DATAPREP HOLDINGS BHD.
(183059 H)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

183059 H

DATAPREP HOLDINGS BHD.
(Incorporated in Malaysia)

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DATAPREP HOLDINGS BHD.
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DIRECTORS' REPORT

The Directors submit herewith their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There were no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss net of tax	(3,370)	(2,568)
Attributable to:		
Owners of the Company	(4,240)	(2,568)
Non-controlling interests	870	-
	(3,370)	(2,568)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the allowance for impairment losses on investment in a subsidiary in respect of the Company as disclosed in Note 6 to the financial statements.

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of current financial year.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Datuk Adzmi bin Abdul Wahab (Chairman)
Datuk Lim Chee Wah
Michael Yee Kim Shing
Muhammad Fauzi bin Abd. Ghani
Ahmad Rizan bin Ibrahim

In accordance with Article 98 of the Company's Articles of Association, Datuk Lim Chee Wah retires by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Tan Sri Datuk Adzmi bin Abdul Wahab and Michael Yee Kim Shing retire from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company and related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM0.25 Each			
The Company	**At 1.4.2014**	**Acquired**	**Disposed**	**At 31.3.2015**
Tan Sri Datuk Adzmi bin Abdul Wahab				
- Direct	203,125	-	-	203,125
Datuk Lim Chee Wah				
- Direct	1,062,500	-	-	1,062,500
- Indirect	203,385,046	-	-	203,385,046
Ahmad Rizan bin Ibrahim				
- Direct	17,831	-	-	17,831
Muhammad Fauzi bin Abd. Ghani				
- Direct	200,000	50,000	-	250,000

	Number of Ordinary Shares of RM1 Each			
	At 1.4.2014	**Acquired**	**Disposed**	**At 31.3.2015**
Holding Company - VXL Holdings Sdn. Bhd.				
Datuk Lim Chee Wah				
- Indirect	1,000,000	-	-	1,000,000

	Number of Ordinary Shares of RM1 Each			
	At 1.4.2014	**Acquired**	**Disposed**	**At 31.3.2015**
Subsidiary Company - Solsis (M) Sdn. Bhd.				
Ahmad Rizan bin Ibrahim				
- Direct	2,538,000	-	-	2,538,000

DIRECTORS' INTERESTS (CONT'D)

Datuk Lim Chee Wah by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Except as disclosed above, the remaining director in office did not have any interest in shares of the Company and its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) 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.

OTHER STATUTORY INFORMATION (CONT'D.)

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Folks DFK & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 May 2015.

Tan Sri Datuk Adzmi bin Abdul Wahab	Muhammad Fauzi bin Abd. Ghani
Chairman	Group Managing Director

Date : 27 May 2015

DATAPREP HOLDINGS BHD.
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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	4	78,234	54,875	6,528	6,658
Cost of sales		(66,076)	(44,872)	-	-
Gross profit		12,158	10,003	6,528	6,658
Other income	5	1,168	1,037	480	433
Selling and distribution costs		(1,930)	(2,290)	-	-
Administrative expenses		(8,540)	(7,768)	(4,450)	(4,699)
Other expenses	6	(5,688)	(5,213)	(5,114)	(7,800)
Operating loss		(2,832)	(4,231)	(2,556)	(5,408)
Finance costs	7	(460)	(260)	(12)	(5)
Loss before tax	8	(3,292)	(4,491)	(2,568)	(5,413)
Taxation	11	(78)	(146)	-	-
Loss for the financial year		(3,370)	(4,637)	(2,568)	(5,413)
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss :					
Foreign currency translation gain		66	25	-	-
Other comprehensive income for the year, net of tax		66	25	-	-
Total comprehensive loss for the year		(3,304)	(4,612)	(2,568)	(5,413)

