

183059 H

DATAPREP HOLDINGS BHD.

(183059 H)

(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

DATAPREP HOLDINGS BHD.
(Incorporated in Malaysia)

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DATAPREP HOLDINGS BHD.
(Incorporated in Malaysia)

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 2016.

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	<u>(2,866)</u>	<u>(3,114)</u>
Attributable to:		
Owners of the Company	(2,736)	(3,114)
Non-controlling interests	<u>(130)</u>	<u>-</u>
	<u>(2,866)</u>	<u>(3,114)</u>

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 and on amounts due from subsidiaries 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 the 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	
Tan Hock Chye	(appointed on 18 April 2016)
Yeow Soo Hiang	(appointed on 18 April 2016)
Muhammad Fauzi Bin Abd Ghani	(resigned on 2 June 2015)
Ahmad Rizan Bin Ibrahim	(resigned on 18 April 2016)

In accordance with Article 103 of the Company's Articles of Association, Tan Hock Chye and Yeow Soo Hiang retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves 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.

Article 98 provides that one-third or the number nearest to one-third of Directors available for retirement shall retire by rotation. Consequently retirement by rotation is not required at the forthcoming Annual General Meeting as there is only one Director available for retirement by rotation.

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 other than the proposed private placement of shares in the Company to the holding company, VXL Holdings Sdn Bhd of which Datuk Lim Chee Wah, a Director of the Company is a substantial shareholder pursuant to the corporate exercise as detailed in Note 35 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit 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 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, through the private placement of new shares in the Company to the holding company as referred to in the preceding paragraph, at an issue price which represented a discount from the quoted market price as detailed in Note 35 to the financial statements, and the disposal to and acquisition of shares in a subsidiary from a Director as disclosed in Note 28(b)(i) to the financial statements.

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 for the financial year were as follows:

	Number of Ordinary Shares of RM0.25 Each			
	At 1.4.2015	Acquired	Disposed	At 31.3.2016
The Company				
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	28,847,122	-	232,232,168
Ahmad Rizan Bin Ibrahim*				
- Direct	17,831	-	-	17,831

	Number of Ordinary Shares of RM1 Each			
	At 1.4.2015	Acquired	Disposed	At 31.3.2016
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 1.4.2015	Acquired	Disposed	At 31.3.2016
Subsidiary Company				
- Solsis (M) Sdn. Bhd.				
Ahmad Rizan Bin Ibrahim*				
- Direct	2,538,000	6,091,200	(8,629,200)	-

**Resigned subsequent to year end on 18 April 2016.*

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 for 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.
- (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.

OTHER STATUTORY INFORMATION (CONT'D.)

(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.

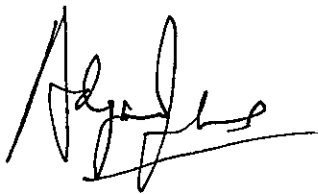
SIGNIFICANT EVENT DURING THE YEAR AND SUBSEQUENT EVENTS

During the year the Company undertook a corporate exercise of share capital reduction, share premium reduction and private placement of new shares which were completed subsequent to the end of the year as disclosed in Note 35 to the financial statements.

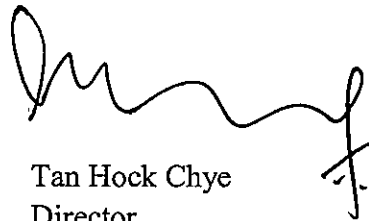
AUDITORS

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 31 May 2016.



Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman



Tan Hock Chye
Director

Date : 31 May 2016

DATAPREP HOLDINGS BHD.
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	4	58,525	78,234	5,844	6,528
Cost of sales		(47,353)	(66,076)	-	-
Gross profit		11,172	12,158	5,844	6,528
Other income	5	975	1,168	574	480
Selling and distribution costs		(1,694)	(1,930)	-	-
Administrative expenses		(8,480)	(8,540)	(3,964)	(4,450)
Other expenses	6	(4,160)	(5,688)	(5,558)	(5,114)
Operating loss		(2,187)	(2,832)	(3,104)	(2,556)
Finance costs	7	(569)	(460)	(10)	(12)
Loss before taxation	8	(2,756)	(3,292)	(3,114)	(2,568)
Taxation	11	(110)	(78)	-	-
Loss for the financial year		(2,866)	(3,370)	(3,114)	(2,568)
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss :</i>					
Foreign currency translation gain		40	66	-	-
Other comprehensive income for the year, net of tax		40	66	-	-
Total comprehensive loss for the year		(2,826)	(3,304)	(3,114)	(2,568)

