRS 123	Borrowing Costs	1 January 2010
Amendment to FRS 127	Amendments to FRS 1 and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 128	Investments in Associates	1 January 2010
Amendment to FRS 132	Financial Instruments: Presentation	1 January 2010/ 1 March 2010
Amendment to FRS 134	Interim Financial Reporting	1 January 2010
Amendment to FRS 136	Impairment of Assets	1 January 2010
Amendment to FRS 138	Intangible Assets	1 January 2010/ 1 July 2010
Amendment to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010/ 1 July 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010

The adoption of the above standards and interpretations did not have material impact on the financial performance or position of the Company except for those discussed below:

a) FRS 3: Business Combination (Revised 2010) and FRS 127: Consolidated and Separate Financial Statements (Revised)

FRS 3 (Revised 2010) introduces a number of changes in the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combination achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

FRS 127 (Revised) requires that a change in the ownerships interest of a subsidiary company (without loss of control) is accounted for as a transaction with owner in his capacity as owner and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to be a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary company as well as loss of control of a subsidiary company.

The changes by FRS 3 (Revised) and FRS 127 (Revised) will be applied prospectively and only affect future acquisitions or loss of control of subsidiary company and transactions with non-controlling interests.

b) FRS 7 Financial Instruments: Disclosures

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

The Company has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Company's financial statements for the financial year ended 30 June 2011.

Notes To The Financial Statement (cont'd)

30 June 2011



c) **FRS 101 Presentation of Financial Statements (Revised)**

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

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

The revised FRS 101 also requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. The new disclosure is made in Note 28 to the financial statements.

The Company has adopted the revised FRS 101 retrospectively. The revised Standard does not have any impact on the financial position and performance of the Company.

d) **FRS 139 Financial Instruments: Recognition and Measurement**

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Company has adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The adoption of this Standard has resulted in several changes in accounting policies relating to recognition and measurement of financial instruments.

The changes in accounting policies and the effects arising from the adoption of FRS 139 are impairment of loans and receivables.

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

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 of each asset down to its residual value over their estimated useful lives. The annual rates used are as follows:-

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.



The residual values, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

c. Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and any impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

a) Software licences

Software licences are amortised from the date that they are available for use on the straight line basis over the estimated useful lives of twenty years.

b) Intellectual property rights

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.

c) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss 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 only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the assets for its intended. Other development expenditure is recognised in profit or loss 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 relates on the straight line basis over the period of expected benefit of five years.

d. 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 losses, if any. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts are included in profit or loss.

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 statement of financial position 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.

Notes To The Financial Statement (cont'd)

30 June 2011



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 are recognised in the Economic Entity's profit or loss.

The Economic Entity's share of results of the associates during the financial year is recognised in the Economic Entity's profit or loss, 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 profit or loss. 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 in other comprehensive income 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 recognise 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.

e. Non-current Assets Held for Sale

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

f. Impairment of Non-financial Assets

The carrying values of assets are reviewed at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU



or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss in the period in which it arises.

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

g. Financial Assets

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

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

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

a) Financial assets at fair value through profit or loss

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

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

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

The Company has not designated any financial assets as at fair value through profit or loss.

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

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

Notes To The Financial Statement (cont'd)

30 June 2011



c) *Held-to-maturity investments*

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

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

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

The Company does not have any financial assets classified as held-to-maturity investments.

d) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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

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

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

The Company does not have any financial assets classified as available-for-sale financial assets.

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

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

h. *Impairment of Financial Assets*

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held to maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the loans and receivables are reduced through the use of an allowance account.



An impairment loss in respect of available for sale financial assets is recognised in profit or loss and is measured as the difference between its costs (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the asset's carrying amount does not exceed its amortised cost at the reversal date. The amount of the reversal is recognised in profit or loss.

i. Financial Liabilities

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

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

a) Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading include derivatives entered into by the Company that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities as at fair value through profit or loss.

b) Other financial liabilities

The Company's other financial liabilities includes trade payables and other payables and loans and borrowings.

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

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

Notes To The Financial Statement (cont'd)

30 June 2011



j. Offsetting Financial Instruments

Financial instruments are offset and the net amount reported in the statement of financial position when the Company has 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.

k. Provision for Liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of a provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l. Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Company.

m. Statements of Cash Flows

Statements of cash flows are prepared using the indirect method.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Cash and cash equivalents consist of cash in hand, balances and deposits with banks and other short term, highly liquid investment and short term funds, which are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with Note 3g.

n. Equity Instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

o. Foreign Currency Transactions

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.



Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on settlement or retranslation of monetary items are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

p. Revenue and Income Recognition

Revenue from services rendered is recognised in profit or loss 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 asset.

q. Employee Benefits

a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expense in the financial year in which the associated services are rendered by employees 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.

b) Defined contribution plan

The Company makes contribution to the state pension scheme, the Employee Provident Fund ("EPF"). Such contribution is recognised as an expense in profit or loss as incurred.

c) 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 profit or loss with a corresponding increase in equity.

The total amount to be recognised as compensation expense 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.

r. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Notes To The Financial Statement (cont'd)

30 June 2011



Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

s. **Earnings per Ordinary Share**

The Company presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and shares options granted to employees.

t. **Operating Segments**

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

u. **Significant Accounting Judgements and Estimates**

a) **Judgements made in applying accounting policies**

There are no critical judgements made by management in the process of applying the Company's accounting that may have significant effect on the amounts recognised in the financial statements.

b) **Key sources of estimation uncertainty**

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

i. **Useful lives of plant and equipment**

The Company estimates the useful lives of plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or limits on the use of the relevant assets. A reduction in the estimated useful lives of the plant and equipment would increase the recorded expenses and decrease the non-current assets.



