EDUSPEC HOLDINGS BHD (646756-X)

The No.1 K12 IT Education Provider in Asia

Formerly known as Litespeed Education Technologies Berhad.

Level 2&3, Pacific Office Building, No. 18, Jalan Pemaju U1/15,
Hicom-Glenmarie Industrial Park, Section U1,
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel : 603-5569 0150 Fax : 603-5569 2864
Website : www.eduspec.com.my

EDUSPEC HOLDINGS BHD (646756-X)

ANNUAL REPORT 2011

EDUSPEC HOLDINGS BHD (646756-X)

The No.1 K12 IT Education Provider in Asia

Formerly known as Litespeed Education Technologies Berhad.

CONTENTS

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of **EDUSPEC HOLDINGS BERHAD** (Formerly known as LITESPEED EDUCATION TECHNOLOGIES BERHAD) (Company No.: 646756-X) will be held at Greens II Room, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 23 March 2011 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial period ended 30 September 2010 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees for the financial period ended 30 September 2010. **Resolution 2**

3. To re-elect the following Directors who are retiring under Article 80 of the Articles of Association:
   (i) Mr. Lim Beng Weh **Resolution 3**
   (ii) Dato' Mohd Ariff Bin Araff **Resolution 4**

4. To re-appoint Messrs. Crowe Horwath as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS:-

5. To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:

Ordinary Resolution **Resolution 6**
- **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

"**THAT** subject always to the approvals of the relevant authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time 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 to be issued does not exceed 10% of the issued share capital of the Company at the time of issue and the Directors are hereby further empowered to obtain approval for the listing of and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ANY OTHER BUSINESS:-

6. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965. **Resolution 7**

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
SIN MAY PENG (MAICSA 7018354)
Company Secretaries

Kuala Lumpur
Date: 1 March 2011

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING
(cont'd)

Notes:-

1. *A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.*

2. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

3. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*

4. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company Secretary's Office at 24-3, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

5. ***Explanatory Notes on Special Business***
   Resolution 6 pursuant to Section 132D of the Companies Act, 1965

   The Ordinary Resolution proposed under item 5, if passed will give the Directors of the Company from the date of the above Meeting, authority to allot and issue ordinary shares for the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

   As at the date of this Notice, 27,500,000 ordinary shares of RM0.10 each were issued pursuant to a mandate granted to the Directors at the last Annual General Meeting held on 22 October 2010 and which will lapse at the conclusion of the Seventh Annual General Meeting. The total proceeds of RM2,876,500-00 raised had been fully utilized in the following manner:

	RM
Proceeds from private Placements	*2,876,500*
Utilisations: -	
Overseas ventures	*(778,076)*
Investments	*(117,640)*
R & D	*(1,213,690)*
Working Capital	*(767,094)*
Total	*2,876,500*

   The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

STATEMENT ACCOMPANYING NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING

1. The Director who is standing for re-election at the Seventh Annual General Meeting of Eduspec Holdings Berhad are as follows:

   i. Mr. Lim Beng Weh
   ii. Dato' Mohd Ariff Bin Araff

   The profiles of the Directors who are standing for re-election is set out on page 7 of this Annual Report.

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial period ended 30 September 2010 are disclosed in the Corporate Governance Statement set out on page 15 of this Annual Report.

3. The details of the SEVENTH Annual General Meeting are as follows:

Date of Meeting	**Time of Meeting**	**Place of Meeting**
Wednesday, 23 March 2011	10.00 am	Greens II Room, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Een Hong	(CEO/ Director)
Lim Soon Seong	(Executive Director)
Lim Beng Weh	(Independent Non-Executive Director)
Datuk Yaacob Bin Wan Ibrahim	(Independent Non-Executive Director)
Dato' Mohd Ariff Bin Araff	(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman
Lim Beng Weh
(Independent Non-Executive Director)

Members
Datuk Yaacob Bin Wan Ibrahim
(Independent Non-Executive Director)

Dato' Mohd Ariff Bin Araff
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Chairman
Lim Beng Weh
(Independent Non-Executive Director)

Member
Datuk Yaacob Bin Wan Ibrahim
(Independent Non-Executive Director)

Dato' Mohd Ariff Bin Araff
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Chairman
Lim Beng Weh
(Independent Non-Executive Director)

Member
Datuk Yaacob Bin Wan Ibrahim
(Independent Non-Executive Director)

Lim Een Hong
(CEO/Director)

COMPANY SECRETARIES

Wong Youn Kim
(MAICSA 7018778)

Sin May Peng
(MAICSA 7018354)

REGISTERED OFFICE

24-3, Jalan Tun Sambanthan 3
50470 Kuala Lumpur
Tel: 2273 5260
Fax: 2273 5320

CORPORATE OFFICE

Level 2, Pacific Office Building,
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Hicome-Glenmarie Industrial Park
Section U1, 40150 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel: +60 3 5569 0150
Fax: +60 3 5569 0396
website: www.eduspec.com.my
Email : smchang@eduspec.com.my

AUDITORS

Crowe Horwath (AF 1018)
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Tel : 603-2166 0000
Fax : 603-2166 1000

SHARE REGISTRAR

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower,
Mid Valley Ciy, Lingkaran Syed Putra,
59200 Kuala Lumpuer
Malaysia
Tel : 603-2264 3883
Fax : 603- 2282 1886

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
United Overseas Bank Limited
(Singapore)

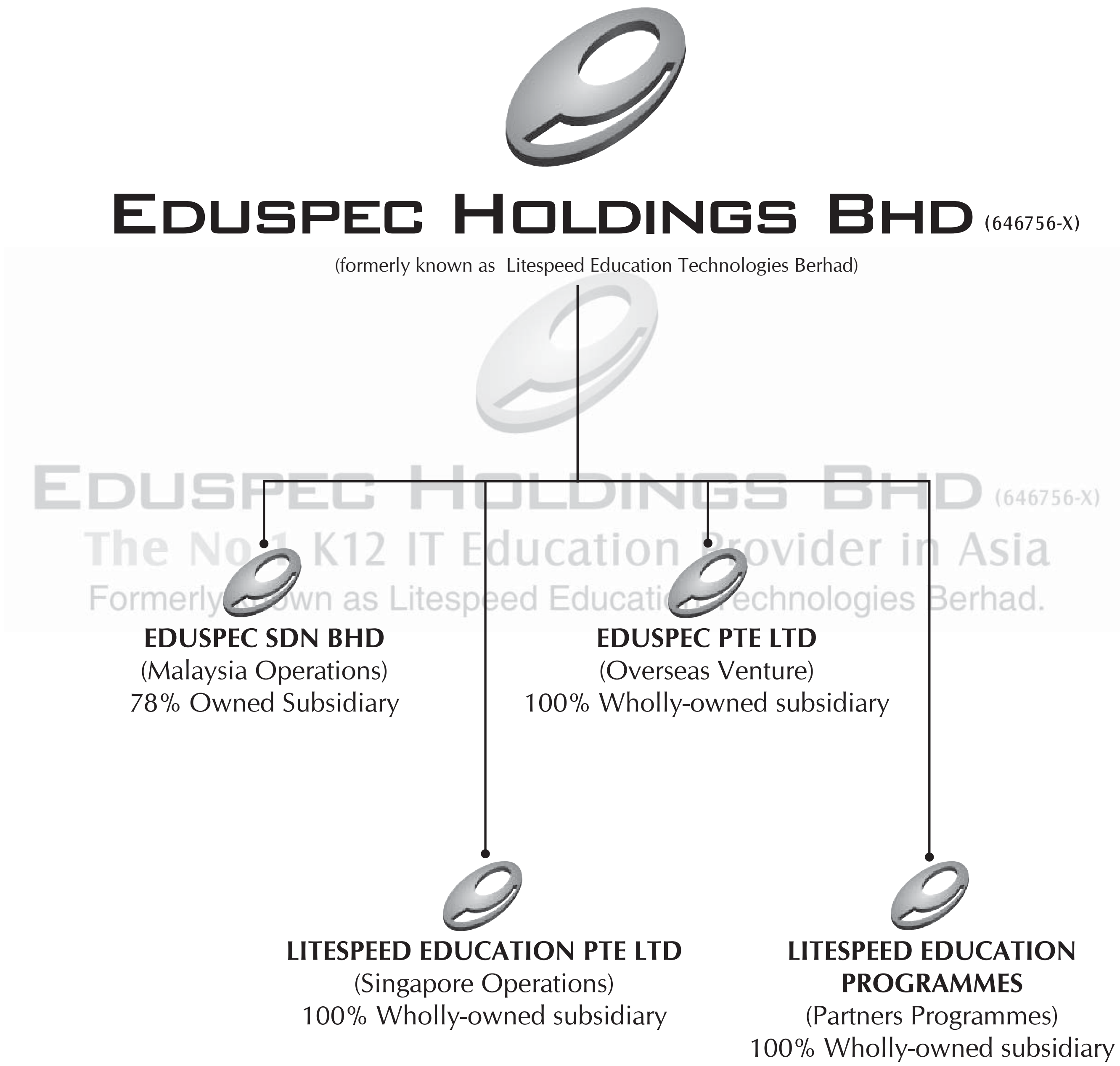
REGULARISATION SPONSOR

AmInvestment Bank Berhad
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 603-2036 2633
Fax : 603-2078 2842

STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia Securities Berhad
Stock Name : EDUSPEC
Stock Code : 0107

Group Corporate Structure as at 24 January 2011



DIRECTORS' PROFILE

LIM EEN HONG

Mr Lim Een Hong, age 43, is a director of Eduspec Sdn Bhd (ESB). He was appointed to the board of Eduspec Holdings Berhad (EHB) (fka Litespeed Education Technologies Berhad) on 18 March 2010.

Mr. Lim started his career as a litigation lawyer handling banking and civil litigation cases from 1992 to 1996. He was a partner of Eugene Tan & Co from 1994 to 1998 before setting up his own firm. He was a partner and founder of Messrs EH Lim, Lee & Partners, which was set up in 1998. Mr. Lim is exposed to property and land conveyancing transactions, property financing and land dealings. He has vast experience in land dealings negotiations, corporate restructuring, joint venture participation, acquisition, investment management and general corporate representation.

Since his debut into the education industry Mr Lim has endeavoured to bring more system and better quality programmes to the industry. At his initiative, the EHB Group is now working very closely with various multinational companies such as Microsoft, Acer and various MOE in the Southeast Asia region. He has also endeavoured to corroborate with other players in the industry to see a better growth in the qualitative aspects in the industry. Besides the Malaysian market, Mr Lim also actively collaborates with his counterparts in Singapore, Hong Kong, China, Indonesia, Thailand and Vietnam in seeking to establish regional market presence and to introduce various education programmes, products and services to these countries in the region.

Mr Lim is also the Independent Non-Executive Director of Ecofirst Consolidated Berhad.

LIM SOON SEONG

Mr Lim Soon Seong, age 46, is a director of Eduspec Sdn Bhd (ESB). He was appointed to the board of Eduspec Holdings Berhad (EHB) (fka Litespeed Education Technologies Berhad) on 18 March 2010.. He is an engineer by profession. After graduating in Mechanical Engineering from Singapore Polytechnic in 1986, he was in several attachments in production, product development and sales and marketing of electronics and electrical industries.

In 1996, he joined Grand-Flo Electronics System Sdn Bhd. There, he led the sales and marketing team in identifying and developing new accounts, strategising marketing and promotional activities such as seminars and exhibitions. One of his major focus was to identify and establish business alliances with consultants of ERP systems such as SAP, Baan, JD Edward, Oracle and Solomon. He was also involved in project scooping and project management and responsible for managing business partners and principals. Mr Lim was an Executive Director of Grand-Flo Solutions Berhad from October 2004 to May 2008.

With the potential growth and opportunities in the education industry, Mr Lim decided to utilise his project management and business alliance skills for the education market. Currently he is leading the business development of EHB Group in both Philippine and Indonesia of which he has identified and connected suitable working partners to promote and market various IT education programs, products and services.

On the home front, he is a key personnel responsible for working with government and government-linked corporations in marketing various IT education programs, products and services. He is also activity working with partners to penetrate this sector of business.

LIM BENG WEH

Lim Beng Weh, aged 50, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 30 July 2007 and is also Chairman of the Audit Committee of the Company. He graduated with a Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur in 1985. Subsequently, he pursued post-graduate education and was conferred a Master of Business Administration Degree by the University of Bath, United Kingdom in 1995. He is a member of the Malaysian Institute of Accountants and is also an associate chartered management accountant of the Chartered Institute of Management Accountants in United Kingdom.

He started out his career in public practice with a firm of accountants. He was subsequently appointed as Head of Finance and Chief Financial Officer of a couple of insurance companies between 1987 to 2004. He has been sitting on the Board of Directors of various investment holding companies since 2004 till current date.

DATUK YAACOB BIN WAN IBRAHIM

Datuk Yaacob Bin Wan Ibrahim, aged 62, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 30 July 2007. He graduated from the University of Malaya, Kuala Lumpur in 1971 with a Bachelor of Arts Degree in Economic and Malay Studies. Subsequently, he was conferred a Diploma in Education from University of Malaya, Kuala Lumpur in 1972 and a Diploma in Teaching English as a Second Language from Victoria University of Wellington,New Zealand in 1979. In 1990, he was awarded Masters of Education (Administration, Planning, and Social Policy) from Harvard University, Cambridge, Massachusetts, United States.