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss for the financial year attributable to:					
Owners of the Company		(2,736)	(4,240)	(3,114)	(2,568)
Non-controlling interests		(130)	870	-	-
		<u>(2,866)</u>	<u>(3,370)</u>	<u>(3,114)</u>	<u>(2,568)</u>
Total comprehensive loss for the year attributable to:					
Owners of the Company		(2,696)	(4,174)	(3,114)	(2,568)
Non-controlling interests		(130)	870	-	-
		<u>(2,826)</u>	<u>(3,304)</u>	<u>(3,114)</u>	<u>(2,568)</u>
Loss per share attributable to owners of the Company (sen):					
Basic	12	<u>(0.71)</u>	<u>(1.11)</u>		

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

DATAPREP HOLDINGS BHD.
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STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016

		Group		Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Plant and equipment	13	1,342	1,148	265	372
Intangible assets	14	144	226	156	237
Investment in subsidiaries	15	-	-	16,307	18,074
Other investments	16	91	91	-	-
		<u>1,577</u>	<u>1,465</u>	<u>16,728</u>	<u>18,683</u>
Current assets					
Inventories	19	638	543	-	-
Trade receivables	20	16,036	27,605	-	-
Other receivables	21	1,180	1,086	176	85
Amounts due from subsidiaries	17	-	-	11,249	12,884
Tax recoverable		62	2	-	-
Cash and bank balances	23	23,684	26,535	10,802	10,425
		<u>41,600</u>	<u>55,771</u>	<u>22,227</u>	<u>23,394</u>
TOTAL ASSETS		<u>43,177</u>	<u>57,236</u>	<u>38,955</u>	<u>42,077</u>

DATAPREP HOLDINGS BHD.
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016 (CONT'D.)

		Group		Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	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		142	102	-	-
Accumulated losses		(58,429)	(57,407)	(62,859)	(59,745)
		<u>29,464</u>	<u>30,446</u>	<u>38,401</u>	<u>41,515</u>
Non-controlling interests		<u>(109)</u>	<u>1,953</u>	<u>-</u>	<u>-</u>
Total equity		<u>29,355</u>	<u>32,399</u>	<u>38,401</u>	<u>41,515</u>
Non-current liabilities					
Long term borrowings	25	<u>178</u>	<u>204</u>	<u>178</u>	<u>204</u>
Current liabilities					
Trade payables	26	3,041	12,056	-	-
Other payables	27	3,939	4,078	350	326
Short term borrowings	25	6,651	8,478	26	32
Provision for taxation		13	21	-	-
		<u>13,644</u>	<u>24,633</u>	<u>376</u>	<u>358</u>
Total liabilities		<u>13,822</u>	<u>24,837</u>	<u>554</u>	<u>562</u>
TOTAL EQUITY AND LIABILITIES					
		<u>43,177</u>	<u>57,236</u>	<u>38,955</u>	<u>42,077</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

Group	Note	Attributable to the Owners of the Company----->									
		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 2015		95,772	5,488	(13,509)	102	(57,407)	30,446	1,953	32,399		
Loss for the financial year		-	-	-	-	(2,736)	(2,736)	(130)	(2,866)		
Foreign currency translation gain of foreign operations		-	-	-	40	-	40	-	40		
Total comprehensive loss for the year		-	-	-	40	(2,736)	(2,696)	(130)	(2,826)		
Transactions with owners :											
Disposal of shares in a subsidiary to non-controlling interest	15	-	-	-	-	-	-	256	256		
Acquisition of non-controlling interest in a subsidiary	15	-	-	-	-	1,714	1,714	(2,188)	(474)		
Total transactions with owners		-	-	-	-	1,714	1,714	(1,932)	(218)		
At 31 March 2016		95,772	5,488	(13,509)	142	(58,429)	29,464	(109)	29,355		
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)		
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		

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**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	<---Attributable to the Owners of the Company--->			
	Non- Distributable			
Company	Share capital (Note 24) RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 April 2015	95,772	5,488	(59,745)	41,515
Loss for the financial year representing total comprehensive loss for the year	-	-	(3,114)	(3,114)
At 31 March 2016	<u>95,772</u>	<u>5,488</u>	<u>(62,859)</u>	<u>38,401</u>
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	<u>95,772</u>	<u>5,488</u>	<u>(59,745)</u>	<u>41,515</u>