In addition, the estimation of the useful lives of plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timings of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of plant and equipment would increase the recorded expenses and decrease the non-current assets

ii. Impairment of plant and equipment

The Company reviews the carrying amount of its plant and equipment to determine whether there is an indication that those assets have suffered an impairment loss in accordance with the relevant accounting policies. As at 30 June 2011, the Company is of the view that an allowance for impairment is necessary due to the restructuring of the Company's operation. Details of the impairment are disclosed in Note 4.

iii. Amortisation of intangible assets

The Company estimates the useful life to amortise the intangible assets based on the future performance, expected level of usage and technical development of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The estimated useful lives of intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the intangible assets would increase the recorded expenses and decrease the non-current assets.

iv. Impairment of intangible assets

The Company determines whether the intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the Cash-Generating Units ("CGUs") to which the intangible assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

v. Impairment of investment in associate and recoverability of amount owing by associate

The Company tests investment in associates for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the associate affects the results of the impairment test. Cost of investment in associate which has ceased operations was impaired up to share of net assets of the associate. The impairment made on investment in associate entails an impairment to be made to the amount owing by the associate.

Significant judgement is required in the estimation of the present value of future cash flows generated by the associate, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in associate. In addition, the assessment of the net tangible assets of the associate also affects the result of the impairment test. Details are disclosed in Notes 6 and 8.

vi. Impairment of receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. In addition, the management also specifically analyses

Notes To The Financial Statement (cont'd)

30 June 2011

historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If there is no similar credit risk characteristic, the difference of the expectation from the original estimate, will impact the carrying value of the receivables, an allowance for impairment losses will be based on an assessment of the recoverability of receivables.

Estimating the amount of impairment of receivables requires the Company to anticipate the recoverability of outstanding debts and their realisable values. The Company has made a decision to provide impairment loss for trade receivables amounting to RM2,323,632 (2010: RM5,072,332). Details are disclosed in Note 7.

4. PLANT AND EQUIPMENT

Economic Entity and Company
(except as otherwise stated)

	At 1.7.10 RM	Company Additions RM	Company Write off RM	Company At 30.6.11 RM
At cost:				
Computers and software	2,364,275	7,599	(61,239)	2,310,635
Office equipment, furniture and fittings	169,526	-	(70,020)	99,506
Renovations	30,133	-	(30,133)	-
Motor vehicle	350,000	-	-	350,000
	<u>2,913,934</u>	<u>7,599</u>	<u>(161,392)</u>	<u>2,760,141</u>
Accumulated depreciation:				
Computers and software	636,699	429,982	(40,993)	1,025,688
Office equipment, furniture and fittings	163,583	5,656	(70,020)	99,219
Renovations	30,133	-	(30,133)	-
Motor vehicle	210,000	70,000	-	280,000
	<u>1,040,415</u>	<u>505,638</u>	<u>(141,146)</u>	<u>1,404,907</u>
Accumulated impairment:				
Computers and software	-	935,340	-	935,340



Notes To The Financial Statement (cont'd)

30 June 2011

	Net carrying amount		Depreciation
	Company		
	2011	2010	2010
	RM	RM	RM
Computers and software	349,607	1,727,576	608,882
Office equipment, furniture and fittings	287	5,943	16,560
Renovations	-	-	-
Motor vehicle	70,000	140,000	70,000
	<u>419,894</u>	<u>1,873,519</u>	<u>695,442</u>

Pursuant to the relocation of the Company's principal place of business and the restructuring of its business operations, plant and equipment with a total net book value of RM20,246 (2010: Nil) was written off and recognised as operating expense in profit or loss.

In addition, the management has also assessed that the expected future economic benefits to be derived from certain assets are no longer fully recoverable due to the restructured operations and has made allowance for impairment amounting to RM935,340 (2010: Nil) on these assets.

5. INTANGIBLE ASSETS

	Note	Economic Entity	Company	
		2010	2011	2010
Net carrying amount:		RM	RM	RM
Software licences	5a	4,218,750	1,996,875	4,218,750
Intellectual property rights	5b	2,500,000	1,150,000	2,500,000
Development expenditure	5c	1,592,393	-	1,592,393
		<u>8,311,143</u>	<u>3,146,875</u>	<u>8,311,143</u>

Pursuant to the restructuring of the Company's business operations, the management has assessed that the expected future economic benefits to be derived from the intangible assets are no longer fully recoverable and has impaired the assets value to an approximate recoverable amount.

5a. Software licences

	Economic Entity	Company	
	2010	2011	2010
	RM	RM	RM
At cost:			
At beginning of financial year/end of the financial year	4,500,000	4,500,000	4,500,000
Accumulated amortisation:			
At beginning of financial year	56,250	281,250	56,250
Charge for the financial year	225,000	225,000	225,000
At end of financial year	281,250	506,250	281,250
Accumulated impairment:			
Charge for the financial year	-	1,996,875	-
Net carrying amount	<u>4,218,750</u>	<u>1,996,875</u>	<u>4,218,750</u>

Notes To The Financial Statement (cont'd)

30 June 2011



The software licences consist of a perpetual and exclusive software licensing rights to use and integrate the acquired software into the Company's products and to reproduce, market, sell, distribute and sub-licence the software to third-parties and end-users.

5b. Intellectual property rights

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
At cost:			
At beginning of financial year/end of financial year	4,000,000	4,000,000	4,000,000
Accumulated amortisation:			
At beginning of financial year	1,300,000	1,500,000	1,300,000
Charge for the financial year	200,000	200,000	200,000
At end of financial year	1,500,000	1,700,000	1,500,000
Accumulated impairment:			
Charge for the financial year	-	1,150,000	-
Net carrying amount	2,500,000	1,150,000	2,500,000

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.