He has gained vast experience in the public sector and has served in schools, in the teaching training colleges, in the various departments and divisions of the Ministry of Education of Malaysia (MOE), and in the State Education Department. He was a Director for the Education Technology Division, Private Education Department of the MOE, and the State Education Department Wilayah Persekutuan Kuala Lumpur. During the period from 1995 to 1998, he was posted to Australia as a Director of Malaysian Students Department/Senior Consul at the Malaysian Consulate in Sydney. He is currently a fellow (Education) at the Institute of Strategic and International Studies (ISIS Malaysia).

DATO' MOHD ARIFF BIN ARAFF

Dato' Mohd Ariff bin Araff, aged 65, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 19 December 2008. He holds a Bachelor of Science (Hons.) from University of Brighton in United Kingdom, MIEM (Malaysia), P.Eng., MIEE, C. Eng. (United Kingdom), MIEEE (USA), SMP (Harvard), AMP (INSEAD), and DSNS, SPTJ.

He has extensive experience in Electric Utility Engineering and Management. He has worked in various capacities in Generation, Transmission and Distribution Divisions of Tenaga Nasional, the biggest electric utility in Malaysia. In the 32 years he has worked with Tenaga Nasional, he has completed many varied assignments in areas of Generation and Transmission Projects, Generation Operation, Utility Planning, Transmission and Distribution Management, IT Applications in Distribution Corporate Management, Research and Development and Commercialization of Research Products.

Retired from TNB in April 2000 as Managing Director/CEO of TNB Research and was reappointed as an Advisor to TNB Research on contract basis for two years and was appointed as a Director to the Board of TNB Research Sdn. Bhd. from 1997 until now. He is a member of ASEAN Working Group on Utility Standards as well as the Working Group on Research, Development and engineering. Internationally, he is a registered UNIDO Expert on Energy Audit and Energy Conservation and UNCTAD Expert on Power Generation and Transmission Equipments.

In 1998, he was appointed as a Board Member of Malaysia Energy Centre (Pusat Tenaga Malaysia- PTM) till now. Using his vast experiences in Power Engineering and Management, he helped to steer PTM to become a premier Power Research Institute. He was appointed Chairman of MIMOS Berhad, a premier government-owned R&D establishment for ICT since October 2000 until 30th December 2004. In 2002 while as Chairman of MIMOS, he was conferred the prestigious award SPTJ.

He is Co-Chairman of Doble International Engineering Committee (USA) for Transformers. He was once the President of TNB Senior Officers Association (a Trade Union) and currently holds several positions as Advisor/Chairman/Board Member of private corporations and banking institutions.

Additional information:
- Save for Mr. Lim Een Hong and Mr. Lim Soon Seong are siblings, none of the Director has any family relationship with any Director and/or major shareholder of the Company;
- none of the Director has any conflict of interest with the Company; and
- none of the Director has any conviction for offences within past 10 years other than traffic offences, if any.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I have the pleasure of presenting to you the Annual Report and the Audited Financial Statements of Eduspec Holdings Berhad and its subsidiaries for the financial period ended 30 September 2010 (5 months period from 1 May 2010 to 30 September 2010).

OVERVIEW

On behalf of the Board of Directors, I am proud to mention here that for the first time after so many years, the Company has turned around and recorded profit instead of loss.

As a general assessment of potential growth of the education industry, we have noted that governments around this region have been promoting the use of technologies and innovation in schools, be it for administration, teachers' training, or the teaching and learning experience for students in lab or classroom environment. More and more private and public schools are embarking on this trend of adopting technologies and innovations in teaching. We envisage that private corporation like Eduspec Group will play a significant role in fulfilling the needs of these customers under the concept of public and private partnerships in education, whereby private sector like us will be encouraged by the needs of the private and public schools to offer more products and services to these schools.

Strategies adopted last year to rebrand the Company and to diligently expand its' business outside of Malaysia and Singapore, are starting to see results. We have managed to work with strong local partners in Indonesia and Vietnam to offer our products and services in these respective countries, and we are actively seeking more partners in other countries as we strive to be the No. 1 K-12 education provider in technologies and innovations for private and public schools in Asia.

RESEARCH AND DEVELOPMENT

In line with our new strategy to expand the product range and services for the regional market, Eduspec Group have reinvested significantly in R&D. For the financial period ended 30 September 2010, there was capitalisation of R&D expenditure of RM288,329. The Company is committed to continue investing in R&D to further develop, enhance and improved on the range of educational products and services to serve better the needs of our customers.

FINANCIAL HIGHLIGHTS

For the financial period ended 30 September 2010, the Group recorded a consolidated revenue of RM13.58 million. For the financial period ended 30 September 2010, the Group recorded a consolidated profit before tax of RM2.27 million and a consolidated profit after tax of RM1.81 million.

DIVIDENDS

As at 24 January 2011, there was no dividend paid or proposed to be paid during the financial period ended 30 September 2010.

FUTURE PROSPECTS

The Management expects growth for the existing markets in Singapore and Malaysia as well as new markets in Indonesia, Vietnam, Philippines and China in line with our business strategy to expand our products and services to other countries in Asia.

The strength of our Company lies in our strong R&D teams and the good schools network in Singapore and Malaysia after the merger of the operation between Litespeed Education Singapore and Dynabook Group of Companies Malaysia.

New products and services developed by our R&D such as the Dynamice and Digital School have been offered to our existing customer schools in Malaysia and Singapore. And more new products are in the pipeline.

There is a great potential of exponential growth in new markets for our products and services. Huge business opportunities lie ahead and this has greatly encouraged the management to work tirelessly to secure more local partners in other countries.

ACKNOWLEDGEMENT AND APPRECIATION

The Board of Directors wishes to take this opportunity to thank our shareholders, customers, business associates, partners and the regulatory authorities for their ongoing support.

We would also like to thank the management and staff for their continued dedication and commitment to the vision and mission of the Group.

Finally, I wish to convey my gratitude to my fellow directors for their invaluable contributions and support.

Lim Een Hong
Chairman

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Eduspec Holdings Berhad recognizes the importance of Corporate Social Responsibility (CSR) towards education and community development. The Group is bonded together by a strong belief that our corporate philosophy is to be a caring company that has resulted in initiatives in the following areas:

(i) Equal Opportunity

We are an equal opportunity employer. There is no discrimination against employees regardless of race, religion, gender or culture. Our employees' growth, development and safety have always been our priority. Employees are provided with a safe and healthy environment with adequate medical benefits and insurance protection. Effective and continuous trainings are given to focus on the Employees' development and advancement.

(ii) Sustainability

We strive to constantly improve our e-learning products and services through our R&D programs while using Energy Efficiency methods; this is what makes us unique. In our Green Education, we continuously promote awareness, understanding and commitment to our customers, while reducing wastage and contributing substantially towards helping our environment.

(iii) Service to Community

As part of our goal to give back to society, we continuously contribute to charitable causes and maintain our support covering both Corporate and Employee involvement. We understand that local businesses and communities are closely linked and that we can have a significant impact on communities as a whole. EHB Group CSR Programmes focuses on contributing to these communities both through direct financial support and through the support of our partners and staff who take part in activities organised.

Our CSR programmes are directed at the disadvantaged community and educational establishments especially where children irrespective of race, culture or creed can benefit from our initiatives. Our support and the assistance would enable them to have better education to build better lives and future for themselves and society on the whole.

Donation of Work Books to Kindergartens

Between Aug to Dec 2010, Eduspec Group under its Kindergarten arm, Dynakids (M) Snd Bhd donated about 9000 Science and Math workbooks to 20 Kindergartens establishments . These workbooks are suitable for children of these age group which can be used as additional practice materials to encourage and create more interest in these disciplines.

The kindergartens which has received our contribution and expressed their gratitude are :

- Tadika Ikhlas
- Tadika Methodist Klang
- Tadika Aik Kuan Jenjarom
- Tadika Lovely Star
- Kids Retreat Care Centre
- Batu Belah Kindergarten
- Tadika Klang
- Tadika Sri Cemerlang
- Tadika Joy Kid
- Tadika Minda Harmoni
- Tadika Sri Bidadari
- Tadika Desa Cahaya
- Tadika Renai
- Tadika Wawasan Sahabat Sejati
- Tadika Twinkle
- Harmony Daycare and Enrichment Centre
- Tadika Pelita Ilham
- Tadika Cerdik Minda
- Al Razi Islamic English Kindergarten
- Tadika Nur Prisma.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT
(cont'd)

Donation of Educational Materials to Migrant Ministry Klang Refugee School (MMK)

On 13 November 2010 , Eduspec Holdings Berhad , donated outdoor play sets for the children among other items like furniture, books, T-shirts and teaching materials to Migrant Ministry Klang Refugee School.

Migrant Ministry Klang (MMK) is an alliance of Churches of different denominations in and around Klang town.

MMK mission is carried out by the spirit of volunteerism within their partner churches serving together to help among other areas, to provide tangible assistance to the communities who are in needs. MMK Refugee School is one of their initiatives.

As a token of appreciation, Eduspec was presented with a framed certificate by the MMK Refugee School.

Technology Awareness Initiatives at SMK Convent Klang School

On 12th Nov 2010 , Eduspec Holdings, through the support of our partners and staff, organized a presentation on IT learning to Form 1 and 2 students in relation to Microsoft Live@Edu.

Microsoft live @ Edu is the ultimate suite of applications – desktop, web-based or even goes mobile. It helps students to collaborate at school, and create a community that last a lifetime. By introducing Live@edu, it facilitates the shaping of future collaboration within unlimited online space.

This ICT learning was given free of charge and was done just before the school holidays started. There were quizzes after the presentation and prizes were given out to students who responded to the quizzes. At the end of the presentation, Eduspec was presented with a pewter plaque by the headmistress of SMK Convent Klang as a token of appreciation.

Sponsorship of Education Technology Equipment to Pejabat Pelajaran Daerah (PPD) Bangsar

Although there has been a strong push to get educational technology into the hands of teachers and students, many obstacles to implementation still exist. EHB , in this initiative , hopes to be able to help in creating more awareness on such technologies to the education community through PPD.

Eduspec sponsored e-classroom sets to be used for all their presentations. The appliances were mostly projectors, speakers, microphones, projector screen and electronic audio-visual tools.

AUDIT COMMITTEE REPORT

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee ("the Committee") currently comprises the following members:-

Chairman :	Lim Beng Weh	*(Independent Non-Executive Director)*
Members :	Datuk Yaacob Bin Wan Ibrahim	*(Independent Non-Executive Director)*
	Dato' Mohd Ariff Bin Araff	*(Independent Non-Executive Director)*

The composition of the Committee of the Group is in compliance with the Listing Requirements of Bursa Malaysia for the ACE Market.

2. TERMS OF REFERENCE

Composition of Audit Committee

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members a majority of whom shall be Independent Directors. All members of the audit committee should be non-executive directors.

The members of the Audit Committee shall elect a chairman from among their members who shall be an independent director. No alternate director shall be appointed as a member of the Audit Committee.

Qualification

At least one (1) member of the Audit Committee:-

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:

- he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- he/she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- fulfils such other requirement as prescribed by the Bursa Securities.

Meeting and Minutes

Meetings shall be held not less than four (4) times a year, and will normally be attended by the Chief Executive Officer, General Manager of Finance and other senior management, if necessary. The presence of external and/or internal auditors will be requested, if required. Other members of the Board and senior management may attend meetings upon the invitation of the Audit Committee. Both the internal and/or external auditors may request a meeting if they consider it to be necessary. The Audit Committee shall meet with the external auditors without executive board members present at least twice a year.

The Secretary to the Audit Committee shall be the Company Secretary. The Chairman of the Audit Committee shall report on each meeting to the Board.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

Responsibilities and Duties

In fulfilling its primary objectives, the Audit Committee undertakes, amongst others, the following responsibilities and duties:-

a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;

b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;

c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;

d) To review the following in respect of internal audit:-

   - adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
   - 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;
   - the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function.
   - review any appraisal or assessment of the performance of members of the internal audit function;
   - review and approve any appointment or termination of senior staff members of the internal audit function; and
   - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

e) To review the quarterly reporting to the Bursa Securities and year end annual financial statements of the Group before submission to the Board, focusing on:-

   - compliance with accounting standards and regulatory requirements;
   - any major changes in accounting policies;
   - significant and unusual items and events.

f) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

g) To consider the nomination and appointment of external auditors, as well as the audit fee;

h) To review any letter of resignation from the external auditors and any questions of resignation or dismissal;

i) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;

j) To verify that the allocation of options pursuant to the Employees' Share Options Scheme of the Company is in accordance with the criteria for allocation established under the scheme at the end of each financial year; and

k) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF ACTIVITIES

There were two (2) Audit Committee meetings held during the financial period ended 30 September 2010. The number of meetings attended by the Committee Members are as follows:-

	ATTENDANCE
Lim Beng Weh	1/2
Datuk Yaacob Bin Wan Ibrahim	2/2
Dato' Mohd Ariff Bin Araff	2/2

The main activities undertaken by the Committee were as follows :

- Reviewed the external auditors' audit plan for the financial period ended 30 September 2010;
- Reviewed the Group's compliance, in particular, the quarterly and year end financial statements with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant legal and regulatory requirements, before recommending them for the Board's approval;
- Reviewed the Internal Audit Reports on Financial controls and Human Resource Management of Dynabook Computer Centre (NS) Sdn Bhd;
- Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity (where applicable).

3. INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an independent professional consulting firm, CGRM Infocomm Sdn Bhd, which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The Audit Committee approves the internal audit plan tabled during the Audit Committee meeting during the financial year.

The fees paid to CGRM for the provision of internal audit services for the financial period ended 30 September 2010 was RM7,500.00.

The scope of internal audit covers the audits on risk management, internal control, governance and compliance activities of the Group. The review was carried out in conformance with the International Standards for the Professional Practices issued by the Institute of Internal Auditors.