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D.)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss for the financial year attributable to:					
Owners of the Company		(4,240)	(5,093)	(2,568)	(5,413)
Non-controlling interests		870	456	-	-
		(3,370)	(4,637)	(2,568)	(5,413)
Total comprehensive loss for the year attributable to:					
Owners of the Company		(4,174)	(5,068)	(2,568)	(5,413)
Non-controlling interests		870	456	-	-
		(3,304)	(4,612)	(2,568)	(5,413)
Loss per share attributable to owners of the Company (sen):					
Basic	12	(1.11)	(1.33)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Plant and equipment	13	1,148	1,554	372	508
Intangible assets	14	226	262	237	312
Investment in subsidiaries	15	-	-	18,074	21,641
Other investments	16	91	91	-	-
Long term receivable	20	-	618	-	-
		1,465	2,525	18,683	22,461
Current assets					
Inventories	19	543	517	-	-
Trade receivables	20	27,605	25,256	-	-
Other receivables	21	1,086	2,170	85	152
Amounts due from subsidiaries	17	-	-	12,884	9,875
Tax recoverable		2	1	-	-
Cash and bank balances	23	26,535	22,886	10,425	12,252
		55,771	50,830	23,394	22,279
TOTAL ASSETS		57,236	53,355	42,077	44,740

DATAPREP HOLDINGS BHD.
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2015 (CONT'D.)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	24	95,772	95,772	95,772	95,772
Share premium		5,488	5,488	5,488	5,488
Merger deficit		(13,509)	(13,509)	-	-
Foreign exchange reserve		102	36	-	-
Accumulated losses		(57,407)	(53,167)	(59,745)	(57,177)
		30,446	34,620	41,515	44,083
Non-controlling interests		1,953	1,083	-	-
Total equity		32,399	35,703	41,515	44,083
Non-current liabilities					
Long term borrowings	25	204	860	204	236
Current liabilities					
Trade payables	26	12,056	9,943	-	-
Other payables	27	4,078	4,087	326	353
Short term borrowings	25	8,478	2,706	32	68
Provision for taxation		21	56	-	-
		24,633	16,792	358	421
Total liabilities		24,837	17,652	562	657
TOTAL EQUITY AND LIABILITIES		57,236	53,355	42,077	44,740

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<--------------Attributable to the Owners of the Company------------>							
		<------Non-Distributable---->						
Group	**Share capital (Note 24) RM'000**	**Share premium RM'000**	**Merger deficit RM'000**	**Foreign exchange reserve RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2014	95,772	5,488	(13,509)	36	(53,167)	34,620	1,083	35,703
Loss for the financial year	-	-	-	-	(4,240)	(4,240)	870	(3,370)
Other comprehensive income :								
Foreign currency translation gain of foreign operations	-	-	-	66	-	66	-	66
Total comprehensive loss for the year	-	-	-	66	(4,240)	(4,174)	870	(3,304)
At 31 March 2015	95,772	5,488	(13,509)	102	(57,407)	30,446	1,953	32,399
At 1 April 2013	95,772	5,488	(13,509)	11	(48,074)	39,688	627	40,315
Loss for the financial year	-	-	-	-	(5,093)	(5,093)	456	(4,637)
Other comprehensive income :								
Foreign currency translation gain of foreign operations	-	-	-	25	-	25	-	25
Total comprehensive loss for the year	-	-	-	25	(5,093)	(5,068)	456	(4,612)
At 31 March 2014	95,772	5,488	(13,509)	36	(53,167)	34,620	1,083	35,703

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<----Attributable to the Owners of the Company---->			
		Non-Distributable		
	Share capital (Note 24) RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
Company				
At 1 April 2014	95,772	5,488	(57,177)	44,083
Loss for the financial year representing total comprehensive loss for the year	-	-	(2,568)	(2,568)
At 31 March 2015	95,772	5,488	(59,745)	41,515
At 1 April 2013	95,772	5,488	(51,764)	49,496
Loss for the financial year representing total comprehensive loss for the year	-	-	(5,413)	(5,413)
At 31 March 2014	95,772	5,488	(57,177)	44,083