5c. Development expenditure

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
At cost:			
At beginning of financial year	2,272,282	1,592,393	2,272,282
Additions	1,592,393	794,890	1,592,393
Write off	(2,272,282)	(2,387,283)	(2,272,282)
At end of financial year	1,592,393	-	1,592,393
Accumulated amortisation:			
At beginning of financial year	1,363,368	-	1,363,368
Charge for the financial year	454,456	-	454,456
Write off	(1,817,824)	-	(1,817,824)
At end of financial year	-	-	-
Net carrying amount	1,592,393	-	1,592,393



Notes To The Financial Statement (cont'd)

30 June 2011

Development expenditure comprised external costs and cost of personnel who have been working on the commercial development for the range of e-solutions products for the multi-level marketing sector (e-MLM) and on the improvements to the Company's current range of e-solutions. The improvements are intended to extend the life and improve the marketability of its products.

The following expenses incurred during the financial year are included in development expenditure:

	2011 RM	2010 RM
Staff cost	757,090	241,993
Director's salary	37,800	50,400
	794,890	292,393

In the financial year 2010, the development expenditure under IBIMM (Intelligent Business Information Miner and Modeller) of RM2,272,282 was no longer applicable and had been replaced with new development under e-MLM.

Pursuant to the restructuring of the Company's business operations, the deferred development expenditure amounting to RM2,387,283 was written off during the current financial year. The management has assessed that the expected revenue from e-MLM solutions to justify its carrying value is difficult to achieve. However, whenever applicable, the Company would be able to utilise the work done during the tenure of the research and development for its future works and projects.

6. INVESTMENT IN ASSOCIATE

	Economic Entity 2010 RM	2011 RM	Company 2010 RM
Unquoted shares - at cost	27,000,000	27,000,000	27,000,000
Impairment loss	(21,873,796)	(27,000,000)	(21,873,796)
	5,126,204	-	5,126,204
Share of post acquisition results	110,650		
	5,236,854		
Represented by -			
Share of net assets of associate	5,236,854		

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

Name of Company	Effective Equity Holdings		Principal Activities
	2011	2010	
	%	%	
* Izzinet Sdn. Bhd.	25	25	Engaged as Internet Service Provider in operating "i-Burst" "4G" mobile wireless Broadband telecommunication system

* Audited by other auditors.

Notes To The Financial Statement (cont'd)

30 June 2011

The latest financial statements and auditor reports of Izzinet Sdn. Bhd. are not available as the affairs of the associate have been taken over by the Official Assignee pursuant to a winding-up order on 17 March 2011 obtained against the associate and thus the effect of equity accounting for investment in associate is not presented for the financial year ended 30 June 2011. The Company has fully impaired its investment in the associate in financial year ended 30 June 2011.

The summarised financial information of the associate for the financial year ended 30 June 2010 are as follow:

	RM
Assets and Liabilities -	
Non current assets	101,259,257
Current assets	17,080,818
Total assets	<u>118,340,075</u>
Non current liabilities	77,153,252
Current liabilities	20,239,407
Total liabilities	<u>97,392,659</u>
Results -	
Revenue	<u>10,749,537</u>
Loss for the financial year	<u>(99,851)</u>

The latest financial audited financial statements as at 31 December 2009 and unaudited management financial statements as at 30 June 2010 of the associate had been used for the preparation of financial statements of the Economic Entity for the financial year ended 30 June 2010. The management of the Company had reviewed the financial statements of the associate, where necessary, adjustments were made to the financial statements of the associate to ensure consistency of accounting principles and policies with those adopted by the Company and compiled the information and explanations required for the purpose of preparation of the financial statements for the Economic Entity for the financial year ended 30 June 2010.

As disclosed in the Company's announcement to Bursa Malaysia Securities Berhad ("Bursa") dated 8 February 2008, the acquisition of the investment in Izzinet Sdn. Bhd. ("Izzinet") was to provide the Company with an opportunity to further broaden its current revenues, earnings and customer base. In addition, the acquisition would place the Company in a position to tap the potential growth of the mobile wireless broadband market. The purchase consideration was arrived at on a willing buyer willing seller basis after taking into account the net tangible assets of Izzinet as at 30 September 2007 and the valuation of Izzinet carried out by Horwarth Chin & Associates, which indicated that the fair value of Izzinet is within the range of RM140 million and RM180 million.

Also disclosed in the Company's announcement to Bursa Malaysia Securities Berhad dated 30 April 2008, Izzinet was in the midst of an reverse takeover ("RTO") application for listing on the MESDAQ market. Had the RTO exercise been successful giving Izzinet access to the equity market to raise funds, it was expected that the capital raised would go towards repaying most of Izzinet's fundings needs, which include settling the Company's receivables. The Company would also have the option of converting its receivables owed by Izzinet into equity. Included in the Bursa announcement at the material time was also a valuation carried out by Ernst and Young dated 28 April 2008 which gave an indicative fair value of Izzinet in the range of RM120 million and RM155 million.

In addition, for the financial year ended 30 June 2009, Izzinet had also submitted a bid to tender for an amount of RM437.91 million for a broadband project under various phases under the Universal Service Provider Project ("USP project") called by Malaysian Communications and Multimedia Commission, which would generate strong revenues and earnings to Izzinet. The earnings from this project would go towards meeting a high amount of the repayment amount owing to the Company if successful.