The audit encompasses the review and assesses the risk management and governance structure of the Group and thereafter recommend improvements to the existing system of risk management, internal control and governance.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Eduspec Holdings Berhad is committed to a corporate culture that emphasises good corporate governance and practices throughout the Company and its subsidiaries ("the Group").

The Group will continue to endeavor to comply with all the key Principles and Best Practices of the Malaysian Code on Corporate Governance ("the Code") in its effort to observe high standards of transparency, accountability and integrity. The Group believes that good corporate governance will help to realise long-term shareholders value, whilst taking into account the interest of other stakeholders.

The Board is pleased to disclose below, a description of the application of the principles of good governance and the extent to which the Group has complied with the best practices advocated by the Code.

PRINCIPLES STATEMENT

1. DIRECTORS

a) The Board

The Board of Directors recognizes its responsibility for the Group's overall business strategy, growth and direction, overseeing the business conduct and financial performance and is in full control of the Group's activities.

b) Board Responsibilities

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the Management are aware and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

The Board has delegated certain responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee, as further discussed below.

c) Board Balance

As at the date of this statement, the Board comprises two (2) Executive Directors and three (3) Independent Non-Executive Directors. This is in compliance with Rule 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad for ACE Market which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The Board retains full control over the Company and monitors the Management. The Management has overall responsibility for the operational activities of the Group and implementation of the Board's policies and decisions. The Independent Non-Executive Directors play a pivotal role in incorporating accountability as they provided objective and independent views to the decision making process of the Board. The presence of the Independent Non-Executive Directors brings and additional element of check and balance to the Board.

Decision by the Board is done collectively without undue influence or dominance by any individual Director or group of Directors.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

The Non-Executive Directors also have the breadth and depth of experience to ensure that the strategies proposed by management are independently and objectively deliberated and examined, taking into account the interests of all stakeholders.

c) **Board Balance (cont'd)**

The presence of the Independent Non-Executive Directors on the Board provides unbiased and independent view, advice and judgement on various issues dealt with at the Board.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

Due to the size of the Board, the Board has not appointed a senior independent director to whom shareholders may voice their concerns. This task will be played by the Board as a whole.

The profiles of the Board members are as set out in this Annual Report on pages 6 to 7.

d) **Board Meeting**

The Board ordinarily meets at least four times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial period ended 30 September 2010, the Board met on Two (2) occasions where it deliberated upon and considered a variety of matters including the Group's financial results, strategic decisions and the direction of the Group.

Details of the attendance are as follows :

Directors	**Numbers of meetings held during the financial period**	**Number of meetings attended by Directors**
Lim Een Hong	2	2
Lim Soon Seong	2	2
Lim Beng Weh	2	1
Datuk Yaacob Bin Wan Ibrahim	2	2
Dato' Mohd Ariff Bin Araff	2	2

e) **Board Committees**

The Board of Directors delegates certain responsibilities to the Board Committees, namely the Audit Committee, the Nomination Committee, and the Remuneration Committee in order to enhance business and operational efficiency as well as efficacy. All the Board Committees have written terms of reference and the Board receives reports of their proceedings and deliberations, where relevant. The Chairman of various Committees reports to the Board the outcome of the Committee meetings and such reports are normally incorporated in the minutes of the full Board meetings.

f) **Appointment to the Board**

Nomination Committee ("The Committee")

(i) Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent.

As at the date of this report, the members of the Nomination Committee comprises of :

Chairman	:	Lim Beng Weh	*(Independent Non-Executive Director)*
Member	:	Datuk Yaacob Bin Wan Ibrahim	*(Independent Non-Executive Director)*
		Dato' Mohd Ariff Bin Araff	*(Independent Non-Executive Director)*

f) Appointment to the Board (cont'd)

(ii) Quorum

Two (2) members shall form a quorum for meetings provided that two (2) are independent Directors.

(iii) Chairman

The members of the Committee shall elect a Chairman from among their members who shall be Independent Director. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

(iv) Secretary

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

(v) Meetings and Minutes

- The Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary. The Nomination Committee met once during the financial period ended 30 September 2010.
- Minutes of meeting shall be recorded and kept.
- Questions arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

(vi) Scope of Responsibilities

- To review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- To identify and propose new nominees for appointment to the Board of Directors.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To recommend to the Board, Directors to fill the seats on Board Committees.
- To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
- To determine annually whether or not a Director is Executive, Non-Executive or Independent.
- To assess effectiveness of the Board and contribution by each Director to the effectiveness of the Board. During the financial year, the Nomination Committee has not conducted any assessments on directors' contribution and board effectiveness. These assessments will be undertaken in the following financial year.
- To recommend to the Board for continuation (or not) in service of executive Director (s) and Directors who are due for retirement by rotation.
- To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder.

(vii) Reporting Procedures

The actual decision as to who shall be appointed to the Board shall be the responsibility of the full Board after considering the recommendation of the Committee. The Nomination Committee shall report to the full Board for its consideration and implementation.

In accordance with the Company's Articles of Association, one third or nearest to one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire at each year are the Directors who have been longest in office since their appointment or re-election.

The Articles of Association also provide that all Directors except the Managing Director shall retire from their office and be eligible for re-election at least once in three (3) years. A retiring Director is eligible for re-election. The election of each Director is voted on separately.

f) Appointment to the Board (cont'd)

(vii) Reporting Procedures (cont'd)

The Articles of Association further provide that a managing director can be appointed for a fixed term which shall not exceed three (3) years.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Board of Directors, shall hold office only until the Annual General Meeting following his appointment and shall then be eligible for re-election.

To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in the Company for each Director standing for re-election are furnished in a separate statement accompanying the Notice of Annual General Meeting.

g) Supply of Information

The proceedings at each Board meeting and resolutions passed are duly minuted. These minutes are kept at the registered office of the Company. All Directors have access to the services and advice of the Company Secretary who ensures that all the statutory obligations as well as obligations arising from the listing rules of exchange or other regulatory requirement are met.

The Directors whether collectively or individually, have access to information within the Company in furtherance of their duties. This includes direct access to the senior management and internal auditor.

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. This is issued in advance to allow the Directors to have sufficient time to obtain further explanations, where it deemed necessary. The Chairman or other directors assigned by him is responsible that all the directors have full and timely access to Board papers containing information relevant to the business of the meeting. The Board papers include among others the following :

- Financial reports and review of the Group's operation;
- The Group's latest business development and any other matters arising; and
- Minutes of previous meetings.

Information provided to the Board goes beyond quantitative performance data to include other qualitative information such as major operational and financial issues. Where a potential conflict of interest may arise, the Director concerned will be required to declare his interest and abstained from decision making.

All Directors will have full access to the information and are entitled to obtain full disclosure by the management and advice or services from the Company Secretary or independent professional on matters that will be put forward to the Board for decision to ensure that they are being discussed and examined in an impartial manner that takes into account the long term interests of shareholders, employees, suppliers, customers and the public in which the group conduct its business.

h) Directors' Training

The Board, through the Nomination Committee, ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately.

All the Directors of the Company have completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad.

The Board has assessed the training needs of the Directors and encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their responsibility more effectively. All new directors are given a briefing of the Company's history, operations and performance.

Directors are encouraged to attend continuous education programmes and seminars to keep abreast of relevant changes in laws and regulations and the development in the industry.

During the financial period ended 30 September 2010, all the Directors have attended the briefings conducted by the Company Secretary and External Auditors pertaining to the updates on the Listing Requirements and Companies Act, 1965 and accounting standards.

The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.

2 DIRECTORS' REMUNERATION

Remuneration Committee ("The Committee")

a) Composition

The Committee shall be appointed by the Board from among the Directors of the Company consisting wholly or mainly of Non-Executive Directors.

As at the date of this report, the members of the Committee comprises of :

Chairman	:	Lim Beng Weh	*(Independent Non-Executive Director)*
Member	:	Datuk Yaacob Bin Wan Ibrahim	*(Independent Non-Executive Director)*
		Lim Een Hong	*(Executive Director)*

b) Quorum

Two (2) members shall form a quorum for meetings.

c) Chairman

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

d) Secretary

The Secretary to the Committee shall be the Company Secretary or any his representative of the Secretary.

e) Meetings and Minutes

- The Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary. The Remuneration Committee met once during the financial period ended 30 September 2010 to review the remuneration of the Directors.
- Minutes of meetings should be recorded and kept.
- Question arising shall be decided by a majority of votes and determination by a majority of members shall for all purposes be deemed a determination of the Committee.
- In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

f) Scope of Responsibilities

- To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.
- To recommend to the Board, guidelines for determining remuneration of Non-Executive Directors.
- To recommend to the Board any performance related pay schemes for Executive Directors.
- To review Executive Directors' scope of services contracts.
- To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions.

g) Reporting Procedures

- The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Committee.

- Executive Directors do not participate in discussion on their own remunerations.

- The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole.

- Level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully.

- Decisions and recommendations of the Committee shall be reported to the Board.

h) **Details of Directors' remunerations for the year financial period ended 30 September 2010 are as follows :**

Category	Fee RM	Salaries RM	Pension Costs-defined contribution plans RM	Total RM
Executive	-	110,000	13,716	123,716
Non-Executive	41,829	-	-	41,829
Total	41,829	110,000	13,716	165,545

The Directors, whose remuneration falls within the following bands are as follows :

Range	Executive	Non-Executive
Below RM50,000	0	3
RM50,000-RM200,000	2	0

3 RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

Dialogue with Investors

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:

(i) the Annual Report;

(ii) the various disclosures and announcements made to Bursa Malaysia Securities Berhad including the Quarterly Results and Annual Results; and

(iii) the website at www.eduspec.com.my which shareholders as well as members of the public are invited to access for the latest information on the Group.

General Meetings

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings is held as and when required.

4 ACCOUNTABILITY AND AUDIT

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors prior to submission to Bursa Malaysia Securities Berhad.

A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing section.

DIRECTORS RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year financial period ended 30 September 2010, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

4 ACCOUNTABILITY AND AUDIT (cont'd)

STATE OF INTERNAL CONTROLS

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines. The Statement on Internal Control is set out on pages 22 to 23 of this Annual Report.

RELATIONSHIP WITH AUDITORS

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee met with the external auditors to discuss their audit plan, audit findings and the financial statements. To this effect, the Audit Committee Chairman met the out-sourced Internal Audit service provider without the presence of Management during the financial year.

Both the external and internal auditors meet the Board at least once a year when the audited financial statements and internal audit reports are presented to the Directors. Annual appointment of the external auditors is through shareholders' resolution at the AGM on the recommendation of the Board. Re-appointment of the internal auditors is made by the Audit Committee's recommendation.

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee's terms of references as detailed on pages 11 to 13 of the Annual Report.

A summary of the activities of the Audit Committee during the financial year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 13 of the Annual Report.

OTHER DISCLOSURE REQUIREMENTS

1. UTILISATION OF PROCEEDS

Save for the RM15.275 million gross proceeds raised from its Initial Public Offering ("IPO") in connection with its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad (now known as ACE Market) in November 2005, which had been fully utilised in financial period ended 30 April 2009, there were no proceeds raised from any corporate proposal during the financial year 2010.

2. SHARE BUY-BACK

During the financial period ended 30 September 2010, the Group did not enter into any share buy-back transactions.

3. OPTIONS, WARRANTS, OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by the Group during the financial period ended 30 September 2010.

4. DEPOSITORY RECEIPT PROGRAMME

During the financial period ended 30 September 2010, the Group did not sponsor any depository receipt programme.

5. IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Group or its subsidiary, directors or management by the relevant regulatory bodies during the financial period ended 30 September 2010.

6. NON-AUDIT FEES

Non-audit fees paid to the external auditors, Messrs Crowe Horwath for the financial period ended 30 September 2010 was RM18,000.00.

7. VARIATION IN RESULTS

There was no material variance between the audited results for the financial period ended 30 September 2010 and unaudited results previously announced.

OTHER DISCLOSURE REQUIREMENTS (cont'd)

8. PROFIT FORECAST

The Company did not issue any profit forecast for the financial period ended 30 September 2010.

9. PROFIT GUARANTEE

The Group did not provide any profit guarantee in respect of the financial period ended 30 September 2010.

10. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary involving Directors' and substantial shareholders' interest either still subsisting as at September 2010 or entered into since the end of the previous financial year.

11. REVALUATION OF LANDED PROPERTIES

The Group did not have a revaluation policy on landed properties for the financial period ended 30 September 2010 as the Group did not own any landed properties.

12. COMPLIANCE STATEMENT

The Group has complied with most of the Best Practices of corporate governance set out in Part 2 of the Code, except for the following :

Appointment of a Senior Independent Non-Executive Director to whom concerns may be conveyed has not been made as the Board is of the opinion it is sufficient that the Chairman normally encourages full discussion and deliberation by all Directors during Board meetings.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Eduspec Holdings Bhd ("the Board") is pleased to present the Statement of Internal Control of the Group. It is made in accordance with the Malaysia Code on Corporate Governance and para 15.27(b) of Bursa Malaysia Securities Berhad Listing Requirements which requires Malaysian Public Listed Companies to make a statement about their state of internal control, as a Group, in their annual report.

RESPONSIBILITIES

The Board acknowledges its overall responsibility for the internal control system to cover the financial, compliance and operational controls of the Group. The Board also recognises its responsibility for reviewing the adequacy and integrity of the system of internal control to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board recognises its responsibility over the principal risks of various aspects of the Group's businesses and it is crucial to achieve a critical balance between risks incurred and potential returns. There is no formal framework established for risk assessment but risks are usually discussed during the ad-hoc marketing and monthly management meetings by way of business strengths, weaknesses, opportunities and threats (SWOT) analysis to assess the performance of operating units, identify new challenges resulting from changes in the business development, industry and overall business environment and formulate appropriate action plans.

