

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1. BASIS OF PREPARATION

The interim financial reports of the Group have been prepared in accordance with FRS 134 "Interim Financial Reporting" and Chapter 7 Part VI of the Listing Requirements for the MESDAQ Market of Bursa Malaysia Securities Berhad.

This interim financial report is unaudited and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2007. The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new or revised Financial Report Standards ("FRS") effective from 1 January 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The Group has not adopted FRS 139 Financial Instruments : Recognition and Measurement as its effective date has been deferred.

The adoption of all FRSs mentioned above does not result in significant changes in accounting policies of the Group.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the year ended 31 December 2007 was not qualified.

A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group were not affected by any seasonal or cyclical factors.

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A5. UNUSUAL ITEMS

Apart from the impairment loss on investment in associates recognized of RM1.82 million, there were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter.

A6 MATERIAL CHANGES IN ESTIMATES

The Group has not submitted any financial forecast or projections to any authorities during the current quarter and prior financial year ended 31 December 2007. As such, there is no change in estimates that had a material effect in the current quarter results.

A7 CHANGES IN DEBTS AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale, repayments of debt and/or securities, share held as treasury shares and resale of treasury shares during the financial period ended 30 June 2008.

A8 DIVIDENDS PAID

There were no dividends paid during the current quarter.

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A9 SEGMENTAL INFORMATION

Segmental information for the 6 months ended 30 June 2008 and 30 June 2007 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	12,054,415	10,379,495	2,455,410	1,090,732	-	-	14,509,825	11,470,227
Inter-segment sales	3,790,794	2,362,593	-	-	(3,790,794)	(2,362,593)	-	-
Total Revenue	15,845,209	12,742,088	2,455,410	1,090,732	(3,790,794)	(2,362,593)	14,509,825	11,470,227
RESULT								
Operating results*	3,606,539	895,857	(571,846)	(5,902)	-	-	3,034,693	889,955
Bad & Doubtful Debt							(590,642)	(895,857)
Amortisation (unallocated)							(2,164,974)	(1,665,492)
Loss on Impairment							(1,819,005)	(3,766,553)
Finance costs							(22,263)	(31,954)
Share of results of associate							(1,634,154)	(665,463)
Profit / (Loss) before tax							(3,196,345)	(6,135,364)
Income tax expense							(125,114)	(16,688)
Profit / (Loss) Loss for the period							(3,321,459)	(6,152,052)

*Notes : Results for previous year restated.

A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2007.

A11. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT QUARTER

There was no significant event arising in the period from 1 July 2008 to the date of this announcement, which will have a material effect on the financial results of the Group for the period under review.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review.

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A13. CONTINGENT LIABILITIES

There were no material contingent liabilities since the last annual balance sheet as at 31 December 2007.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at the date of this report.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS FOR THE MESDAQ MARKET

B1. REVIEW OF YEAR-ON-YEAR PERFORMANCE

For the half year ended 30 June 2008, the Group recorded revenue of RM14.51million, an improvement of 26.5% compared to RM11.47 million posted in the same period last year. The growth was broad base, covering both local and overseas sales as well as both the software and hardware divisions.

The Group registered an operating profit of RM3.03 million during the half year ended 30 June 2008, a significant improvement compared to RM0.87 million in the same period last year. After accounting for the provision for bad and doubtful debt, loss of overseas associates, impairment loss on investment in an associate and amortization of deferred development cost, totaling RM6.21 million (which are non-cash items), the Group registered a loss before tax of RM3.20 million. The corresponding period last year recorded loss before tax of RM6.14 million.

B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER

	Current Qtr 30.06.2008 RM'000	Preceding Qtr 31.03.2008 RM'000
Revenue	6,339	8,171
<i>Gross Profits</i>	5,359	6,298
<i>Gross Margin</i>	84.5%	77.1%
Operating Profit	877	2,157
Less : Bad & doubtful debts provision	(401)	(190)
Amortisation	(1,163)	(1,002)
Loss on Impairment in associate	(1,819)	-
Finance costs	(11)	(12)
Share of results of associate	(1,527)	(106)
(Loss)/Profit Before Tax	(4,044)	847

During the quarter ended 30 June 2008, the Group posted lower Revenue compared to the preceding quarter mainly due to lower hardware sales. Consequently, Gross Profit reduced to RM5.36 million compared to RM6.30 million in the previous quarter. The higher software & services revenue component had contributed to higher gross margin during the quarter under review.

Due to the loss on impairment on investment in associate and higher share of losses in the results of the same during the quarter, the Group registered a RM4.04 loss before tax during the reporting quarter, erasing the profit posted in the first quarter of 2008.

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B3. PROSPECTS

The Group is confident of the market acceptance of our new generation of leading edge e-business software solution, targeted for Group enterprises. The current sales order and pipeline had grown significantly compared to previous year. The Group had secured another multi-million ringgit deal with an established local major property developer.

However, the financial results of the Group may be adversely affected by the results of our overseas associate company.

B4. PROFIT FORECAST

The Group has not provided any profit forecast in any public documents for the current quarter under review.

B5. INCOME TAX EXPENSE

	Current Quarter	Cumulative Quarter
	3 months ended	6 months ended
	30.06.2008	30.06.2008
	RM	RM
Current tax	(97,784)	125,114
Deferred tax	-	-
	<u>(97,784)</u>	<u>125,114</u>

B6. PROFIT OR LOSS ON SALE OF INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments or properties during the current quarter under review.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the current quarter and financial year to date.

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B8. GROUP BORROWINGS AND DEBT SECURITIES

The total borrowings of the Group as at 30 June 2008 comprised of hire purchase liabilities amounting to RM 764,316 analyzed as follows:

	RM
Secured - due within 12 months	271,604
Secured - due after 12 months	492,712
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	764,316
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B9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group has no off-balance sheet financial instruments at the date of this announcement.

B10. MATERIAL LITIGATION

The Group does not have any material litigation, of which, in the opinion of the Directors, would have a material adverse effect on the financial results of the Group as at the date of this announcement.

B11. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 June 2008.

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B12. EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
<u>Earnings</u>				
(Loss) / Profit for the period	(3,945,877)	(5,180,362)	(3,321,460)	(6,039,842)
Less/(Add): Amount attributable to minority interest	37,805	(165,017)	(105,741)	(112,210)
(Loss)/Profit for the period attributable to shareholders of the Group	<u>(3,908,072)</u>	<u>(5,345,379)</u>	<u>(3,427,201)</u>	<u>(6,152,052)</u>
<u>Number of shares</u>				
Weighted average number of share in issue for basic earnings per share	286,702,000	286,674,067	286,702,000	286,128,667
Effect of dilutive potential ordinary shares on conversion of options under ESOS	-	395,245	-	395,245
Weighted average number of share in issue for diluted earnings per share	<u>286,702,000</u>	<u>287,069,312</u>	<u>286,702,000</u>	<u>286,523,912</u>
(Loss)/Profit per share (sen)				
- Basic	(1.36)	(1.81)	(1.20)	(2.11)
- Diluted	<u>(1.36)</u>	<u>(1.81)</u>	<u>(1.20)</u>	<u>(2.11)</u>

B13. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 26 August 2008.