However, for the financial year ended 30 June 2010, the competitive landscape for the wireless broadband industry had intensified considerably prompting the management of the Company to turn pessimistic regarding the prospects for Izzinet : -

- a. The tender for the USP project phase one bid by Izzinet in conjunction with its partner was unsuccessful, and the various phases of the USP projects was cancelled and replaced by a new National Broadband Initiative;
- b. With the introduction of four Wimax licences such as P1, Asia Space, Redtone and YTL together with the giant cellular providers (Maxis, Digi and Celcom), the market was fast becoming overcrowded with consumers churn becoming a norm;
- c. Telecom Malaysia launching its high speed broadband initiative, Unifi, most aggressively and with extremely competitive pricing; and
- d. The unsuccessful efforts to find strategic investors for Izzinet.

As at 17 March 2011, a winding up order has been obtained against Izzinet.

In view of the above, the management of the Company arrived at the realisation that the domestic Malaysian market is indeed too small to accommodate too many players in the broadband industry and lacks the economy of scale to provide a viable critical mass to enable the various providers to become profitable in the foreseeable future. The launching of High Speed Broad Band ("HSBB"), Fiber To The Home ("FTTH") and similar products by other broadband providers has further heightened the competition for market share. Accordingly, impairment loss of RM21,873,796 has been provided for in the financial year ended 30 June 2010 whilst the balance of RM5,126,204 was provided in current financial year. Accordingly, the share of profit in associate amounting to RM110,650 as at 30 June 2010 under equity method was reversed in the current financial year.

7. TRADE AND OTHER RECEIVABLES

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Trade receivables			
Trade receivables	10,832,161	9,803,084	10,832,161
Allowance for impairment	(5,072,332)	(7,395,964)	(5,072,332)
	5,759,829	2,407,120	5,759,829
Other receivables			
Other receivables	2,000	-	2,000
Tender deposits	146,564	146,564	146,564
Sundry deposits	95,006	108,482	95,006
	243,570	255,046	243,570
	6,003,399	2,662,166	6,003,399

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

The amount owing by other receivables is unsecured, interest free and repayable on demand.

Notes To The Financial Statement (cont'd)

30 June 2011



Ageing analysis of trade receivables

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Trade receivables			
Neither past due nor impaired	308,359	318,328	308,359
More than 121 days past due not impaired	5,451,470	2,088,792	5,451,470
Impaired	5,072,332	7,395,964	5,072,332
	<u>10,832,161</u>	<u>9,803,084</u>	<u>10,832,161</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Economic Entity and the Company and there is no recent history of material default.

None of the Economic Entity's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

All other receivables do not contain impaired assets and are not past due. Based on the credit history of these other receivables, it is expected that these amounts will be received when due.

Receivables that are past due but not impaired

The Economic Entity and the Company have trade receivables amounting to RM2,088,792 (2010: RM5,451,470) that are past due at the reporting date but not impaired.

No impairment loss on these trade receivables has been made as in the opinion of the management, these receivables are collectable.

Receivables that are impaired

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

	Economic Entity		Company
	Individually impaired	Individually impaired	Individually impaired
	2010	2011	2010
	RM	RM	RM
Trade receivables - nominal amounts	7,272,332	8,701,361	7,272,332
Allowance for impairment	(5,072,332)	(7,395,964)	(5,072,332)
	<u>2,200,000</u>	<u>1,305,397</u>	<u>2,200,000</u>

There are no balances that are collectively determined to be impaired.

Movement in allowance accounts:

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
At 1 July	-	5,072,332	-
Charge for the financial year	5,072,332	2,323,632	5,072,332
At 30 June	<u>5,072,332</u>	<u>7,395,964</u>	<u>5,072,332</u>



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

8. AMOUNT OWING BY ASSOCIATE

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Trade receivable	63,363,666	54,947,699	63,363,666
Less: Allowance for impairment			
At 1 July	-	63,363,666	-
Charge for the financial year	63,363,666	-	63,363,666
Reversal for the financial year	-	(8,415,967)	-
At 30 June	63,363,666	54,947,699	63,363,666
	-	-	-

The amount owing by associate is trade related, unsecured, interest free and repayable on demand.

In the financial year ended 30 June 2010, the Company had made an allowance for impairment of RM63,363,666 for the amount owing by associate due to the reasons as disclosed in Note 6.

During the current financial year, the Company has received RM8,415,967 from Izzinet Sdn. Bhd. in the form of assets. These assets comprised internet communication equipment such as, amongst others, the equipments for network operating centre and base stations. The reversal of allowance for impairment loss amounting to RM8,415,967 has been made and the assets has been classified as held for sale as disclosed in Note 10.

9. CASH AND CASH EQUIVALENTS

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Fixed deposits with a licensed bank	1,007,323	-	1,007,323
Short term fund investment in trust funds in Malaysia	1,257,308	9,267	1,257,308
Cash and bank balances	1,167,170	1,773,039	1,167,170
	3,431,801	1,782,306	3,431,801

The fixed deposits with a licensed bank are pledged to the bank to secure the banking facilities granted to the Company. As at financial year ended 30 June 2011, the fixed deposits and banking facilities have been discontinued.

10. ASSETS CLASSIFIED AS HELD FOR SALE

During the current financial year, the Company has received RM8,415,967 in assets as part payment for the amount owing by Izzinet Sdn. Bhd.. These assets, comprised internet communication equipment such as, amongst others, the equipments for network operating centre and base stations, have been classified as held for sale and are presented separately in the statement of financial position. The assets are stated at the lower of carrying amount and fair value less cost to sell. Efforts to sell the assets have commenced, and a sale is expected to be completed by mid to end of year 2012.