The Board, throughout the period under review, also has evaluated and managed the significant risks faced by the Group through quarterly updates provided by Management and through monitoring of the Group's operational efficiency and profitability at its Board Meetings.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional firm. CGRM supports the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

The annual internal audit work plan which reflects the identified risks of the Group's major business sectors was reviewed and approved by the Audit Committee. The scope of the CGRM's function covered the audit and review of governance, risk assessment, compliance, operational and financial controls of the Group's business units and operations.

In assessing the adequacy and effectiveness of the system of internal control and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by Management to rectify those issues.

CGRM refers to the Guidelines on the Internal Audit Function issued by The Institute of Internal Auditors Malaysia, the Standards for the Professional Practice of Internal Auditing (SPPIA) and the Code of Ethics issued by The Institute of Internal Auditors Inc.

KEY PROCESSES

The Board confirms that there was an ongoing process for identifying, evaluating and managing significant risks of the Group for the financial year under review. The Board has assigned to the Audit Committee the duty of reviewing and monitoring the effectiveness of the Group's internal control system.

The embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the underlying control environment, control process, communication and monitoring systems.

The Group's key internal control processes were assessed based on the principles of COSO (Committee of Sponsoring Organisations of the Treadway Commission) as follows:

The organisational structure has positive tone and good leadership as well as defined lines of responsibility, delegation of authority, segregation of duties.

There is adequate upper level managerial support wherein the Management team is cohesive and complements each other in terms of skills and experience.

Procedural guidelines for key functions are in the midst of establishment. Upon finalisation, they shall be communicated to all levels of the organisation for implementation.

The functional limits of authority for revenue and capital expenditure for all operating units are by default of positions. These are in the process of being formalised to facilitate approval processes whilst keeping potential exposures in check.

Frequent information sharing (upwards, downwards and lateral) between Management and employees is maintained for proper attention and further action.

Pertinent information is identified, captured and utilised at all levels of the Group. These are distributed in a form and time frame that supports the achievement of financial reporting objectives.

Close independent appraisals by Management, Audit Committee, internal and external auditors ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls. Frequent monitoring of performance is undertaken to identify major variances and Management action taken.

CONCLUSION

Management will continue to take measures and maintain an ongoing commitment to strengthen the Group's control environment and processes. During the financial year, there were no material losses caused by the breakdown in internal controls.

It should be appreciated that the system of internal control only provide reasonable assurance in managing business risks rather than eliminating them and there is no absolute assurance towards material misstatement or loss.

This statement was made in accordance with a resolution of Board dated 24 January 2011.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of Eduspec Holdings Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 1 May 2010 to 30 September 2010.

CHANGE OF ACCOUNTING YEAR END

The Company changed its accounting year end from 30 April to 30 September.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the development and provision of e-learning products and educational services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit/(Loss) after taxation for the financial period	1,810,366	(1,884,860)
Attributable to:-		
Owners of the Company	1,062,711	(1,884,860)
Minority interests	747,655	-
	1,810,366	(1,884,860)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial period.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial period,

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM27,500,000 to RM31,810,000 by:

  i) the issuance of year 1 performance shares of 15,600,000 of RM0.10 each at par;

  ii) the allotment of 16,000,000 ordinary shares of RM0.10 each at par for the purpose of working capital and were issued for cash consideration; and

  iii) the allotment of 11,500,000 ordinary shares of RM0.10 each at an issue price of RM0.111 for the purpose of working capital and were issued for cash consideration.

  The new shares were rank pari passu in all respects with the existing shares of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period.

DIRECTORS' REPORT (cont'd)

DIRECTORS

The directors who served since the date of the last report are as follows:-

LIM BENG WEH
DATUK YAACOB BIN WAN IBRAHIM
DATO' MOHD ARIFF BIN ARAFF
LIM EEN HONG
LIM SOON SEONG

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares in the Company and its related corporations during the financial period are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.5.2010	**BOUGHT**	**SOLD**	**AT 30.9.2010**
THE CORPORATE SHAREHOLDER - VICTORY SOLUTIONS (M) SDN. BHD. ("VSM")				
DIRECT INTEREST				
LIM EEN HONG	55,000	-	-	55,000
THE COMPANY				
INDIRECT INTEREST				
LIM EEN HONG	137,000,000	15,600,000	-	152,600,000

By virtue of his shareholding in a corporate shareholder, Lim Een Hong is deemed to have interests in shares in the Company and its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial period did not have any interest in shares in the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial period was the Company or its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events of the Group and of the Company during the financial period are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 24 JANUARY 2011

Lim Een Hong

Lim Soon Seong

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

We, Lim Een Hong and Lim Soon Seong, being two of the directors of Eduspec Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 31 to 75 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 September 2010 and of their results and cash flows for the financial period ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 24 JANUARY 2011

Lim Een Hong **Lim Soon Seong**

STATUTORY DECLARATION

I, Lim Een Hong, I/C No. 670728-04-5467 being the director primarily responsible for the financial management of Eduspec Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 75 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
Lim Een Hong, I/C No. 670728-04-5467
at Kuala Lumpur in the Federal Territory
on this 24 January 2011

Lim Een Hong

Before me

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUSPEC HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Eduspec Holdings Berhad, which comprise the statements of financial position as at 30 September 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 75.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2010 and of their financial performance and cash flows for the financial period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 16(f) is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUSPEC HOLDINGS BERHAD (Incorporated in Malaysia) (cont'd)

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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

James Chan Kuan Chee
Approval No: 2271/10/11 (J)
Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2010

	NOTE	30.9.2010 RM	30.4.2010 RM
ASSETS			
NON-CURRENT ASSETS			
Equipment	6	4,931,936	5,431,068
Intangible assets	7	3,135,733	2,201,922
Goodwill on consolidation	8	292,853	292,853
		8,360,522	7,925,843
CURRENT ASSETS			
Inventories	9	1,182,696	1,274,298
Trade receivables	10	3,551,029	3,072,056
Other receivables, deposits and prepayments	11	1,438,356	1,656,768
Amount owing by corporate shareholder	13	-	300,000
Tax recoverable		569,236	587,763
Fixed deposits with licensed banks	14	1,422,436	1,440,254
Cash and bank balances		2,959,892	1,800,870
		11,123,645	10,132,009
TOTAL ASSETS		19,484,167	18,057,852
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	31,810,000	27,500,000
Reserves	16	(21,019,935)	(20,551,388)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		10,790,065	6,948,612
MINORITY INTERESTS		3,590,363	2,842,708
TOTAL EQUITY		14,380,428	9,791,320
NON-CURRENT LIABILITIES			
Hire purchase payables	17	2,378	13,321
Deferred taxation	18	591,298	301,301
		593,676	314,622
CURRENT LIABILITIES			
Trade payables	19	335,241	664,066
Other payables and accruals	20	3,000,234	4,878,000
Amount owing to corporate shareholder	13	-	414,950
Amount owing to a director	21	-	142,812
Hire purchase payables	17	32,285	35,790
Bank overdrafts	22	1,034,968	1,800,259
Provision for taxation		107,335	16,033
		4,510,063	7,951,910
TOTAL LIABILITIES		5,103,739	8,266,532
TOTAL EQUITY AND LIABILITIES		19,484,167	18,057,852

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010

	NOTE	1.5.2010 to 30.9.2010 RM	1.10.2009 to 30.4.2010 RM
REVENUE	23	13,582,451	12,925,193
COST OF SALES		(7,302,148)	(8,400,520)
GROSS PROFIT		6,280,303	4,524,673
OTHER INCOME		1,446,607	247,872
		7,726,910	4,772,545
ADMINISTRATIVE EXPENSES		(3,738,554)	(4,427,452)
SELLING AND DISTRIBUTION EXPENSES		(1,343,086)	(1,292,789)
OTHER EXPENSES		(339,363)	(10,529,800)
FINANCE COSTS		(35,066)	(49,466)
PROFIT/(LOSS) BEFORE TAXATION	24	2,270,841	(11,526,962)
INCOME TAX EXPENSE	25	(460,475)	181,035
PROFIT/(LOSS) AFTER TAXATION		1,810,366	(11,345,927)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
- FOREIGN CURRENCY TRANSLATION		(97,758)	109,717
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANICAL PERIOD		1,712,608	(11,236,210)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:			
Owners of the Company		1,062,711	(11,239,006)
Minority interests		747,655	(106,921)
		1,810,366	(11,345,927)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:			
Owners of the Company		964,953	(11,129,289)
Minority interests		747,655	(106,921)
		1,712,608	(11,236,210)
EARNINGS/(LOSS) PER SHARE (SEN)			
- Basic	26	0.35	(5.33)
- Diluted	26	0.33	N/A

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010

		← NON-DISTRIBUTABLE RESERVES				→				
	SHARE CAPITAL RM	SHARE PREMIUM RM	REVERSE ACQUISITION RESERVE RM	CAPITAL REDEMPTION RESERVE RM	CONTINGENT CONSIDERATION RESERVE RM	FOREIGN EXCHANGE TRANSLATION RESERVE RM	RETAINED PROFITS/ (ACCUMULATED LOSS) RM	TOTAL RM	MINORITY INTERESTS RM	TOTAL RM
Balance at 1.10.2009	4,500,000	1,400,000	-	703,000	-	-	5,970,079	12,573,079	174,451	12,747,530
Adjustment arising from reverse acquisition	23,000,000	(311,111)	(18,570,000)	(156,222)	2,850,000	-	(1,332,066)	5,480,601	2,799,399	8,280,000
Total comprehensive expenses for the financial period	-	-	-	-	-	109,717	(11,239,006)	(11,129,289)	(106,921)	(11,236,210)
Acquisition of additional equity interest in a subsidiary	-	-	-	-	-	-	24,221	24,221	(24,221)	-
Balance at 30.4.2010/1.5.2010	27,500,000	1,088,889	(18,570,000)	546,778	2,850,000	109,717	(6,576,772)	6,948,612	2,842,708	9,791,320
Issuance of shares	2,750,000	126,500	-	-	-	-	-	2,876,500	-	2,876,500
Realisation pursuant to performance shares consideration	1,560,000	-	-	-	(936,000)	-	(624,000)	-	-	-
Total comprehensive income for the financial period	-	-	-	-	-	(97,758)	1,062,711	964,953	747,655	1,712,608
Balance at 30.9.2010	31,810,000	1,215,389	(18,570,000)	546,778	1,914,000	11,959	(6,138,061)	10,790,065	3,590,363	14,380,428

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010

	NOTE	1.5.2010 to 30.9.2010 RM	1.10.2009 to 30.4.2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		2,270,841	(11,526,962)
Adjustments for:-			
Allowance for slow-moving inventories		-	143,300
Amortisation of intangible assets		182,180	219,970
Depreciation of equipment		891,595	1,213,182
Equipment written off		2,286	43,040
Impairment loss on goodwill		-	7,775,493
Impairment loss on intangible assets		-	1,794,561
Impairment loss on receivables		28,401	37,473
Interest expense		35,066	49,466
Inventories written off		21,522	135
Gain on disposal of equipment		(933)	(16,890)
Interest income		(10,434)	(25,558)
Writeback of impairment loss on receivables		(33,905)	-
Operating profit/(loss) before working capital changes		3,386,619	(292,790)
Decrease in inventories		70,080	48,953
(Increase)/Decrease in trade and other receivables		(249,457)	2,775,269
Decrease in trade and other payables		(2,310,088)	(1,105,355)
CASH FROM OPERATIONS		897,154	1,426,077
Interest paid		(35,066)	(49,466)
Income tax paid		(60,731)	(248,951)
NET CASH FROM OPERATING ACTIVITIES		801,357	1,127,660
CASH FLOWS FOR INVESTING ACTIVITIES			
Acquisition of subsidiaries	27	-	231,251
Addition of intangible assets		(1,115,991)	(881,706)
Interest received		10,434	25,558
Proceeds from disposal of equipment		10,767	26,431
Purchase of equipment		(404,509)	(1,775,977)
Repayment from a corporate shareholder		300,000	-
NET CASH FOR INVESTING ACTIVITIES		(1,199,299)	(2,374,443)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES			
Issuance of shares		2,876,500	-
Repayment to a corporate shareholder		(414,950)	-
Repayment to a director		(142,812)	(16,000)
Repayment of hire purchase payables		(14,448)	(19,783)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		2,304,290	(35,783)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,906,348	(1,282,566)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		1,440,865	2,731,498
EFFECT ON FOREIGN EXCHANGE		147	(8,067)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	28	3,347,360	1,440,865

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

STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2010

	NOTE	30.9.2010 RM	30.4.2010 RM
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	5	17,467,642	17,350,237
Equipment	6	19,092	21,332
		17,486,734	17,371,569
CURRENT ASSETS			
Trade receivables	10	-	9,580
Other receivables, deposits and prepayments	11	25,087	21,962
Amount owing by subsidiaries	12	834,230	-
Tax recoverable		134,375	134,375
Cash and bank balances		156,275	9,966
		1,149,967	175,883
TOTAL ASSETS		18,636,701	17,547,452
EQUITY AND LIABILITY			
EQUITY			
Share capital	15	31,810,000	27,500,000
Reserves	16	(15,083,482)	(11,765,122)
TOTAL EQUITY		16,726,518	15,734,878
CURRENT LIABILITIES			
Other payables and accruals	20	400,771	829,098
Amount owing to subsidiaries	12	1,509,412	983,476
TOTAL LIABILITY		1,910,183	1,812,574
TOTAL EQUITY AND LIABILITY		18,636,701	17,547,452