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

DATAPREP HOLDINGS BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash Flows from Operating Activities				
Loss before taxation	(2,756)	(3,292)	(3,114)	(2,568)
Adjustments for:				
Depreciation of plant and equipment	418	596	105	147
Amortisation of intangible assets	93	110	81	101
Gain on disposal of plant and equipment	(37)	(3)	(65)	-
Plant and equipment written off	14	4	2	-
Gain on disposal of shares in a subsidiary (Net write-back of allowance)/net allowance	-	-	(136)	-
for impairment losses on receivables	(321)	874	-	-
Allowance for impairment loss on investment in a subsidiary	-	-	2,121	3,567
Allowance for impairment losses on amounts due from subsidiaries, net of write-back	-	-	2,000	-
Net allowance/(net write-back of allowance) for obsolete inventories	76	(27)	-	-
Bad debts written off	167	-	-	-
Unrealised foreign exchange gain	(28)	(20)	(5)	-
Interest expense	435	366	10	12
Interest income	(792)	(743)	(352)	(326)
Operating (loss)/profit before working capital changes	(2,731)	(2,135)	647	933
(Increase)/Decrease in inventories	(171)	1	-	-
Decrease/(Increase) in receivables	11,629	(1,521)	(91)	67
(Decrease)/Increase in payables	(9,126)	2,124	29	(27)
Increase in net amounts due from subsidiaries	-	-	(365)	(3,009)
Cash (used in)/generated from operations	(399)	(1,531)	220	(2,036)
Tax paid	(178)	(114)	-	-
Interest received	792	743	352	326
Interest paid	(435)	(366)	(10)	(12)
Net cash (used in)/from operating activities	(220)	(1,268)	562	(1,722)

DATAPREP HOLDINGS BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D.)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Investing Activities				
Purchase of plant and equipment (Note 13)	(679)	(200)	-	(17)
Purchase of intangible assets (Note 14)	(11)	(74)	-	(26)
Proceeds from disposal of plant and equipment	90	9	65	6
Proceeds from disposal of shares in a subsidiary to non-controlling interest	256	-	256	-
Acquisition of additional shares in a subsidiary from non-controlling interest	(474)	-	(474)	-
Net cash used in investing activities	<u>(818)</u>	<u>(265)</u>	<u>(153)</u>	<u>(37)</u>
Cash Flows from Financing Activities				
Drawdown of borrowings	-	5,905	-	-
Repayment of borrowings	(1,821)	(721)	-	-
Repayment of hire purchase liabilities	(32)	(68)	(32)	(68)
Net cash (used in)/from financing activities	<u>(1,853)</u>	<u>5,116</u>	<u>(32)</u>	<u>(68)</u>
Net (decrease)/increase in cash and cash equivalents	(2,891)	3,583	377	(1,827)
Effect of exchange rate fluctuations	40	66	-	-
Cash and cash equivalents at beginning of year	<u>26,535</u>	<u>22,886</u>	<u>10,425</u>	<u>12,252</u>
Cash and cash equivalents at end of year (Note 23)	<u>23,684</u>	<u>26,535</u>	<u>10,802</u>	<u>10,425</u>

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 2016

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 31 May 2016.

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) unless otherwise presented.

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 2015 :-

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"

The initial application of the amendments to MFRSs have no significant impact on the financial statements of the Group and of the Company.

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 January 2016

Amendment to MFRS 14, Regulatory Deferral Accounts

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

Amendments to MFRS 107 - Disclosure Initiative

Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018

MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

MFRS 15 - Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 - Leases

Effective for annual periods beginning on or after a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 issued 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 issued 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.

(d) MFRS 16, Leases

MFRS 16 will replace the existing standard on Leases, MFRS 117 when it becomes effective. Currently under MFRS 117, a lease is classified either as a finance lease or an operating lease based on the extent to which risks and rewards incidental to ownership of the leased asset lie with the lessor or the lessee. A lessee recognises the asset and liability arising from a finance lease but not an operating lease. MFRS 16 eliminates the distinction between finance leases and operating leases for lessees. Under the new standard, a lessee is required to recognise the assets and liabilities in respect of all leases, except for short-term leases of 12 months or less and leases of low value assets. At the commencement of a lease, a lessee recognises a right-of-use asset and a corresponding lease liability. The lessee will be required to separately recognise the depreciation on the right-of-use asset and interest expense on the lease liability. Lessor accounting remained substantially unchanged from the current accounting under MFRS 117.