Notes To The Financial Statement (cont'd)

30 June 2011



11. SHARE CAPITAL

Ordinary shares of RM0.10 each:

	2011		2010	
	No. of shares	RM	No. of shares	RM
Authorised	1,000,000,000	100,000,000	1,000,000,000	100,000,000
Issued and fully paid	438,196,000	43,819,600	438,196,000	43,819,600

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

12. SHARE PREMIUM

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
At beginning of financial year	51,053,194	51,103,405	51,053,194
Gain on resale of treasury shares	50,211	-	50,211
At end of financial year	51,103,405	51,103,405	51,103,405

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.

13. TREASURY SHARES

The shares repurchased are held as treasury shares as allowed under Section 67A of the Companies Act 1965 and are carried at cost. The Company has a right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

During the financial year, the Company did not repurchase any of its issued ordinary shares or disposed any of the treasury shares repurchased.

As at 30 June 2011, 35,572,600 ordinary shares have been purchased for RM5,160,144 including the transaction costs.

14. EQUITY COMPENSATION RESERVE

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 eligible employees must have been confirmed on the offer date and have served for a continuous period of at 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.
- 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 the 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.

Notes To The Financial Statement (cont'd)

30 June 2011



15. TRADE AND OTHER PAYABLES

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Trade payable			
Trade payable	22,150	63,164	22,150
Other payables			
Accruals	77,000	73,000	77,000
Deposits	3,200	3,200	3,200
	80,200	76,200	80,200
	102,350	139,364	102,350

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

16. REVENUE

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

17. STAFF COSTS

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Salaries and fees	2,560,432	2,097,405	2,560,432
Pension costs (defined contribution plans)	328,317	275,727	328,317
Social security costs	27,903	19,170	27,903
Other employee related expenses	(7,771)	14,802	(7,771)
	2,908,881	2,407,104	2,908,881

Included in salaries and fees of Economic Entity and of the Company is Directors' remuneration as follows:

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Executive Directors:			
Basic salaries and other emoluments	312,500	427,200	312,500
Fees	23,000	18,000	23,000
	335,500	445,200	335,500
Non Executive Directors:			
Fees	66,000	57,000	66,000
Total	401,500	502,200	401,500



Notes To The Financial Statement (cont'd)

30 June 2011

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

	Economic Entity		Company
	2010	2011	2010
	Number of Directors		Number of Directors
Executive Directors:			
Below RM50,000	2	1	2
RM50,000 – RM100,000	-	-	-
RM150,001 – RM300,000	1	2	1
Non Executive Directors:			
Below RM50,000	3	3	3
Total	6	6	6

18. LOSS BEFORE TAXATION

Loss before taxation is arrived at -

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
After charging:			
Depreciation of plant and equipment	695,442	505,638	695,442
Amortisation of:			
- software licences	225,000	225,000	225,000
- intellectual property rights	200,000	200,000	200,000
- development expenditure	454,456	-	454,456
Auditors' remuneration			
- statutory	35,000	40,000	35,000
- non statutory	3,000	3,000	3,000
Directors' remuneration			
- fees	89,000	75,000	89,000
- salaries and other emoluments	312,500	427,200	312,500
Rental of premises	176,194	179,194	176,194
Interest expenses	1,487	-	1,487
Impairment loss:			
- plant and equipment	-	935,340	-
- software licences	-	1,996,875	-
- intellectual property rights	-	1,150,000	-
- investment in associate	21,873,796	5,126,204	21,873,796
- trade receivables	5,072,332	2,323,632	5,072,332
- amount owing by associate	63,363,666	-	63,363,666

Notes To The Financial Statement (cont'd)

30 June 2011



	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Plant and equipment written off	129,222	20,246	129,222
Development expenditure written off	454,458	2,387,283	454,458
Loss on foreign exchange - realised	-	545	-
And crediting:			
Interest income	86,959	12,743	86,959
Reversal of impairment loss on amount owing by associate	-	8,415,967	-

19. TAXATION

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Malaysian income tax			
- provision for the financial year	(16,000)	(3,000)	(16,000)
- (under)/over provision in prior financial years	172	(43)	172
Share of taxation in associate	(21,500)	-	-
Tax expense for the financial year	(37,328)	(3,043)	(15,828)

The numerical reconciliations between loss before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Economic Equity and of the Company are as follows:

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Loss before taxation	(94,734,740)	(8,339,829)	(94,731,277)
Taxation at Malaysian statutory tax rate of 25%	23,683,685	2,084,957	23,682,819
Tax effects in respect of:			
Non allowable expenses	(23,170,059)	(1,437,363)	(23,170,059)
Depreciation on non qualifying plant and equipment	(122,130)	(121,250)	(122,130)
(Under)/Over provision of income tax in prior financial years	172	(43)	172
Deferred tax not recognised during the financial year	(417,514)	(530,452)	(417,514)
Income exempted from income tax	10,841	923	10,841
Share of results in associate	(866)	-	-
Share of taxation in associate	(21,500)	-	-
Others	43	185	43
Tax expense for the financial year	(37,328)	(3,043)	(15,828)



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 status period from 16 December 2002 to 15 December 2012 is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders.

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

20. BASIC LOSS PER ORDINARY SHARE

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Loss for the financial year	(94,772,068)	(8,342,872)	(94,747,105)
Weighted average number of ordinary shares	405,421,256	402,623,400	405,421,256
	Economic Entity		Company
	2010	2011	2010
	sen	sen	Sen
Basic loss per ordinary share	(23.38)	(2.07)	(23.37)

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

21. TAX EXEMPT INCOME ACCOUNT

As at 30 June 2011, the Company has tax exempt income amounting to approximately RM33,319,000 (2010: RM33,319,000) for distribution of tax exempt dividend out of its future distributable profit; subject to the approval of the tax authorities.