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010

	NOTE	1.5.2010 to 30.9.2010 RM	1.5.2009 to 30.4.2010 RM
REVENUE	23	-	23,950
COST OF SALES		-	(158,639)
GROSS LOSS		-	(134,689)
OTHER INCOME		657	236,085
		657	101,396
ADMINISTRATIVE EXPENSES		(1,128,095)	(1,787,213)
SELLING AND DISTRIBUTION EXPENSES		(8,696)	(102,000)
OTHER EXPENSES		(748,726)	(10,340)
LOSS BEFORE TAXATION	24	(1,884,860)	(1,798,157)
INCOME TAX EXPENSE	25	-	-
LOSS AFTER TAXATION/TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD/YEAR		(1,884,860)	(1,798,157)
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD/YEAR ATTRIBUTABLE TO:			
Owners of the Company		(1,884,860)	(1,798,157)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010

	SHARE CAPITAL RM	SHARE PREMIUM RM	CONTINGENT CONSIDERATION RESERVE RM	ACCUMULATED LOSSES RM	TOTAL RM
Balance at 1.5.2009	13,800,000	10,355,070	-	(23,172,035)	983,035
Issuance of shares	13,700,000	-	-	-	13,700,000
Reserves arising from acquisition of subsidiaries	-	-	2,850,000	-	2,850,000
Total comprehensive expenses for the financial year	-	-	-	(1,798,157)	(1,798,157)
Balance at 30.4.2010/1.5.2010	27,500,000	10,355,070	2,850,000	(24,970,192)	15,734,878
Issuance of shares	2,750,000	126,500	-	-	2,876,500
Realisation pursuant to performance shares consideration	1,560,000	-	(936,000)	(624,000)	-
Total comprehensive expenses for the financial period	-	-	-	(1,884,860)	(1,884,860)
Balance at 30.9.2010	31,810,000	10,481,570	1,914,000	(27,479,052)	16,726,518

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010

	NOTE	1.5.2010 to 30.9.2010 RM	1.5.2009 to 30.4.2010 RM
CASH FLOWS FOR OPERATING ACTIVITIES			
Loss before taxation		(1,884,860)	(1,798,157)
Adjustments for:-			
Depreciation of equipment		5,400	10,340
Impairment loss on receivables		566,377	-
Unrealised loss on foreign exchange		176,949	-
Writeback of impairment loss on receivables		-	(236,085)
Operating loss before working capital changes		(1,136,134)	(2,023,902)
Decrease/(Increase) in trade and other receivables		6,455	(9,580)
(Decrease)/Increase in other payables		(428,327)	395,984
CASH FOR OPERATIONS		(1,558,006)	(1,637,498)
Income tax paid		-	(71,531)
NET CASH FOR OPERATING ACTIVITIES		(1,558,006)	(1,709,029)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Additional investment in subsidiaries		(117,405)	(234)
Purchase of equipment		(3,160)	(13,670)
(Advances to)/Repayment from subsidiaries		(1,577,556)	236,085
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,698,121)	222,181
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from subsidiaries		525,936	983,476
Proceeds from issuance of shares		2,876,500	-
NET CASH FROM FINANCING ACTIVITIES		3,402,436	983,476
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		146,309	(503,372)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		9,966	513,338
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	28	156,275	9,966

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	No. 24-3, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur.
Principal place of business	:	Level 2, Pacific Office Building, No. 18, Jalan Pemaju U1/15, Hicom-Glenmarie Industrial Park, Section U1, 41050 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 January 2011.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the development and provision of e-learning products and educational services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF ACCOUNTING

(a) Basis of Preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

3. BASIS OF ACCOUNTING (cont'd)

(a) Basis of Preparation (cont'd)

(a) During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments) (cont'd):-

FRSs and IC Interpretations (including the Consequential Amendments)

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial period.

(ii) FRS 101 (Revised) 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 Group has elected to present this statement as one single statement.

The revised standard also 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 in the statement of comprehensive income as other comprehensive income.

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 statement.

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

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

3. BASIS OF ACCOUNTING (cont'd)

(a) Basis of Preparation (cont'd)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosure	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvement to FRSs (2010)	1 January 2011

(c) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial period but may impact the accounting for future transactions or arrangements.

3. BASIS OF ACCOUNTING (cont'd)

(a) Basis of Preparation (cont'd)

(c) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:- (cont'd)

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial period but may impact the accounting its future transactions or arrangements.

(b) Reverse Acquisition

On 1 March 2010, the Company acquired a 77.78% equity interest in Eduspec Sdn. Bhd. ("ESB") for a total purchase consideration of RM17,350,000. The purchase consideration was satisfied as follows:

(i) a total cash consideration of RM800,000;

(ii) the issuance of 137,000,000 ordinary shares of RM0.10 each at par by the Company for a consideration of RM13,700,000; and

(iii) the issuance of performance shares up to 47,500,000 ordinary shares of RM0.06 each by the Company for a consideration of RM2,850,000, if subsequent profitability is achieved by ESB in the financial year ended 30 September 2009 and for the financial years ending 30 September 2010 and 2011 as laid out in the Share Sale Agreements.

Upon completion of the acquisition, the Company became the legal holding company of ESB whereas the former shareholders of ESB to whom the 137,000,000 shares were allotted became the majority shareholders of the Company. In accordance with FRS 3 Business Combinations, the substance of such business combination between the Company and ESB constituted a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be ESB (the legal subsidiary) and the Company (the holding company).

Under the reverse acquisition accounting, the consolidated financial statements, although issued under the name of the legal holding company, the Company, represent a continuation of the financial statements of the legal subsidiary, ESB. Accordingly, the consolidated financial statements set out on pages 31 to 34 together with the notes thereto cover ESB (as the accounting acquirer) and the Company (as the accounting acquiree) together with their other subsidiaries. The comparative amounts of the Group represent a seven-month period from 1.10.2009 to 30.4.2010 to coincide with the Company's financial year end. Following the completion of reverse acquisition in the last financial period, the Company changed its financial year end from 30 April to 30 September to be coterminous with the financial year end of ESB. That is, the reporting period of the Group and of the Company have been presented for a five-month period from 1 May 2010 to 30 September 2010.

The reverse acquisition accounting does not apply in the separate financial statements of the Company set out on pages 35 to 38 together with the notes thereto. As the Company changed its financial year end, the reporting period of the Company is the same with that of the Group. The comparative amount of the Company cover a one year period ended 30 April 2010.

Therefore, the comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes of the Group and of the Company are not entirely comparable.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives therefore future amortisation charges could be revised.

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. 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 the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates and Judgements (cont'd)

(vii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

All business combinations are accounted for using the purchase method which requires the identification of an acquirer for accounting purposes. As explained in Note 3(b) to the financial statements, the Group adopts the reverse acquisition accounting in preparing the consolidated financial statements which incorporate the financial statements of Eduspec Sdn. Bhd. (as the accounting acquirer) and the Company together with its other subsidiaries (as the accounting acquiree).

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with minority interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests in recognised directly in equity.

(c) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets, liabilities and contingent liabilitiies of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the Group operates which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

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

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

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

Financial instruments are offset when the Group 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- *Financial Assets at Fair Value Through Profit or Loss (cont'd)*

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(f) Equipment

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

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	20%
Office equipment, furniture and fittings	10% - 33.33%
Computers, software and peripherals	20% - 50%
Educational tools	20% - 33.33%
Renovation	10% - 33.33%
Electrical installation	10% - 20%

Capital work-in-progress represents assets under construction which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and will be transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Equipment (cont'd)

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

(g) Intangible Assets

(i) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that cost incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits.

Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

(ii) Licence Fee

The licence fee is stated at cost less accumulated amortisation and impairment losses, if any.

The licence fee is amortised on a straight-line basis and the principal amortisation rates used for this purpose is 20%.

In the event that the expected future economic benefits are no longer probable of being recovered, the licence fee is written down to its recoverable amount.

(h) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period 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. 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 financial asset's original effective interest rate.

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 cost (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 decreases 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 carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(j) Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(f) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(m) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(n) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are recognised in profit or loss in the period in which they incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short- term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(q) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(vi) the party is a close member of the family of any individual referred to in (i) or (iv);

(vii) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(r) Operating Segments

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Revenue Recognition

(i) *Sale of Goods*

Sales are recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

(ii) *School Fees and Services*

School fees and services are recognised upon rendering of services and when the outcome of the transactions can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) *Deferred Income*

Revenue invoiced in advance is deferred and recognised as revenue upon provision of the service.

(iv) *Rental Income*

Rental income is recognised on an accrual basis.

(v) *Interest Income*

Interest income is recognised on an accrual basis.

(vi) *Management Fee*

Management fee is recognised on an accrual basis.

(vii) *Royalty Income*

Royalty income is recognised on an accrual basis.

5. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	30.9.2010 RM	30.4.2010 RM
Unquoted shares, at cost		
At 1.5.2010/2009	30,862,078	13,511,844
Addition during the financial period/year	117,405	17,350,234
	30,979,483	30,862,078
Accumulated impairment losses	(13,511,841)	(13,511,841)
At 30.9.2010/30.4.2010	17,467,642	17,350,237
Accumulated impairment losses:-		
At 1.5.2010/2009	(13,511,841)	(13,511,841)
Impairment loss for the financial period/year	-	-
At 30.9.2010/30.4.2010	(13,511,841)	(13,511,841)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 30.9.2010 %	Effective Equity Interest 30.4.2010 %	Principal Activities
Direct Subsidiaries:-				
Litespeed Education Pte. Ltd.*	Singapore	100	100	Provision of educational services.
Eduspec Pte. Ltd.*	Singapore	100	100	Provision of IT consultancy activities, IT development and other IT and computer related services.
Litespeed Education Programmes Sdn. Bhd.	Malaysia	100	100	Provision of educational services.
Eduspec Sdn. Bhd.	Malaysia	77.78	77.78	Investment holding.
Held by Eduspec Sdn. Bhd.:-				
Dynabook Computer Centre (Perak) Sdn. Bhd.	Malaysia	72.08	72.08	Providing computer training and trading in computer and computer peripherals.
Dynabook Computer Centre (Melaka) Sdn. Bhd.	Malaysia	64.30	64.30	Providing child enrichment programs.
Dynabook Computer Centre (Sarawak) Sdn. Bhd.	Malaysia	77.78	77.78	Providing computer training and trading in computer and computer peripherals.
Dynabook Computer Centre (Kedah) Sdn. Bhd.	Malaysia	77.78	77.78	Providing child enrichment programs.
Dynabook Computer Centre (Penang) Sdn. Bhd.	Malaysia	77.78	77.78	Providing computer training and trading in computer peripherals.
Dynabook Computer Centre (Pantai Timur) Sdn. Bhd.	Malaysia	70.41	70.41	Providing child enrichment programs.
Held by Eduspec Sdn. Bhd.:-				
Dynabook Computer Centre (M) Sdn. Bhd.	Malaysia	77.78	77.78	Providing computer course, trading and renting of computers, educational software and books.
DGB Education Sdn. Bhd.	Malaysia	77.78	77.78	Trading and development of educational software, technical books and computer courses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 30.9.2010 %	Effective Equity Interest 30.4.2010 %	Principal Activities
Held by Eduspec Sdn. Bhd.:- (cont'd)				
Creative Educare (M) Sdn. Bhd.	Malaysia	77.78	77.78	Marketing and operating of robotics for school program and other related enrichment program.
Open Academic Systems Sdn. Bhd.	Malaysia	77.78	77.78	Providing research and develop educational software and technical books.
Digital IT Solutions Sdn. Bhd.	Malaysia	77.78	77.78	Trading in computer and peripherals, and technical maintenance support activities.
Time Communication Partners Sdn. Bhd.	Malaysia	75.45	75.45	Investment holding.
Dynakids Sdn. Bhd.	Malaysia	77.78	77.78	Provision and operation of IT learning for the pre-school market and related activities.
DES Sdn. Bhd.	Malaysia	77.78	70.00	Research and development of courseware on robotics for schools program and other related enrichment program.
Held by Eduspec Sdn. Bhd.:-				
Dynabook Computer Centre (N.S.) Sdn. Bhd.	Malaysia	77.78	77.78	Providing computer training and trading in computer peripherals.
Time IT In E (N.S.) Sdn. Bhd.	Malaysia	77.78	77.78	Providing computer training and trading in computer peripherals.
Dynabook Computer Centre (Sabah) Sdn. Bhd.	Malaysia	77.78	77.78	Providing computer training and trading in computer peripherals.
Time IT In E (Sabah) Sdn. Bhd.	Malaysia	77.78	77.78	Distribution of information technology related products.