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities				
Loss before tax	(3,292)	(4,491)	(2,568)	(5,413)
Adjustments for:				
Depreciation of plant and equipment	596	787	147	172
Amortisation of intangible assets	110	127	101	93
Gain on disposal of plant and equipment	-	(11)	-	-
Plant and equipment written off	1	19	-	-
Allowance for impairment losses on receivables, net of write-back	874	108	-	-
Allowance for impairment loss on investment in a subsidiary	-	-	3,567	3,955
Allowance for impairment losses on amounts due from subsidiaries	-	-	-	2,386
Net (write-back of allowance)/allowance for obsolete inventories	(27)	363	-	-
Write-back of liabilities no longer required	-	(237)	-	-
Unrealised foreign exchange gain	(20)	-	-	-
Interest expense	366	194	12	5
Interest income	(743)	(835)	(326)	(366)
Operating (loss)/profit before working capital changes carried forward	(2,135)	(3,976)	933	832

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D.)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities (Cont'd.)				
Operating (loss)/profit before working capital changes brought forward	(2,135)	(3,976)	933	832
Decrease in inventories	1	52	-	-
(Increase)/decrease in receivables	(1,521)	(1,720)	67	(69)
Increase/(decrease) in payables	2,124	978	(27)	(71)
Increase in net amounts due from subsidiaries	-	-	(3,009)	(6,107)
Cash used in operations	(1,531)	(4,666)	(2,036)	(5,415)
Tax paid	(114)	(76)	-	-
Tax refunded	-	15	-	15
Interest received	743	835	326	366
Interest paid	(366)	(194)	(12)	(5)
Net cash used in operating activities	(1,268)	(4,086)	(1,722)	(5,039)
Cash Flows from Investing Activities				
Purchase of plant and equipment [Note 30]	(200)	(378)	(17)	(109)
Purchase of intangible assets	(74)	(256)	(26)	(256)
Proceeds from disposal of plant and equipment	9	12	6	-
Net cash used in investing activities	(265)	(622)	(37)	(365)

DATAPREP HOLDINGS BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D.)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Financing Activities				
Drawdown of borrowings	5,905	1,755	-	-
Repayment of borrowings	(721)	(837)	-	-
Repayment of hire purchase liabilities	(68)	(47)	(68)	(47)
Net cash from/(used in) financing activities	5,116	871	(68)	(47)
Net increase/(decrease) in cash and cash equivalents	3,583	(3,837)	(1,827)	(5,451)
Effect of exchange rate fluctuations	66	25	-	-
Cash and cash equivalents at beginning of year	22,886	26,698	12,252	17,703
Cash and cash equivalents at end of year [Note 23]	26,535	22,886	10,425	12,252

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

DATAPREP HOLDINGS BHD.
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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Dataprep Holdings Bhd ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office of the Company is as follows:

Suite 5.02, 5th Floor
Wisma Academy
No. 4A, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan

The holding company of the Company is VXL Holdings Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are set out in Note 15.

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 May 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

The accounting policies applied by the Group are consistent with those applied in the previous financial year other than the application of the amendments to MFRSs as disclosed in Note 2.2 below.

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

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Application of Amendments to MFRSs

During the financial year, the Group has applied the following amendments to MFRSs which are effective for accounting period of the Group beginning on or after 1 April 2014 :-

Amendments to MFRS 132	- Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127	- Investment Entities
Amendments to MFRS 136	- Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	- Novation of Derivatives and Continuation of Hedge Accounting

Amendments to MFRS 132 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively and the application has no impact on the disclosures or the amounts recognised in the Group's and in the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 127 - Investment Entities

Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The amendments also introduce new disclosure requirements for investment entities in MFRS 12, Disclosure on Interests in Other Entities and MFRS 127, Separate Financial Statements.

The amendments to MFRS 10, MFRS 12 and MFRS 127 have been applied prospectively and as the Company is not an investment entity, the application of the amendments has no impact on the disclosures or the amounts recognised in the Group's and in the Company's financial statements.