22. COMMITMENT

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Future minimum rental payments under non cancellable tenancy agreement -			
Not later than 1 year	192,674	-	192,674
Later than 1 year and not later than 2 years	134,424	-	134,424
	327,098	-	327,098

Notes To The Financial Statement (cont'd)

30 June 2011



23. WARRANTS

On 10 December 2007, the Company issued 73,032,667 warrants in conjunction with Rights Issue exercise during the financial year 2008.

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 (5) 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 reporting date.

24. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 30 June 2011 by virtue of the exemption given in paragraph 44AA of FRS 7.

a. Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:

- a) Loans and receivables (L&R)
- b) Other liabilities (OL)

2011	Carrying amount RM	Company L&R/(OL) RM
Financial Assets		
Trade and other receivables	2,662,166	2,662,166
Cash and cash equivalents	1,782,306	1,782,306
	<u>4,444,472</u>	<u>4,444,472</u>
Financial Liabilities		
Trade and other payables	(139,364)	(139,364)

b. Financial Risk Management Objectives And Policies

The Company is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives shall be undertaken.

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.



i. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices which will affect the Company's financial position or cash flows.

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market rates. The Company's primarily interest rate risk relates to short term funds. Short term funds with fixed rate are exposed to a risk of change in their fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

iii. Foreign currency risk

The Company 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 Company that are not denominated in their functional currency is as follows:

Functional Currency	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Bank balance -			
United States Dollar	1,188	2,255	1,188

iv. Credit risk

Credit risk is the risk of a financial loss to the Company that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its loans and receivables. For other financial assets (including cash and bank balances), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Receivables

The management has a credit policy in place and the exposure to credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness and those with long established history. Trade receivables are monitored on an ongoing basis via regular Company's reporting procedures.

As at 30 June 2011, certain trade receivables of the Company has exceeded its normal trade credit terms. Except for the trade receivables which are subject to impairment loss, the Company does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that will eventually be received.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts shown in the statement of financial position as disclosed in Note 7.

Management has taken reasonable steps to ensure that receivables that are not impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables.

v. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations when they fall due. The Company's exposure to liquidity risk arises principally from its trade and other payables.

Notes To The Financial Statement (cont'd)

30 June 2011

The Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

c. Fair value

All financial assets and financial liabilities are carried at the amounts approximating their fair values on the statements of financial position of the Company. The Company does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled. The amount owing by associate amounting to RM54,947,699 has been fully impaired as at 30 June 2011 as explained under Note 8.

The carrying amounts of cash and cash equivalents, receivables and payables approximate fair values due to the relatively short term maturity of these financial instruments.

25. OPERATING SEGMENTS

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

No segmental information by geographical segment is provided as the Company operates predominantly in Malaysia.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Economic Entity		Company
	2010	2011	2010
	RM	RM	RM
Transaction with associate - Izzinet Sdn. Bhd.			
Services rendered for e-business software application development and maintenance, and software integration	4,840,400	-	4,840,400

The Directors of the Company are of the opinion that the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with non-related parties.

27. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- On 17 March 2011, the affairs of the associate, Izzinet Sdn. Bhd. have been taken over by the Official Assignee pursuant to a winding-up order obtained against the associate and thus the effect of equity accounting for investment in associate is not presented for the financial year ended 30 June 2011. The Company has fully impaired its investment in the associate and the amount owing by the associate in financial year ended 30 June 2011.
- On 11 August 2011, OSK Investment Bank Berhad ("OSK") has, on behalf of the Board of Directors of I-Power Berhad (I-Power), announced that the Company has on even date entered into a conditional Share Sale Agreement ("SSA") with Chan Chuck Yan, Anne Kung Soo Ching, Ngu Sing Hieng and Wong Say Khim (collectively referred to as "Vendors") for the proposed acquisition by I-Power of the entire issued and paid-up share capital of Instacom Engineering Sdn. Bhd. ("Instacom") comprising 4,500,000 ordinary shares of RM1.00 each ("Instacom Share(s)") for a total purchase consideration of RM102,000,000 ("Purchase Consideration") to be satisfied entirely by the issuance of 1,020,000,000 new Consolidated Shares (as defined hereinafter) ("Consideration Shares") at an issue price of RM0.10 per Consolidated Share ("Proposed Acquisition").



In conjunction with the Proposed Acquisition, the Board of Directors of I-Power has also resolved to undertake the followings:-

- i. Proposed share capital reduction by the cancellation of RM0.09 of the par value of every existing ordinary share of RM0.10 each in I-Power ("I-Power Share(s)") and the credit arising therefrom to be offset against the accumulated losses at I-Power ("Proposed Capital Reduction");
- ii. Proposed reduction of the capital redemption reserve of I-Power arising from the Proposed Treasury Shares Cancellation (as defined hereinafter) ("Proposed CRR Reduction");
- iii. Proposed reduction of the share premium account ("Proposed Share Premium Reduction");
- iv. Proposed share consolidation of ten (10) ordinary shares of RM0.01 each into one (1) ordinary share of RM0.10 each in I-Power ("Consolidated Share(s)") after the Proposed Capital Reduction ("Proposed Share Consolidation");
- v. Proposed exemption to Chan Chuck Yan, Anne Kung Soo Ching, Ngu Sing Hieng and Wong Say Khim (collectively referred to as the "Vendors") and the parties acting in concert with them, if any, from the obligation to undertake a mandatory general offer for all the remaining Consolidated Shares not already held by them and all Consolidated Shares that may be allotted and issued arising from the exercise of I-Power's warrants ("Proposed Exemption");
- vi. Proposed offer for sale of up to 153,000,000 Consideration Shares held by the Vendors ("Offer Shares") to eligible investors to be identified later ("Proposed Offer for Sale");
- vii. Proposed private placement of up to 15% of the enlarged issued and paid-up share capital of I-Power upon completion of the Proposed Acquisition ("Proposed Private Placement");
- viii. Proposed increase in the authorised share capital of I-Power from RM10,000,000 comprising 100,000,000 Consolidated Shares after the completion of the Proposed Share Consolidation to RM200,000,000 comprising 2,000,000,000 Consolidated Shares ("Proposed Increase in Authorised Share Capital");
- ix. Proposed change of name of the Company from I-Power Berhad to Instacom Holdings Berhad ("Proposed Change of Name"); and
- x. Proposed amendments to the Memorandum and Articles of Association of I-Power ("Proposed Amendments")

28. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Company may adjust the dividend payment, returning of capital to shareholders or issuing new shares.