Notes:-

* not audited by Messrs. Crowe Horwath

6. EQUIPMENT

THE GROUP	AT 1.5.2010 RM	ADDITIONS RM	DISPOSALS RM	CURRENCY TRANSLATION DIFFERENCES RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	AT 30.9.2010 RM
NET BOOK VALUE							
Motor vehicles	155,651	-	-	-	-	(26,505)	129,146
Office equipment, furniture and fittings	1,788,941	54,605	(1,151)	15	(641)	(147,463)	1,694,306
Computers, software and peripherals	2,245,577	159,782	(8,683)	78	(1,645)	(552,787)	1,842,322
Educational tools	560,036	70,798	-	-	-	(75,568)	555,266
Renovation	523,077	11,774	-	(19)	-	(75,774)	459,058
Electrical installation	157,786	-	-	-	-	(13,498)	144,288
Work-in-progress	-	107,550	-	-	-	-	107,550
	5,431,068	404,509	(9,834)	74	(2,286)	(891,595)	4,931,936

THE GROUP	AT 1.10.2009 RM	ACQUISITION THROUGH BUSINESS COMBINATION RM	ADDITIONS RM	DISPOSALS RM	CURRENCY TRANSLATION DIFFERENCES RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	AT 30.4.2010 RM
NET BOOK VALUE								
Motor vehicles	169,083	-	25,500	(1)	-	-	(38,931)	155,651
Office equipment, furniture and fittings	1,813,196	29,816	150,993	(2,881)	(610)	(492)	(201,081)	1,788,941
Computers, software and peripherals	1,884,619	67,231	1,046,497	(6,659)	(2,641)	(10,632)	(732,838)	2,245,577
Educational tools	293,801	-	354,324	-	-	-	(88,089)	560,036
Renovation	508,040	1,507	177,647	-	18	(31,916)	(132,219)	523,077
Electrical installation	156,794	-	21,016	-	-	-	(20,024)	157,786
	4,825,533	98,554	1,775,977	(9,541)	(3,233)	(43,040)	(1,213,182)	5,431,068

6. EQUIPMENT (cont'd)

THE GROUP	AT COST RM	ACCUMULATED IMPAIRMENT LOSS RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 30.9.2010				
Motor vehicles	579,320	-	(450,174)	129,146
Office equipment, furniture and fittings	4,721,008	-	(3,026,702)	1,694,306
Computers, software and peripherals	9,751,188	-	(7,908,866)	1,842,322
Educational tools	1,024,325	-	(469,059)	555,266
Renovation	1,342,823	(100,340)	(783,425)	459,058
Electrical installation	377,401	-	(233,113)	144,288
Work-in-progress	107,550	-	-	107,550
	17,903,615	(100,340)	(12,871,339)	4,931,936
AT 30.4.2010				
Motor vehicles	579,320	-	(423,669)	155,651
Office equipment, furniture and fittings	4,677,807	-	(2,888,866)	1,788,941
Computers, software and peripherals	9,638,224	-	(7,392,647)	2,245,577
Educational tools	953,527	-	(393,491)	560,036
Renovation	1,309,885	(100,340)	(686,468)	523,077
Electrical installation	377,401	-	(219,615)	157,786
	17,536,164	(100,340)	(12,004,756)	5,431,068

THE COMPANY	AT 1.5.2010 RM	ADDITION RM	DEPRECIATION CHARGE RM	AT 30.9.2010 RM
NET BOOK VALUE				
Computers, software and peripherals	4,765	3,160	(1,750)	6,175
Office equipment, furniture and fittings	15,164	-	(3,390)	11,774
Renovation	1,403	-	(260)	1,143
	21,332	3,160	(5,400)	19,092

	AT 1.5.2009 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 30.4.2010 RM
NET BOOK VALUE				
Computers, software and peripherals	8,175	-	(3,410)	4,765
Office equipment, furniture and fittings	9,827	11,800	(6,463)	15,164
Renovation	-	1,870	(467)	1,403
	18,002	13,670	(10,340)	21,332

6. EQUIPMENT (cont'd)

	AT COST RM	ACCUMULATED IMPAIRMENT LOSS RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
THE COMPANY				
AT 30.9.2010				
Computers, software and peripherals	35,036	-	(28,861)	6,175
Office equipment, furniture and fittings	124,713	-	(112,939)	11,774
Renovation	134,578	(100,340)	(33,095)	1,143
	294,327	(100,340)	(174,895)	19,092
AT 30.4.2010				
Computers, software and peripherals	31,876	-	(27,111)	4,765
Office equipment, furniture and fittings	124,713	-	(109,549)	15,164
Renovation	134,578	(100,340)	(32,835)	1,403
	291,167	(100,340)	(169,495)	21,332

Included in the net book value of the equipment of the Group at the end of the reporting period is a motor vehicle acquired under hire purchase terms amounting to RM83,728 (30 April 2010 - RM86,666).

7. INTANGIBLE ASSETS

	Intellectual Properties RM	Technology and Licence Fee RM	Total RM
THE GROUP			
COST			
At 1.10.2009	3,417,113	140,430	3,557,543
Acquisition through business combination	5,276,367	-	5,276,367
Addition during the financial period	925,361	-	925,361
Impairment loss	(1,794,561)	-	(1,794,561)
Currency translation differences	(216,730)	-	(216,730)
Reclassification to equipment	(43,655)	-	(43,655)
At 30.4.2010/1.5.2010	7,563,895	140,430	7,704,325
Addition during the financial period	1,115,991	-	1,115,991
At 30.9.2010	8,679,886	140,430	8,820,316
ACCUMULATED AMORTISATION			
At 1.10.2009	(1,674,662)	(131,068)	(1,805,730)
Acquisition through business combination	(3,622,194)	-	(3,622,194)
Amortisation for the financial period	(210,609)	(9,361)	(219,970)
Currency translation differences	145,491	-	145,491
At 30.4.2010/1.5.2010	(5,361,974)	(140,429)	(5,502,403)
Amortisation for the financial period	(182,180)	-	(182,180)
At 30.9.2010	(5,544,154)	(140,429)	(5,684,583)

7. INTANGIBLE ASSETS (cont'd)

	Intellectual Properties RM	Technology and Licence Fee RM	Total RM
THE GROUP			
NET CARRYING AMOUNT			
At 30.9.2010	3,315,732	1	3,135,733
At 30.4.2010	2,201,921	1	2,201,922

The licence relates to production, manufacture and sales of "The Win Win Detective Cat" educational cartoon series in Malaysia.

Intellectual properties are in respect of the development of content for an educational software.

	Intellectual Properties	
	30.9.2010 RM	30.4.2010 RM
THE COMPANY		
At cost	200,700	200,700
Accumulated depreciation	200,700	200,700
Net carrying amount	-	-

8. GOODWILL ON CONSOLIDATION

	THE GROUP	
	30.9.2010 RM	30.4.2010 RM
At 1.5.2010/1.10.2009	292,853	-
Acquisition of subsidiaries	-	8,068,346
Impairment loss on goodwill	-	(7,775,493)
At 30.9.2010/30.4.2010	292,853	292,853

9. INVENTORIES

	THE GROUP	
	30.9.2010 RM	30.4.2010 RM
At cost:-		
Finished goods	1,182,696	1,274,298

None of the inventories is carried at net realisable value.

10. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	30.9.2010 RM	30.4.2010 RM	30.9.2010 RM	30.4.2010 RM
Trade receivables	3,838,063	3,423,279	-	9,580
Allowance for impairment losses	(287,034)	(351,223)	-	-
	3,551,029	3,072,056	-	9,580
Allowance for impairment losses:-				
At 1.5.2010/1.10.2009	(351,223)	(313,750)	-	-
Addition during the financial period	(28,401)	(37,473)	-	-
Writeback during the financial period	33,905	-	-	-
Writeoff during the financial period	58,685	-	-	-
At 30.9.2010/30.4.2010	(287,034)	(351,223)	-	-

The Group's normal credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	30.9.2010 RM	30.4.2010 RM	30.9.2010 RM	30.4.2010 RM
Other receivables	654,740	592,389	-	-
Deposits	300,835	339,091	21,962	21,962
Prepayments	355,968	501,260	3,125	-
Recoverable expenses	126,813	224,028	-	-
	1,438,356	1,656,768	25,087	21,962

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	30.9.2010 RM	30.4.2010 RM
Amount owing by:-		
Non-trade balances	4,612,615	3,212,008
Allowance for impairment losses	(3,778,385)	(3,212,008)
	834,230	-
Amount owing to:-		
Non-trade balances	(1,509,412)	(983,476)
Allowance for impairment losses:-		
At 1.5.2010/2009	(3,212,008)	(3,448,093)
(Addition)/Writeback during the financial period/year	(566,377)	236,085
At 30.9.2010/30.4.2010	(3,778,385)	(3,212,008)

The non-trade amounts owing represent interest-free advances and payments on behalf and are unsecured. The amounts owing are repayable on demand and are to be settled in cash.

13. AMOUNTS OWING BY/(TO) CORPORATE SHAREHOLDER

	THE GROUP	
	30.9.2010	30.4.2010
	RM	RM
Amount owing by:-		
Trade balances	-	300,000
Amount owing to:-		
Non-trade balances	-	(414,950)

In the previous financial period, the trade balances were subject to the normal trade credit terms ranging from 30 to 60 days. The amount owing was settled in cash.

In the previous financial period, the non-trade amounts owing represented interest-free advances and payments on behalf and were unsecured. The amounts owing were settled in cash.

14. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.15% to 3.00% (30.4.2010 - 0.25% to 3.00%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 months (30.4.2010 - 1 to 12 months).

(b) Included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM1,413,096 (30.4.2010 - RM1,372,662) which have been pledged to a licensed bank as security for banking facilities granted to the Group.

15. SHARE CAPITAL

	THE COMPANY			
ORDINARY SHARES OF RM0.10 EACH:-	**30.9.2010**	**30.4.2010**	**30.9.2010**	**30.4.2010**
	Number Of Shares		**RM**	**RM**
AUTHORISED				
At 1.5.2010/2009	500,000,000	250,000,000	50,000,000	25,000,000
Increase during the financial period/year	-	250,000,000	-	25,000,000
At 30.9.2010/30.4.2010	500,000,000	500,000,000	50,000,000	50,000,000
ISSUED AND FULLY PAID-UP				
At 1.5.2010/2009	275,000,000	138,000,000	27,500,000	13,800,000
Allotment during the financial period/year	43,100,000	137,000,000	4,310,000	13,700,000
At 30.9.2010/30.4.2010	318,100,000	275,000,000	31,810,000	27,500,000

16. RESERVES

		THE GROUP		THE COMPANY	
	Note	30.9.2010 RM	30.4.2010 RM	30.9.2010 RM	30.4.2010 RM
Share premium	(a)	1,215,389	1,088,889	10,481,570	10,355,070
Reverse acquisition reserve	(b)	(18,570,000)	(18,570,000)	-	-
Capital redemption reserve	(c)	546,778	546,778	-	-
Contingent consideration reserve	(d)	1,914,000	2,850,000	1,914,000	2,850,000
Foreign currency translation reserve	(e)	11,959	109,717	-	-
Accumulated losses	(f)	(6,138,061)	(6,576,772)	(24,479,052)	(24,970,192)
		(21,019,935)	(20,551,388)	(15,083,482)	(11,765,122)

(a) Share Premium

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) the Companies Act, 1965.

(b) Reverse Acquisition Reserve

The reverse acquisition reserve represents the difference between the nominal value of Eduspec Sdn. Bhd. and the Company and the par value of the enlarged issued and paid up share capital of the Company of 275,000,000 shares after the acquisition to comply with the Malaysian Companies Act 1965.

(c) Capital Redemption Reserve

The capital redemption reserve represents the redemption of the redeemable preference shares.

(d) Contingent Consideration Reserve

The performance contingent consideration reserve represents the fair value of the consideration of shares based on the assumption that the profitability levels for the financial year ended 30 September 2009 and the financial years ending 30 September 2010 and 2011 which will be achieved in full and that the fair value of the consideration shares to be issued is at RM0.06 per share.

(e) Foreign Exchange Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

(f) Accumulated losses

The breakdown of the realised and unrealised losses as at the end of the reporting period is as follows:-

	THE GROUP 30.9.2010 RM	THE COMPANY 30.9.2010 RM
Total accumulated losses		
- realised	(5,558,722)	(27,302,103)
- unrealised	(579,339)	(176,949)
At 30 September 2010	(6,138,061)	(27,479,052)

The above information is prepared in accordance with the Guidance on Special No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Secrities Berhad Listing Requirement issued by Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

17. HIRE PURCHASE PAYABLES

	THE GROUP	
	30.9.2010	**30.4.2010**
	RM	**RM**
Minimum hire purchase payments:		
- not later than one year	33,536	38,148
- later than one year but not later than five years	2,396	13,679
	35,932	51,827
Less: Future finance charges	(1,269)	(2,716)
Present value of hire purchase payables	34,663	49,111
The net hire purchase payables are repayable as follows:-		
Current:		
- not later than one year	32,285	35,790
Non-current:		
- later than one year and not later than five years	2,378	13,321
	34,663	49,111

The hire purchase payables at the end of the reporting period of the Group bore effective interest rates which ranged from 5.60% to 6.52% (30.4.2010 - 5.00% to 6.52%) per annum.

18. DEFERRED TAXATION

	THE GROUP	
	30.9.2010	**30.4.2010**
	RM	**RM**
At 1.5.2010/1.10.2009	301,301	376,106
Recognised in statement of comprehensive income (Note 25)	289,997	(74,805)
At 30.9.2010/30.4.2010	591,298	301,301

The components of deferred tax assets and deferred tax liability are as follows:-

	THE GROUP	
	30.9.2010	**30.4.2010**
	RM	**RM**
Deferred tax liability:-		
Accelerated capital allowances	798,187	829,373
Deferred tax assets:-		
Unabsorbed capital allowances	(85,907)	(408,993)
Unutilised tax losses	(79,108)	(119,079)
Others	(41,874)	-
	591,298	301,301

19. TRADE PAYABLES

The normal trade credit terms granted to the Group ranged from 30 to 60 days.

20. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	30.9.2010 RM	30.4.2010 RM	30.9.2010 RM	30.4.2010 RM
Other payables	960,872	3,093,796	238,764	613,452
Accruals	1,647,592	1,245,390	162,007	215,646
Deposits received	2,700	95,042	-	-
Deferred revenue	389,070	443,772	-	-
	3,000,234	4,878,000	400,771	829,098

21. AMOUNT OWING TO A DIRECTOR

In the previous financial period, the non-trade amount owing represented interest-free advances, payments on behalf and was unsecured. The amount owing was settled in cash.