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 initial application of MFRS 9 may have an impact on the financial statements of the Group and of the Company. 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 and of the Company.

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 similar 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. Acquisition-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 acquisition-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 acquisition-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 assesses 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 considers 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 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 capital allowances of the Group is RM1,038,000 (2015: RM640,000). The total unrecognised tax losses and capital allowances of the Group is RM81,601,000 (2015: RM79,957,000).

(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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
IT related products and services	56,396	76,242	-	-
Payment solutions and services	2,129	1,992	-	-
Management services	-	-	5,844	6,528
	<u>58,525</u>	<u>78,234</u>	<u>5,844</u>	<u>6,528</u>

5. OTHER INCOME

The following amounts have been included in other income: -

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- deposits with licensed commercial banks	773	646	352	326
- others	19	97	-	-
Service fee charged to holding company	-	135	-	135
Gain on disposal of shares in a subsidiary (Note 15(b))	-	-	136	-
Gain on disposal of plant and equipment	70	5	65	-
Incentive from suppliers	-	97	-	-
	<u>-</u>	<u>97</u>	<u>-</u>	<u>-</u>

6. OTHER EXPENSES

The following amounts have been included in other expenses: -

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Depreciation of plant and equipment (Note 13)	418	596	105	147
Amortisation of intangible assets (Note 14)	93	110	81	101
Allowance for impairment loss on investment in a subsidiary (Note 15)	-	-	2,121	3,567
Allowance for impairment losses on amounts due from subsidiaries, net of write-back (Note 17)	-	-	2,000	-
Rental of premises	991	956	204	210
Rental of equipment	27	37	8	12
	<u>27</u>	<u>37</u>	<u>8</u>	<u>12</u>

7. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense :				
- short term borrowings	401	279	-	-
- hire purchase	10	12	10	12
- other borrowing	24	75	-	-
	435	366	10	12
Finance charges on trade facilities	134	94	-	-
	569	460	10	12

8. LOSS BEFORE TAXATION

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employee benefits expense (Note 9)	19,291	20,228	3,965	4,450
Auditors' remuneration:				
Statutory audit				
- current year provision	153	151	45	40
- underprovision in prior year	1	11	-	12
Other professional services	10	10	10	10
Realised foreign exchange loss	8	184	1	-
Unrealised foreign exchange gain	(28)	(20)	(5)	-
Non-executive directors' remuneration (Note 10)	140	133	140	133
Net allowance/(write-back of allowance) for obsolete inventories	76	(27)	-	-
Write-back of allowance for impairment losses on receivables (Note 20)	(631)	(15)	-	-
Allowance for impairment losses on receivables (Note 20)	310	889	-	-
Bad debts written off	167	-	-	-
Plant and equipment written off	14	4	2	-
Loss on disposal of plant and equipment	33	2	-	-
Leaseline rental	52	67	21	19

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	16,265	16,794	3,361	3,661
Social security contributions	177	175	23	25
Contributions to a defined contribution plan	1,921	1,972	383	430
Other staff related expenses	928	1,287	198	334
	<u>19,291</u>	<u>20,228</u>	<u>3,965</u>	<u>4,450</u>

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM1,005,000 (2015: RM1,212,000) and RM202,000 (2015: RM795,000) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive Directors' remuneration:				
- Salaries, commission and incentives	180	712	180	712
- Contributions to a defined contribution plan	22	83	22	83
	<u>202</u>	<u>795</u>	<u>202</u>	<u>795</u>
Directors of subsidiaries				
Executive Directors' remuneration:				
- Salaries, commission and incentives	717	372	-	-
- Contributions to a defined contribution plan	86	45	-	-
	<u>803</u>	<u>417</u>	<u>-</u>	<u>-</u>
Total Executive Directors' remuneration (Note 9)	<u>1,005</u>	<u>1,212</u>	<u>202</u>	<u>795</u>
Non-Executive Directors' remuneration :				
- Fees	117	116	117	116
- Allowances	23	17	23	17
	<u>140</u>	<u>133</u>	<u>140</u>	<u>133</u>