Amendments to MFRS 136 - Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") containing goodwill or other intangible assets with indefinite useful lives when there has been no impairment or reversal of impairment of the related CGU. The amendments also introduce additional disclosure requirements which are applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by MFRS 13, Fair Value Measurement.

The amendments have been applied retrospectively and the application has no impact on the disclosures in the Group's and in the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Application of Amendments to MFRSs (Cont'd.)

Amendments to MFRS 139 - Novation of Derivatives and Continuation of Hedge Accounting

The amendments introduce a narrow-scope exception to the requirement for the discontinuation of hedge accounting in MFRS 139, Financial Instruments : Recognition and Measurement. Specifically, the amendments provide relief from discontinuing hedge accounting when a novation of a derivative as a hedging instrument meets certain criteria.

The amendments have been applied retrospectively and the application has no impact on the disclosures or the amounts recognised in the Group's and in the Company's financial statements.

2.3 New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted

The Group has not early adopted the following new MFRSs and amendments to MFRSs which have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective :-

Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119, Defined Benefit Plans : Employee Contributions
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2011 - 2013 Cycle"
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2010 - 2012 Cycle"

Effective for annual periods beginning on or after 1 January 2016

MFRS 14, Regulatory Deferral Accounts
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 - Agriculture : Bearer Plants
Amendments to MFRS 127 - Equity Method in Separate Financial Statements
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"
Amendments to MFRS 101 - Disclosure Initiative
Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities: Applying the Consolidation Exception

Effective for annual periods beginning on or after 1 January 2017

MFRS 15 - Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 - Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd.)

The Group will apply the above new MFRSs and amendments to MFRSs that are applicable once they become effective. The main features of these new standards and amendments to standards are summarised below :-

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

The amendments provide additional guidance on how depreciation of property, plant and equipment and amortisation of intangible assets should be calculated.

MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The amendments to MFRS 116 prohibit revenue-based depreciation on the basis that revenue does not reflect the way in which an item of property, plant and equipment is used or consumed. The amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on revenue generated by an activity that includes the use of an intangible asset is inappropriate. The presumption can be overcome only in the limited circumstances (i) in which the intangible asset is expressed as a measure of revenue i.e. in the circumstances in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or (ii) when it can be demonstrated that revenue and the consumption of the economic benefits of intangible assets are highly correlated.

(b) MFRS 15, Revenue from Contracts with Customers

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd.)

(b) MFRS 15, Revenue from Contracts with Customers (Cont'd.)

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

Step 1 Identify the contract(s) with a customer

Step 2 Identify the performance obligations in the contract

Step 3 Determine the transaction price

Step 4 Allocate the transaction price to the performance obligations in the contract

Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

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

(c) MFRS 9, Financial Instruments (IFRS 9 as issued by IASB in July 2014)

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

The key enhancements of MFRS 9 are :

- Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets under MFRS 139 had been replaced.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd.)

(c) MFRS 9, Financial Instruments (IFRS 9 as issued by IASB in July 2014) (Cont'd.)

- Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9, except for the measurement of financial liabilities designated as at FVTPL. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss. However, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. Under MFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139 i.e. fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. MFRS 9 incorporates a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedge items and hedging instruments respectively.

The initial application of MFRS 9 may have an impact on the financial statements of the Group. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. The initial application of other new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transaction and events in similiar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting except for subsidiaries arising from common control transfers. The consideration transferred for the acquisition of a subsidiary is measured at fair value and is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquistion-related costs are recognised as an expense in the periods in which the costs are incurred.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of Consolidation (Cont'd.)