22. BANK OVERDRAFTS

The bank overdrafts of the Group at the end of the reporting period bore effective interest rates ranging from 7.80% to 8.30% (30.4.2010 – 7.30% to 7.80%) per annum and are secured by:-

(i) a pledge of the fixed deposits of certain subsidiaries;

(ii) a joint and several guarantee of certain directors of the Group; and

(iii) a corporate guarantee of a subsidiary.

23. REVENUE

	THE GROUP		THE COMPANY	
	1.5.2010 to 30.9.2010 RM	1.10.2009 to 30.4.2010 RM	1.5.2010 to 30.9.2010 RM	1.5.2009 to 30.4.2010 RM
Activity income	1,607,374	496,601	-	-
Computer maintenance	124,174	113,337	-	-
Rendering of services	-	9,580	-	23,950
Rental of computer	1,884	5,048	-	-
Sale of goods	2,328,299	3,548,457	-	-
School fees	9,520,720	9,435,265	-	-
	13,582,451	13,608,288	-	23,950
Less: Reversal of revenue over-recognised before acquisition of subsidiaries	-	(683,095)	-	-
	13,582,451	12,925,193	-	23,950

24. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	1.5.2010 to 30.9.2010 RM	**1.10.2009 to 30.4.2010 RM**	**1.5.2010 to 30.9.2010 RM**	**1.5.2009 to 30.4.2010 RM**
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for slow-moving inventories	-	143,300	-	-
Amortisation of intangible assets	182,180	219,970	-	-
Audit fee:				
- for the financial period/year	168,346	200,721	76,000	130,000
- underprovision in the previous financial period/year	5,000	-	5,000	1,000
Depreciation of equipment	891,595	1,213,182	5,400	10,340
Directors' fees	99,329	88,000	41,829	131,070
Directors' non-fee emoluments	237,858	84,070	123,717	49,070
Equipment written off	2,286	43,040	-	-
Impairment loss on goodwill	-	7,775,493	-	-
Impairment loss on intangible assets	-	1,794,561	-	-
Impairment loss on receivables	28,401	37,473	566,377	-
Interest expense:				
- bank overdraft	33,619	46,997	-	-
- hire purchase	1,447	2,469	-	-
Inventories written off	21,522	135	-	-
Loss on foreign exchange:				
- realised	-	110,322	-	-
- unrealised	-	-	176,949	-
Rental expenses	1,164,626	1,240,555	31,500	78,000
Staff costs	5,218,018	6,277,962	287,887	342,756
Gain on disposal of business to a third party	(1,164,700)	-	-	-
Gain on disposal of equipment	(933)	(16,890)	-	-
Interest income	(10,434)	(25,558)	-	-
Rental income	(77,785)	(4,900)	-	-
Writeback of impairment loss on receivables	(33,905)	-	-	(236,085)

25. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	1.5.2010 to 30.9.2010 RM	**1.10.2009 to 30.4.2010 RM**	**1.5.2010 to 30.9.2010 RM**	**1.5.2009 to 30.4.2010 RM**
Current tax expense:				
- for the financial period/year	170,193	28,854	-	-
- under/(over)provision in the previous financial period	285	(135,084)	-	-
	170,478	(106,230)	-	-
Deferred tax expense (Note 18):				
- for the financial period	346,167	(184,781)	-	-
- (over)/underprovision in the previous financial period	(56,170)	109,976	-	-
	289,997	(74,805)	-	-
Tax for the financial period/year	460,475	(181,035)	-	-

During the financial period, the statutory tax rate remained at 25%.

25. INCOME TAX EXPENSE (cont'd)

Subject to agreement with the tax authorities, at the end of the reporting period, the Group and the Company have unutilised tax losses and unabsorbed capital allowances available to be carried forward for offset against future taxable business income as follows:-

	THE GROUP		THE COMPANY	
	30.9.2010	30.4.2010	30.9.2010	30.4.2010
	RM	RM	RM	RM
Accelerated capital allowances	(222,925)	(304,583)	(8,298)	1,658
Unutilised tax losses	15,733,114	15,146,307	7,698,675	6,689,114
Unabsorbed capital allowances	8,953,274	7,736,190	127,988	112,892
Total	24,463,463	22,577,914	7,818,365	6,803,664

No deferred tax assets are recognised on these items.

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	1.5.2010 to 30.9.2010	1.10.2009 to 30.4.2010	1.5.2010 to 30.9.2010	1.5.2009 to 30.4.2010
	RM	RM	RM	RM
Profit/(Loss) before taxation	2,270,841	(11,526,962)	(1,884,860)	(1,798,157)
Tax at the statutory tax rate of 25%	567,710	(2,881,741)	(471,215)	(449,539)
Tax effects of:-				
Non-deductible expenses	101,768	2,924,600	217,540	274,181
Non-taxable income	(338,520)	(34,691)	-	-
Utilisation of unabsorbed business losses and capital allowances brought forward	(134,328)	(135,104)	-	-
Income tax exempted from tax due to pioneer status	(291,510)	(261,109)	-	-
Deferred tax assets not recognised during the financial period/year	611,240	232,118	253,675	175,358
Under/(Over)provision in the previous financial period				
- current tax	285	(135,084)	-	-
- deferred tax	(56,170)	109,976	-	-
Tax for the financial period/year	460,475	(181,035)	-	-

26. EARNINGS/(LOSS) PER SHARE

	THE GROUP	
	30.9.2010	30.4.2010
Basic earnings/(loss) per share		
Profit/(Loss) attributable to owners of the Company (RM)	1,062,711	(11,239,006)
Weighted average number of ordinary shares:-		
At 1.5.2010/2009	275,000,000	138,000,000
Effects of new ordinary shares issued	16,150,327	72,955,636
Effects of contingent shares issued	14,580,392	-
At 3.9.2010/30.4.2010	305,730,719	210,955,636
Basic earnings/(loss) per share (Sen)	0.35	(5.33)

26. EARNINGS/(LOSS) PER SHARE (cont'd)

	THE GROUP 30.9.2010	THE GROUP 30.4.2010
Diluted earnings/(loss) per share		
Profit/(Loss) attributable to owners of the Company (RM)	1,062,711	(11,239,006)
Weighted average number of ordinary shares for basic earnings/(loss) per share	305,730,719	210,955,636
Effect of dilution:		
- contingent issued shares	15,600,000	15,600,000
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation	321,339,719	226,555,636
Diluted earnings/(loss) per share (sen)	0.33	N/A*

Notes:-

* The diluted earnings per share is not presented as there is an anti-dilutive effect arising in previous financial period.

27. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Eduspec Sdn. Bhd.

On 1 March 2010, the Company acquired a 77.78% equity interest in Eduspec Sdn. Bhd. The details of the purchase consideration and the reverse acquisition by Eduspec Sdn. Bhd. are disclosed in Note 3(b) to the financial statements.

The post-acquisition consolidated loss of the accounting acquiree, the Company, included in the loss after taxation for the previous financial period of the Group amounted to RM735,973. If the acquisition had occurred on 1 October 2009, the management estimates that the Group's revenue and loss after taxation for the previous financial period would have been RM580,577 and RM2,414,433.

(b) Acquisition of Eduspec Pte. Ltd.

On 16 April 2010, the Company acquired the entire issued and paid-up share capital of Eduspec Pte. Ltd. for a cash consideration of RM234.

There were no material financial effects on the financial position and financial results of the Group for the previous financial period in respect of the acquisition of the subsidiary.

(c) Net Assets and Cash Flow

The details of net assets acquired and cash flow arising from the acquisitions were as follows:-

	Eduspec Sdn. Bhd. RM	Eduspec Pte. Ltd. RM	Total RM
30.4.2010			
Equipment	98,554	-	98,554
Intangible assets	1,654,173	-	1,654,173
Trade receivables	713,097	-	713,097
Other receivables, deposits and prepayments	970,822	10,461	981,283
Fixed deposits with licensed institutions	61,292	-	61,292
Cash and bank balances	129,795	40,398	170,193
Tax refundable	128,621	-	128,621
Other payables and accruals	(3,251,847)	(343,478)	(3,595,325)
Net assets acquired	504,507	(292,619)	211,888
Goodwill arising from reverse acquisition	7,775,493	-	7,775,493
Adjustment arising from reverse acquisition	(8,280,000)	-	(8,280,000)
Goodwill on consolidation-	292,853	292,853	
Cash consideration paid	-	(234)	(234)
Cash and cash equivalents acquired	191,087	40,398	231,485
Net cash inflow	191,087	40,164	231,251

28. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	30.9.2010 RM	30.4.2010 RM	30.9.2010 RM	30.4.2010 RM
Fixed deposits with licensed banks (Note 14)	1,422,436	1,440,254	-	-
Cash and bank balances	2,959,892	1,800,870	156,275	9,966
Bank overdrafts	(1,034,968)	(1,800,259)	-	-
	3,347,360	1,440,865	156,275	9,966

29. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by the directors of the Group and of the Company during the financial period/year are as follows:-

	THE GROUP		THE COMPANY	
	1.5.2010 to 30.9.2010 RM	1.10.2009 to 30.4.2010 RM	1.5.2010 to 30.9.2010 RM	1.5.2009 to 30.4.2010 RM
Executive directors:				
- non-fee emoluments	237,858	84,070	123,717	49,070
- fees	57,500	80,500	-	-
Non-executive directors:				
- fees	41,829	7,500	41,829	131,070
	337,187	172,070	165,546	180,140

(b) The number of directors of the Group and of the Company whose total remuneration received or receivable for the financial period/year in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	1.5.2010 to 30.9.2010 No.	1.10.2009 to 30.4.2010 No.	1.5.2010 to 30.9.2010 No.	1.5.2009 to 30.4.2010 No.
Executive directors:-				
Below RM50,000	-	1	-	2
RM50,001 to RM100,000	1	-	2	-
RM100,001 to RM150,000	-	1	-	-
RM200,001 to RM250,000	1	-	-	-
Non-executive directors:-				
Below RM50,000	3	3	3	3

30. OPERATING LEASE COMMITMENTS

The future minimum payments under the non-cancellable operating leases are as follows:-

	THE GROUP		THE COMPANY	
	30.9.2010 RM	30.4.2010 RM	30.9.2010 RM	30.4.2010 RM
Not more than one year	1,432,503	922,933	9,450	44,950
Later than one year and not later than five years	1,061,220	575,956	-	-
Later than five years	360,000	404,950	-	-
	2,853,723	1,903,839	9,450	44,950

31. OPERATING SEGMENTS

The following is an analysis of the Group's geographical segments:-

	MALAYSIA RM	SINGAPORE RM	GROUP RM
30.9.2010			
Revenue			
External revenue	13,582,451	-	13,582,451
Inter-segment revenue	3,461,923	-	3,461,923
	17,044,374	-	17,044,374
Adjustments and eliminations			(3,461,923)
Consolidated revenue			13,582,451
Results			
Segment results	2,771,699	(1,387,610)	1,384,089
Interest income	10,434	-	10,434
Gain on disposal of business	-	1,164,700	1,164,700
Depreciation of equipment	(848,110)	(43,485)	(891,595)
	1,934,023	(266,395)	1,667,628
Adjustments and eliminations			638,279
			2,305,907
Finance costs			(35,066)
Profit before taxation			2,270,841
Income tax expense			(460,475)
Profit after taxation			1,810,366
Assets			
Segment assets	38,275,932	1,180,654	39,456,586
Adjustments and eliminations			(19,972,419)
			19,484,167
Liabilities			
Segment liabilities	(5,299,611)	(5,691,919)	(10,991,530)
Deferred taxation			(591,298)
Provision for taxation			(107,335)
			(11,690,163)
Adjustments and eliminations			6,586,424
			(5,103,739)
30.4.2010			
Revenue			
External revenue	13,608,288	(683,095)	12,925,193
Inter-segment revenue	3,375,319	-	3,375,319
	16,983,607	(683,095)	16,300,512
Adjustments and eliminations			(3,375,319)
Consolidated revenue			12,925,193

31. OPERATING SEGMENTS (cont'd)

	MALAYSIA RM	SINGAPORE RM	GROUP RM
30.4.2010			
Results			
Segment results	(177,825)	(1,539,539)	(1,717,364)
Interest income	25,558	-	25,558
Depreciation of equipment	(1,144,159)	(69,023)	(1,213,182)
	(1,296,426)	(1,608,562)	(2,904,988)
Adjustments and eliminations			(8,572,508)
			(11,477,496)
Finance costs			(49,466)
Loss before taxation			(11,526,962)
Income tax expense			181,035
Loss after taxation			(11,345,927)
Assets			
Segment assets	36,014,567	678,008	36,692,575
Adjustments and eliminations			(18,634,723)
			18,057,852
Liabilities			
Segment liabilities	(7,723,704)	(5,021,049)	(12,744,753)
Deferred taxation			(301,301)
Provision for taxation			(16,033)
			(13,062,087)
Adjustments and eliminations			4,795,555
			(8,266,532)

32. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2010 TO 30 SEPTEMBER 2010 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency is as follows:-