There were no changes in the Company's approach to capital management during the financial year. The Company's exposure to payables for the current financial year amounted RM139,364 (2010: RM102,350) comprising trade and other payables only.

Supplementary Information

On The Disclosure Of Realised And Unrealised Profits Or Losses



The breakdown of the accumulated loss of the Company as at the end of the reporting period into realised and unrealised loss are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants.

Pursuant to the directive, the amounts of realised and unrealised loss included in the accumulated loss of the Company as at 30 June 2011 are as follows:

	RM
Total accumulated loss of the Company	
- realised	73,478,017
- unrealised	-
Total accumulated loss as per statement of financial position	<u>73,478,017</u>

The determination of realised and unrealised loss is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.



Analysis Of Shareholdings

SHAREHOLDING STRUCTURE AS AT 28 OCTOBER 2011

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)	RM40,262,340
Class of shares	Ordinary Shares of RM0.10 each
Voting Rights	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 OCTOBER 2011

	No. of holders	%	No. of shares	%
Less than 100	43	0.73	1,600	0.00
100 - 1,000	173	2.94	113,200	0.03
1,001 - 10,000	2,115	35.90	13,847,550	3.44
10,001 - 100,000	2,796	47.46	111,366,604	27.66
100,001 and below 5%	764	12.97	277,294,446	68.87
5% and above	-	-	-	-
TOTAL	5,891	100.00	402,623,400	100.00

SUBSTANTIAL SHAREHOLDER AS AT 28 OCTOBER 2011

Name	Direct Interest	%	Deemed Interest	%
None	-	-	-	-

DIRECTORS' SHAREHOLDING AS AT 28 OCTOBER 2011

Name	Direct Interest	%	Deemed Interest	%
Chia Kok Chin	4,697,078	1.17	-	-
Tan Chuek Hooi	-	-	-	-
Hoh Chee Kuan	-	-	-	-
Leou Thiam Lai	-	-	-	-
Choo Seng Choon	-	-	-	-

Analysis Of Shareholdings (cont'd)



LIST OF 30 LARGEST SHAREHOLDERS AS AT 28 OCTOBER 2011

NO.	NAME	SHAREHOLDING	%
1	CHEE CHOW ING	6,758,700	1.68
2	IZANEE BIN ISMAIL	6,000,000	1.49
3	OSK NOMINEES (TEMPATAN) SDN BERHAD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHIA KOK CHIN	4,697,078	1.17
4	CHEN KWAI SAM	4,000,000	0.99
5	SJ SEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHIN KA WONG (SMT)	3,524,600	0.88
6	TAN KIN CHUAN	2,864,100	0.71
7	CHONG MUI FUN	2,540,000	0.63
8	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOW YEW HWA	2,395,000	0.59
9	NG TEONG MING	2,178,500	0.54
10	VOO SUK CHING	2,132,600	0.53
11	KENG KIAN MENG	2,027,600	0.50
12	AMARJIT SINGH A/L SARBAN SINGH	2,000,000	0.50
13	LOH SIN CHOONG	2,000,000	0.50
14	YAP CHEE KUAN	2,000,000	0.50
15	TING LIAN SIEW @ TING LIAN BO	1,937,700	0.48
16	NG LAI YIN	1,920,000	0.48
17	CHIA GUAN SENG	1,879,700	0.47
18	KEE HOOI CHEONG	1,872,000	0.46
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CHUA KENG LIANG (8069637)	1,809,000	0.45
20	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TING PIN SEW	1,807,000	0.45
21	SAN CHING CHUAN @ SAW CHENG CHUAN	1,741,100	0.43
22	BHLB TRUSTEE BERHAD BENEFICIARY : EXEMPT AN FOR EPF INVESTMENT FOR MEMBER SAVINGS SCHEME	1,649,000	0.41
23	SU MEU GING	1,640,000	0.41
24	GUE SEE SEW	1,630,000	0.40
25	CHIN CHIN SEONG	1,500,000	0.37
26	INDAR KAUR A/P DAN SINGH	1,352,600	0.34
27	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH BENG POH	1,225,000	0.30
28	HLG NOMINEE (TEMPATAN) SDN BHD BENEFICIARY : HONG LEONG BANK BHD FOR YEOW HOE SEAH	1,140,000	0.28
29	WAN SIEW HONG	1,130,800	0.28
30	TANG KING HUA	1,107,000	0.27



Analysis Of Warrantholdings



WARRANTHOLDING STRUCTURE AS AT 28 OCTOBER 2011

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

DISTRIBUTION OF WARRANTHOLDINGS AS AT 28 OCTOBER 2011

	No. of holders	%	No. of warrants	%
Less than 100	241	12.73	12,080	0.02
100 - 1,000	164	8.66	133,096	0.18
1,001 - 10,000	967	51.08	4,200,271	5.75
10,001 - 100,000	423	22.35	17,323,820	23.72
100,001 and below 5%	97	5.12	39,363,394	53.90
5% and above	1	0.05	12,000,006	16.43
TOTAL	1,893	100.00	73,032,667	100.00