10. DIRECTORS' REMUNERATION (CONT'D.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total Directors' remuneration	1,145	1,345	342	928
Benefits-in-kind	66	111	66	87
Total Directors' remuneration including benefits-in-kind	<u>1,211</u>	<u>1,456</u>	<u>408</u>	<u>1,015</u>

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Number of Directors	
	2016	2015
Executive Directors:		
RM200,001 to RM250,000	1	1
RM550,001 to RM600,000	-	1
Non-executive Directors:		
RM1 to RM50,000	4	3
RM50,001 to RM100,000	-	1

There was a change of position of an executive director to non-executive director for the previous financial year.

11. TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current year income tax :-				
- Malaysian income tax	11	78	-	-
- Overseas tax	95	-	-	-
Under provision in prior years	4	-	-	-
Total income tax expense	<u>110</u>	<u>78</u>	<u>-</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

Taxation for other countries is calculated at the rates prevailing in the respective countries.

11. TAXATION (CONT'D.)

A reconciliation of the income tax amount applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss before taxation	(2,756)	(3,292)	(3,114)	(2,568)
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(661)	(823)	(747)	(642)
Differential in tax rates of foreign countries	95	-	-	-
Expenses not deductible for tax purposes	252	188	1,074	933
Income not subject to taxation	(18)	(80)	(46)	-
Utilisation of previously unrecognised unabsorbed capital allowances	(864)	(270)	(237)	(210)
Utilisation of current year business losses surrendered by a subsidiary	-	-	(84)	(81)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	1,302	1,063	40	-
Underprovision of income tax expense in respect of prior year	4	-	-	-
Income tax expense for the financial year	110	78	-	-

Group	
2016 RM'000	2015 RM'000

Tax savings recognised during the financial year arising from:

Utilisation of previously unrecognised unabsorbed capital allowances	864	270
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12. LOSS PER SHARE**(a) Basic**

Basic loss per share is calculated by dividing the loss for the financial year attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2016	2015
Loss attributable to ordinary equity owners of the Company (RM'000)	(2,736)	(4,240)
Weighted average number of ordinary shares in issue ('000)	383,087	383,087
Basic loss per share for the financial year (sen)	<u>(0.71)</u>	<u>(1.11)</u>

(b) Diluted

Diluted earnings per share is not presented as there is no dilutive potential ordinary share outstanding as at the end of the financial year.

13. PLANT AND EQUIPMENT

Group	Computer equipment RM'000	Furniture, fittings, office and EDC equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
At 31 March 2016					
Cost					
At 1 April 2015	7,090	4,737	674	999	13,500
Additions	520	71	61	27	679
Disposals	(143)	(242)	(350)	-	(735)
Write-off	(1,960)	(736)	-	(392)	(3,088)
At 31 March 2016	5,507	3,830	385	634	10,356
Accumulated Depreciation					
At 1 April 2015	6,589	4,303	461	999	12,352
Charge for the year (Note 6)	197	155	62	4	418
Disposals	(92)	(240)	(350)	-	(682)
Write-off	(1,950)	(732)	-	(392)	(3,074)
At 31 March 2016	4,744	3,486	173	611	9,014
Net Book Value					
At 31 March 2016	763	344	212	23	1,342
At 31 March 2015					
Cost					
At 1 April 2014	7,090	5,296	674	411	13,471
Reclassification	-	(588)	-	588	-
Additions	31	169	-	-	200
Disposals	(31)	(97)	-	-	(128)
Write-off	-	(43)	-	-	(43)
At 31 March 2015	7,090	4,737	674	999	13,500
Accumulated Depreciation					
At 1 April 2014	6,324	4,800	406	387	11,917
Reclassification	-	(588)	-	588	-
Charge for the year (Note 6)	293	224	55	24	596
Disposals	(28)	(94)	-	-	(122)
Write-off	-	(39)	-	-	(39)
At 31 March 2015	6,589	4,303	461	999	12,352
Net Book Value					
At 31 March 2015	501	434	213	-	1,148