Subsidiaries arising from common control combinations are consolidated using the principles of merger accounting. The common control combinations are business combinations in which all the combining entities have common ultimate controlling parties prior to and immediately after such combinations. Under the principles of merger accounting, the assets and liabilities of the combining entities are consolidated using the existing book values from the controlling parties' perspective and the results of each of the combining entity are presented as if the combination had been effected throughout the current and previous comparative periods presented. On consolidation, the cost of investment is matched against the nominal value of ordinary shares acquired and any resulting credit difference (merger reserve) is classified under equity as a non distributable reserve and any resulting debit difference (merger deficit) is adjusted against suitable consolidated reserves or presented as a debit against equity.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Subsidiaries

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

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

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Intangible Assets

(a) Goodwill

Goodwill acquired in a business combination is determined as described in Note 2.4 and is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other Intangible Assets

Intangible assets relate to computer software and development expenditure. Computer software represents license fees paid to third parties and costs of internally developed software packages. Development expenditure mainly comprises direct costs which includes staff costs of the software development team and an appropriate portion of relevant overheads incurred in the development of computer software packages for resale.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Intangible Assets (Cont'd.)

(b) Other Intangible Assets (Cont'd.)

Costs incurred in the development of software which are not or have ceased to be commercially viable are written off.

2.7 Plant and Equipment, and Depreciation

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

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computer equipment	14%
Furniture, fittings, office and Electronic Data Capture ("EDC") equipment	10% - 20%
Motor vehicles	20%
Renovation	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end 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 plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference, if any, between the net disposal proceeds, and the net carrying amount is recognised in profit or loss.

2.8 Contracts

Where the outcome of a contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of cost of work accepted by the customers to date to the estimated total contract cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Contracts (Cont'd.)

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.9 Impairment of Non-financial Assets

The carrying amounts of non-financial assets, other than contract assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Impairment of Non-financial Assets (Cont'd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial Assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

All financial assets of the Group are classified as loans and receivables.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial Assets (Cont'd.)

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

A financial asset is derecognised when, and only when, the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration is recognised in profit or loss.

2.11 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in the economic conditions.

If any such evidence exists, the amount of impairment loss 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolescence and/or slow moving items.

Cost is determined using the weighted average basis and comprises the purchase price plus the incidental cost of bringing the inventories to their intended location and condition. Costs incurred on projects expected to be completed within one year are reflected as work in progress.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Cash and Cash Equivalents

For the purposes of cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call net of outstanding bank overdrafts.

2.14 Financial Liabilities

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

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

The Group's financial liabilities include trade and other payables and borrowings. All financial liabilities of the Group are classified as other financial liabilities.

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

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

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Financial Liabilities (Cont'd.)

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

2.15 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

2.16 Share Capital

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Hire-Purchase and Finance Lease Arrangements and Operating Leases

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all risks and rewards incidental to ownership of the leased assets.

All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Assets acquired under hire purchase arrangements are recognised and measured in a similar manner as finance leases.

(b) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable plant and equipment as described in Note 2.7.

(c) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Income Tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Income Tax (Cont'd.)

(b) Deferred tax (Cont'd.)

- in respect of deductible temporary differences associated with investments in subsidiaries, and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.20 Employee Benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Employee Benefits (Cont'd.)

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as expenses in the profit or loss as incurred.

2.21 Foreign Currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Foreign Currencies (Cont'd.)

(c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities presented are translated at the closing rate prevailing at reporting date;

- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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

2.22 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sales of computer systems, equipment and software are recognised upon delivery of products net of discounts, if any, and upon the transfer of risks and rewards.

(b) Rendering of services

(i) Revenue from maintenance, technology and software services are recognised as and when the services are performed.

(ii) Revenue from consultancy and system integration services and software development are recognised based on services performed and upon customer's acceptance of the services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Revenue Recognition (Cont'd.)

(c) Contracts

(i) Revenue from contracts is accounted for by the stage of completion method as disclosed in Note 2.8.

(ii) Revenue on application and content providers are recognised over the contractual period.

(d) Rental income

Revenue on rental of Electronic Data Capture ("EDC") equipment is recognised on an accrual basis.