DIRECTORS' WARRANTHOLDING AS AT 28 OCTOBER 2011

Name	Direct Interest	% Deemed Interest		%
Chia Kok Chin	12,000,006	16.43	-	-
Tan Chuek Hooi	-	-	-	-
Hoh Chee Kuan	-	-	-	-
Leou Thiam Lai	-	-	-	-
Choo Seng Choon	-	-	-	-

Analysis Of Warrantholdings (cont'd)



LIST OF 30 LARGEST WARRANTHOLDERS AS AT 28 OCTOBER 2011

NO.	NAME	WARRANTHOLDING	%
1	OSK NOMINEES (TEMPATAN) SDN BERHAD BENEFICIARY : OSK CAPITAL SDN BHD FOR CHIA KOK CHIN	12,000,006	16.43
2	DOONG AMOOI @ DOONG CHONG LIAN	2,853,200	3.91
3	TING LIAN SIEW @ TING LIAN BO	2,800,000	3.83
4	TING WEE HUA	2,735,100	3.75
5	YAP KOK SUN	2,598,000	3.56
6	MA CHAY HONG	2,048,100	2.80
7	TEOH AH BEE	1,300,000	1.78
8	LIM KAM LIN	1,100,000	1.51
9	SU MEU GING	841,333	1.15
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH SAY YUNG (E-BPJ)	837,500	1.15
11	THONG KAM WENG	792,000	1.08
12	JONG BOR CHYAN	685,300	0.94
13	MOHD NAWI BIN YUSOFF	600,000	0.82
14	QUEK KAH HAO	600,000	0.82
15	LOW SUAN KONG	595,000	0.81
16	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ZAMRUL HISYAM BIN NOOR (ET)	573,000	0.78
17	CHONG NEE PA(WAH)	560,000	0.77
18	ABDUL KAMADIN BIN O.MOHAMED SULTAN	520,000	0.71
19	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : LEONG MIEW LENG	500,000	0.68
20	KONG OON CHEE	466,000	0.64
21	TAN EE PENG	460,000	0.63
22	LEONG CHAN PAH	400,000	0.55
23	YEOH KA SENG	400,000	0.55
24	SIN CHONG SANG	380,000	0.52
25	LOO LAY HUAT	350,000	0.48
26	NG LAI YIN	320,000	0.44
27	ABD AZIZ BIN DARAWI	300,000	0.41
28	CHEE PEK FONG	300,000	0.41
29	CHUNG CHENG YUAN	300,000	0.41
30	GAN KENG MENG	300,000	0.41



Notice Of Annual General Meeting



NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 30 December 2011 at 10.00 a.m. to transact the following business :

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2011 and the Reports of Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of Directors' fees amounting to RM75,000 for the financial year ended 30 June 2011. **Resolution 2**
3. To re-elect the Directors who retire in accordance with Article 116 of the Company's Articles of Association as follows :-

(a) Tan Chuek Hooi **Resolution 3**
(b) Leou Thiam Lai **Resolution 4**
4. To re-elect the Director, namely Choo Seng Choon, who retires in accordance with Article 92(2) of the Company's Articles of Association. **Resolution 5**
5. To appoint Messrs. Chong & Co. as Auditors and to authorize the Directors to fix their remuneration. **Resolution 6**

A Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs. Chong & Co., who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution :-

"That Messrs. Chong & Co. be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs. Sha, Tan & Co., and to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the Directors."

AS SPECIAL BUSINESS

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

6. **Ordinary Resolution 1** **Resolution 7**
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."

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
8 December 2011

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) Ordinary Resolution 1

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

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 at the Ninth AGM of the Company (hereinafter referred to as the "General Mandate").

The Company has been granted a general mandate by its shareholders at the Eighth AGM of the Company held on 17 December 2010 (hereinafter referred to as the "Previous Mandate").

The Previous Mandate granted by the shareholders had not been utilized and hence no proceed was raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organize a general meeting.

This authority unless revoked or varied by the Company in the general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

All other information remains unchanged.



Statement Accompanying

The Notice Of Annual General Meeting

1. Date, Time and Venue of the Ninth Annual General Meeting (“AGM”)

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

Date : Friday, 30 December 2011

Time : 10.00 am

Venue : Langkawi 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 Ninth AGM

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

- (a) Tan Chuek Hooi
- (b) Leou Thiam Lai

Director standing for re-election pursuant to Section 92(2) of the Companies Act, 1965 :-

- (a) Choo Seng Choon

3. Board Meetings held in the financial year ended 30 June 2011

Five (5) Board meetings were held during the financial year ended 30 June 2011. A record of the Directors’ attendances at the Board meetings is presented in the “Statement of Corporate Governance” appearing on pages 12 to 14 of the Annual Report.

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 Ninth Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf & Country Club, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 30 December 2011 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive the Audited Financial Statements for the financial year ended 30 June 2011 and the Reports of Directors and Auditors thereon.		
2. To approve the payment of Directors' fees amounting to RM75,000 for the financial year ended 30 June 2011.		
3. To re-elect the Director, Mr Tan Chuek Hooi, who retires in accordance with Article 116 of the Company's Articles of Association.		
4. To re-elect the Director, Mr Leou Thiam Lai, who retires in accordance with Article 116 of the Company's Articles of Association.		
5. To re-elect the Director, Mr Choo Seng Choon, who retires in accordance with Article 92(2) of the Company's Articles of Association.		
6. To appoint Messrs. Chong & Co. as Auditors of the Company and to authorize the Directors to fix their remuneration.		
7. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

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 _____ 2011

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.

Please fold here

AFFIX
STAMP

THE COMPANY SECRETARY
I-POWER BERHAD (596299-D)

No. 149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Please fold here