THE GROUP	SINGAPORE DOLLAR RM	RINGGIT MALAYSIA RM	TOTAL RM
30 September 2010			
Financial assets			
Trade receivables	-	3,551,029	3,551,029
Other receivables, deposits and Prepayments	460,783	977,573	1,438,356
Fixed deposits with licensed banks	-	1,422,436	1,422,436
Cash and bank balances	101,619	2,858,273	2,959,892
	562,402	8,809,311	9,371,713
Financial liabilities			
Trade payables	-	335,241	335,241
Other payables and accruals	734,548	2,265,686	3,000,234
Hire purchase payables	-	34,663	34,663
Bank overdraft	-	1,034,968	1,034,968
	734,548	3,670,558	4,405,106
Net financial (liabilities)/assets	(172,146)	5,138,753	4,966,607
Less: Net financial liabilities denominated in the respective entities' functional currencies	172,146	(5,138,753)	(4,966,607)
Currency exposure	-	-	-
30 April 2010			
Financial assets			
Trade receivables	233,801	2,838,255	3,072,056
Other receivables, deposits and prepayments	149,039	1,507,729	1,656,768
Amount owing by a corporate shareholder	-	300,000	300,000
Fixed deposits with licensed banks	58,686	1,381,568	1,440,254
Cash and bank balances	147,605	1,653,265	1,800,870
	589,131	7,680,817	8,269,948
Financial liabilities			
Trade payables	-	664,066	664,066
Other payables and accruals	1,282,160	3,595,840	4,878,000
Amount owing to a corporate shareholder	-	414,950	414,950
Amount owing to a director	-	142,812	142,812
Hire purchase payables	-	49,111	49,111
Bank overdraft	-	1,800,259	1,800,259
	1,282,160	6,667,038	7,949,198
Net financial (liabilities)/assets	(693,029)	1,013,779	320,750
Less: Net financial liabilities denominated in the respective entities' functional currencies	693,029	(1,013,779)	(320,750)
Currency exposure	-	-	-

32. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

THE COMPANY	SINGAPORE DOLLAR RM	RINGGIT MALAYSIA RM	TOTAL RM
30 September 2010			
Financial assets			
Other receivables, deposits and prepayments	-	25,087	25,087
Amount owing by subsidiaries	787,781	46,449	834,230
Cash and bank balances	-	156,275	156,275
	787,781	227,811	1,015,592
Financial liabilities			
Other payables and accruals	-	400,771	400,771
Amount owing to subsidiaries	117,704	1,391,708	1,509,412
	117,704	1,792,479	1,910,183
Net financial assets/(liabilities)	670,077	(1,564,668)	(894,591)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	1,564,668	894,591
	-	-	-
30 April 2010			
Financial assets			
Trade receivables	-	9,580	9,580
Other receivables, deposits and prepayments	-	21,962	21,962
Cash and bank balances	-	9,966	9,966
	-	41,508	41,508
Financial liabilities			
Other payables and accruals	-	829,098	829,098
Amount owing to subsidiaries	-	983,476	983,476
	-	1,812,574	1,812,574
Net financial liabilities	-	(1,771,066)	(1,771,066)
Less: Net financial liabilities denominated in the respective entities' functional currencies	-	1,771,066	1,771,066
	-	-	-

32. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	1.5.2010 to 30.9.2010 Increase/ (Decrease) RM	1.10.2009 to 30.4.2010 Increase/ (Decrease) RM	1.5.2010 to 30.9.2010 Increase/ (Decrease) RM	1.5.2009 to 30.4.2010 Increase/ (Decrease) RM
Effects on profit after taxation				
Singapore Dollar:				
- strengthened by 10%	(14,167)	(69,305)	66,956	-
- weakened by 10%	14,167	69,305	(66,956)	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus fund of the Group will be placed with licensed financial institutions to generate interest income.

Interest rate sensitivity analysis

The following table details the sensitivity analysis on a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	1.5.2010 to 30.9.2010 Increase/ (Decrease) RM	1.10.2009 to 30.4.2010 Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 100 basis points (bp)	10,350	18,003
Decrease of 100 bp	(10,350)	(18,003)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

32. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Ageing Analysis

The ageing analysis of the Group's trade receivables as at 30 September 2010 is as follows:-

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2010			
Not past due	2,202,056	-	2,202,056
Past due			
- Past due within 30 days	276,470	-	276,470
- Past due 31 - 60 days	541,096	-	541,096
- Past due 61 - 90 days	74,044	(26,433)	47,611
- Past due more than 90 days	744,397	(260,601)	483,796
	1,636,007	(287,034)	1,378,973
	3,838,063	(287,034)	3,551,029

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

32. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 2 YEARS RM
THE GROUP					
30 September 2010					
Trade payables	-	335,241	335,241	335,241	-
Other payables and accruals	-	3,000,234	3,000,234	3,000,234	-
Hire purchase payables	6.11	34,663	35,932	33,536	2,396
Bank overdrafts	7.99	1,034,968	1,034,968	1,034,968	-
		4,405,106	4,406,375	4,403,979	2,396
30 April 2010					
Trade payables	-	664,066	664,066	664,066	-
Other payables and accruals	-	4,878,000	4,878,000	4,878,000	-
Amount owing to a corporate shareholder	-	414,950	414,950	414,950	-
Amount owing to directors	-	142,812	142,812	142,812	-
Hire purchase payables	5.97	49,111	51,827	38,148	13,679
Bank overdrafts	7.29	1,800,259	1,800,259	1,800,259	-
		7,949,198	7,951,914	7,938,235	13,679

THE COMPANY	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
30 September 2010			
Other payables and accruals	400,771	400,771	400,771
Amount owing to subsidiaries	1,509,412	1,509,412	1,509,412
	1,910,183	1,910,183	1,910,183
30 April 2010			
Other payables and accruals	829,098	829,098	829,098
Amount owing to subsidiaries	983,476	983,476	983,476
	1,812,574	1,812,574	1,812,574

32. FINANCIAL INSTRUMENTS (cont'd)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial period. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The Group has insignificant net debt. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

(c) Classification of Financial Instruments

	THE GROUP 30.9.2010 RM	THE COMPANY 30.9.2010 RM
Financial assets		
Loans and receivables financial assets		
Trade receivables	3,551,029	-
Other receivables and deposits	1,082,388	21,962
Amounts owing by subsidiaries	-	834,230
Fixed deposits with licensed banks	1,422,436	-
Cash and bank balances	2,959,892	156,275
	9,015,745	1,012,467
Financial liabilities		
Other Financial liabilities		
Trade payables	335,241	-
Other payables and accruals	3,000,234	400,771
Amounts owing to subsidiaries	-	1,509,412
Hire purchase payables	34,663	-
Bank overdrafts	1,034,968	-
	4,405,106	1,910,183

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) its subsidiaries as disclosed in Note 5 to the financial statements;

(ii) an entity controlled certain key management personnel, directors and/or substantial shareholders; and

(iii) the directors who are the key management personnel.

(b) In addition to the information disclosed elsewhere in the financial statements, there were no material related party transactions carried out by the Group during the financial period/year.

(c) Key Management Personnel

	THE GROUP		THE COMPANY	
	1.5.2010 to 30.9.2010 RM	**1.10.2009 to 30.4.2010 RM**	**1.5.2010 to 30.9.2010 RM**	**1.5.2009 to 30.4.2010 RM**
Short-term employee benefits	1,064,815	735,978	165,546	180,140

Key management personnel comprise executive and non-executive directors of the Group who have authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are as follows:-

(a) On 14 May 2010, the Company completed its regularisation plan. The Company regularised its financial condition and no longer triggered any of the criteria under Paragraph 2.1 of Guidance Note 3 ("GN3") of the ACE Market Listing Requirements. The Company was uplifted from being classified as a GN3 company.

(b) On 1 July 2010, Litespeed Education Pte Ltd ("LES"), a wholly-owned subsidiary of the Company, entered into an Asset and Business Purchase Agreement ("Agreement") with Educare Co-operative Limited ("Educare"), a company incorporated in Singapore to transfer the existing business of LES, as defined in the agreement to Educare. The consideration of the transfer amounted to RM1,167,500. The disposal gave rise to a gain of RM1,164,700 to the Group.

ANALYSIS OF SHAREHOLDINGS
AS AT 2 FEBRUARY 2011

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Share Capital	:	RM33,370,000.00
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	Total Shareholdings	%
1 - 99	5	0.498	205	0.000
100 - 1,000	207	20.617	189,100	0.056
1,001 - 10,000	278	27.689	1,678,350	0.502
10,001 - 100,000	346	34.462	16,011,900	4.798
100,001 - 16,684,999 (*)	165	16.434	169,225,852	50.711
16,685,000 AND ABOVE (**)	3	0.298	146,594,593	43.930
TOTAL :	1,004	100.000	333,700,000	100.000

* *Less than 5% of issued shares*
** *5% and above of issued shares*

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
1	Victory Solutions (M) Sdn Bhd	109,746,555	32.887
2	Autonaire Sdn Bhd	19,350,438	5.798
3	OSK Nominees (Asing) Sdn. Bhd. Kim Eng Securities Pte. Ltd. For AJS Asia Centurion Sub Fund	17,497,600	5.243
4	Johan Digital Sdn Bhd	12,206,667	3.657
5	Energy Power Technology Limited	10,106,583	3.028
6	Wan Huzaifah Ariff	7,738,298	2.318
7	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Abdul Razak Bin Kechik (Rem 851)	7,600,000	2.277
8	Wan Hilwanie Ariff	7,253,358	2.173
9	Queensvale Holdings Inc.	6,400,000	1.917
10	Moi Ming Huei	5,928,000	1.776
11	Ng Lin Chai	5,043,200	1.511
12	Mokhtar Bin Ahmad	5,000,000	1.498
13	Syed Ibrahim Bin Mohd Ismail	5,000,000	1.498
14	Wong Kai Choo @ Wong Ka Chon	4,845,000	1.451
15	Wan Hamimie Binti Wan Ariff	4,702,000	1.409
16	Kencana Capital Sdn Bhd	4,499,900	1.348
17	Ng Thiam Seong	3,818,000	1.144
18	Pok Vic Sent	3,789,334	1.135
19	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore For Nostaligic Limited	3,000,000	0.899
20	Wong Lee Fong	2,487,400	0.745
21	Chang Moy	2,399,800	0.719
22	CIMSEC Nominees (Asing) Sdn Bhd Pledged Securities Account For Popular E-Learning Holdings Pte Ltd	2,300,000	0.689
23	Tung Pui Hiew	2,103,445	0.630
24	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd Tan Puay Chuan	2,000,000	0.599

ANALYSIS OF SHAREHOLDINGS
AS AT 2 FEBRUARY 2011 (cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES (cont'd)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
25	Oh Teik Chay	1,857,767	0.556
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Ying Huey (E-KLG)	1,724,100	0.516
27	HDM Nominees (Asing) Sdn Bhd Pledged Securities Account for Lionel Koh Kok Peng (M09)	1,700,000	0.509
28	MERCSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Thiam Seong	1,509,200	0.452
29	Yeoh Eng Hua	1,500,000	0.449
30	Teh Pang Huat	1,437,000	0.430
	TOTAL	290,726,361	91.394

SUBSTANTIAL SHAREHOLDERS (Direct & Indirect)
(as per Register of Substantial Shareholders)

No. of ordinary shares of RM0.10 each beneficially held by the Substantial Shareholders

No.	Name Of Substantial Shareholder	Direct Interest	%	Indirect Interest	%
1	Victory Solutions (M) Sdn Bhd	109,746,555	32.887	-	-
2	Autonaire Sdn Bhd	19,350,438	5.798	-	-
3	OSK Nominees (Asing) Sdn. Berhad Kim Eng Securities Pte. Ltd. For AJS Asia Centurion Sub Fund	17,497,600	5.243	-	-
4	Lim Een Hong	-	-	109,746,555*	32.887
5	Yap Ai Lia	-	-	109,746,555*	32.887

** Deem interested pursuant to Section 6A of the Companies Act, 1965*

DIRECTORS' SHAREHOLDING (Direct & Indirect)
(as per Register of Director' Shareholdings)

No. of ordinary shares of RM0.10 each beneficially held by the Directors

Name Of Directors	Direct Interest	%	Indirect Interest	%
Lim Een Hong	-	-	109,746,555*	32.887
Lim Soon Seong	-	-	-	-
Lim Beng Weh	-	-	-	-
Datuk Yaacob Bin Wan Ibrahim	-	-	-	-
Dato' Mohd Ariff Bin Araff	-	-	1,200,000*	0.360

** Deem interested pursuant to Section 6A of the Companies Act, 1965*

PROPERTIES

The Group did not own any property as at 30 September 2010.

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EDUSPEC HOLDINGS BHD (646756-X)

(Company No. 646756-X)
(Incorporated in Malaysia)

FORM OF PROXY

Seventh Annual General Meeting

I/We.. of...

.... being a member/members of **EDUSPEC HOLDINGS BERHAD** hereby appoint*

the Chairman of the meeting or ....of..

.... or failing whom ....

....

of...as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Greens II Room, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 23 March 2011 at 10.00 a.m. and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

	Resolutions		For	Against
ORDINARY BUSINESS				
1.	To receive the Audited Financial Statements for the financial period ended 30 September 2010 together with the Directors' and Auditors' Reports thereon.	Resolution 1		
2.	To approve the payment of Directors' fees for the financial period ended 30 September 2010.	Resolution 2		
3.	To re-elect Mr. Lim Beng Weh as the Director who is retiring in accordance with Article 80 of the Company's Articles of Association.	Resolution 3		
4.	To re-elect Dato' Mohd Ariff Bin araff as the Director who is retiring in accordance with Article 80 of the Company's Articles of Association.	Resolution 4		
5.	To appoint Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	Resolution 5		
SPECIAL BUSINESS				
6.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	Resolution 6		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his(her) discretion]

Number of ordinary shares held :

CDS Account No :

Dated this ....day of..2011

....
Signature/Common Seal of Shareholder(s)
[* Delete if not applicable]

Notes:-

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings 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 its common seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company Secretary's Office at 24-3, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

FOLD THIS FLAP FOR SEALING

FOLD HERE

STAMP

The Company Secretary

EDUSPEC HOLDINGS BERHAD (646756-X)
24-3, Jalan Tun Sambanthan 3
50470 Kuala Lumpur

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