(e) Management fees

Management fees are recognised when services are performed.

(f) Interest income

Interest income is recognised on an accruals basis based on the prevailing interest rate.

(g) Dividend income

Dividend from subsidiaries are recognised when the right to receive payment is established.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards and International Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

(b) Key sources of estimation uncertainty

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

(i) Impairment assessment for non-financial assets

The Group assesses impairment of plant and equipment and investments in subsidiaries when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which the assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The impairment losses on cost of investment in subsidiaries are as disclosed in Note 15.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

(b) Key sources of estimation uncertainty (Cont'd.)

(ii) Useful lives of plant and equipment

The cost of computer equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these computer equipment to be at 7 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group is RM640,000 (2014: RM1,208,000). The total unrecognised tax losses and capital allowances of the Group is RM79,957,000 (2014: RM75,918,000).

(iv) Impairment losses of receivables

The Group makes an allowance for impairment losses of receivables based on an assessment of the recoverability of receivables. Allowances are applied to receivables and advances to subsidiaries where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables. The carrying amounts of receivables and balances due from subsidiaries and the cumulative allowances for impairment losses are disclosed in Notes 17, 20 and 21.

(v) Long term contracts

The Group recognises long term contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that long term contract costs incurred for work performed to date bear to the estimated total long term contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue, accrued billings and costs, as well as the recoverability of the amount due from contract customers.

4. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
IT related products and services	76,242	52,732	-	-
Payment solutions and services	1,992	2,143	-	-
Management services	-	-	6,528	6,658
	78,234	54,875	6,528	6,658

5. OTHER INCOME

The following amounts have been included in other income: -

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- deposits with licensed commercial bank	646	669	326	366
- others	97	166	-	-
Service fee charged to holding company	135	-	135	-
Incentive from suppliers	97	8	-	-

6. OTHER EXPENSES

The following amounts have been included in other expenses: -

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Depreciation of plant and equipment (Note 13)	596	787	147	172
Amortisation of intangible assets (Note 14)	110	127	101	93
Allowance for impairment loss on investment in subsidiaries (Note 15)	-	-	3,567	3,955
Allowance for impairment losses on amount due from subsidiaries (Note 17)	-	-	-	2,386
Rental of :				
- premises	956	946	210	217
- equipment	37	32	12	10

7. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest expense :				
- short term borrowings	279	38	-	-
- hire purchase	12	5	12	5
- other borrowing	75	151	-	-
	366	194	12	5
Finance charges on trade facilities	94	66	-	-
	460	260	12	5

8. LOSS BEFORE TAX

In addition to the disclosures in Notes 4, 5, 6 and 7, the following amounts have been charged/(credited) in arriving at loss before tax:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Employee benefits expense (Note 9)	20,228	20,070	4,450	4,699
Auditors' remuneration:				
- current year provision	151	120	40	35
- underprovision in prior year	11	24	12	26
Realised foreign exchange loss	184	37	-	-
Unrealised foreign exhange gain	(20)	-	-	-
Non-executive directors' remuneration (Note 10)	133	164	133	164
Net (write-back of allowance)/ allowance for obsolete inventories	(27)	363	-	-
Write-back of allowance for impairment losses on receivables	(15)	-	-	-
Allowance for impairment losses on receivables	889	108	-	-
Plant and equipment written off	1	19	-	-
Write back of liabilities no longer required	-	(237)	-	-
Gain on disposal of plant and equipment	(2)	(11)	-	-
Loss on disposal of plant and equipment	2	-	-	-
Leaseline rental	67	112	19	35

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	16,794	17,030	3,661	3,971
Social security contributions	175	175	25	25
Contributions to a defined contribution plan	1,972	1,948	430	458
Other staff related expenses	1,287	917	334	245
	20,228	20,070	4,450	4,699

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM1,213,000 (2014: RM1,069,000) and RM795,000 (2014: RM660,000) respectively as further disclosed in Note 10.