13. PLANT AND EQUIPMENT (CONT'D.)

Company	Computer equipment RM'000	Furniture, fittings, office and EDC equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
At 31 March 2016					
Cost					
At 1 April 2015	747	146	586	150	1,629
Disposal	-	-	(309)	-	(309)
Write-off	(6)	-	-	(150)	(156)
At 31 March 2016	741	146	277	-	1,164
Accumulated Depreciation					
At 1 April 2015	653	81	373	150	1,257
Charge for the year (Note 6)	30	19	56	-	105
Disposal	-	-	(309)	-	(309)
Write-off	(4)	-	-	(150)	(154)
At 31 March 2016	679	100	120	-	899
Net Book Value					
At 31 March 2016	62	46	157	-	265
At 31 March 2015					
Cost					
At 1 April 2014	748	144	586	150	1,628
Additions	15	2	-	-	17
Disposal	(16)	-	-	-	(16)
At 31 March 2015	747	146	586	150	1,629
Accumulated Depreciation					
At 1 April 2014	602	62	318	138	1,120
Charge for the year (Note 6)	61	19	55	12	147
Disposal	(10)	-	-	-	(10)
At 31 March 2015	653	81	373	150	1,257
Net Book Value					
At 31 March 2015	94	65	213	-	372

Included in plant and equipment of the Group and of the Company are the costs of fully depreciated assets, which are still in use amounting to RM7,480,000 and RM306,000 (2015: RM10,824,000 and RM746,000) respectively.

13. PLANT AND EQUIPMENT (CONT'D.)

The net carrying amount of plant and equipment held under hire purchase arrangements are as follows :-

	Group and Company	
	2016	2015
	RM'000	RM'000
Motor vehicles	157	213

Details of terms and conditions of the hire purchase arrangements are disclosed in Note 25.

14. INTANGIBLE ASSETS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<u>Computer Software</u>				
Cost				
At 1 April 2015/2014	2,936	3,478	2,289	2,263
Additions	11	74	-	26
Write-off	(111)	(616)	-	-
At 31 March	2,836	2,936	2,289	2,289
Accumulated Amortisation				
At 1 April 2015/2014	2,710	3,216	2,052	1,951
Charge for the year (Note 6)	93	110	81	101
Write-off	(111)	(616)	-	-
At 31 March	2,692	2,710	2,133	2,052
Net Book Value				
At 31 March	144	226	156	237

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	RM'000	RM'000
Unquoted shares, at cost	81,709	83,466
Less: Accumulated impairment losses		
At 1 April 2015/2014	(65,392)	(61,825)
Reversal upon disposal of shares (Note 15(b))	2,111	-
Impairment loss for the year (Note 6)	(2,121)	(3,567)
At 31 March	(65,402)	(65,392)
	16,307	18,074

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

During the financial year, the management has undertaken an impairment review of the subsidiaries' operations. In assessing the recoverable amount of the cost of investment in the subsidiaries, the management has computed value-in-use based on discounted cash flows at a pre-tax discounted rate of 7.85% (2015 : 7.85%). An allowance for impairment loss on investment in a subsidiary amounting to RM2,121,000 was recognised to impair in full the carrying amount of the subsidiary during the current financial year. In the previous financial year, an allowance for impairment loss on investment in a subsidiary amounting to RM3,567,000 was recognised to write down the carrying amount of the subsidiary to its recoverable amount of RM11,775,000.

(a) Composition of the Group

Details of the subsidiaries are as follows :

Name	Country of incorporation and operations	Company's effective interest		Principal Activities
		2016 %	2015 %	
Dataprep (Malaysia) Sendirian Berhad*	Malaysia	100	100	Provision of IT outsourcing and managed services.
Solsis (M) Sdn. Bhd.*	Malaysia	100	55	Provision of computer hardware, network services, applications and contact centre.
Solsisnet Sdn. Bhd.*	Malaysia	100	100	Provision of networking equipment, services and training.
Instant Office Sdn. Bhd.*	Malaysia	100	100	Provision of internet application services, distribution of ICT product and implementation services.
Dataprep Payment Solutions Sdn. Bhd.*	Malaysia	100	100	Provision of information technology services and secured payment solutions.
Dataprep Distribution Sdn. Bhd. (In liquidation)	Malaysia	100	100	Under court winding up.
88 Daiman Sdn Bhd*	Malaysia	100	100	Dormant.
Tamadun Interaktif Sdn. Bhd.*	Malaysia	55	55	Dormant.
DP International Ltd.*	British Virgin Islands	100	100	Dormant.

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)**(a) Composition of the Group (Cont'd.)**

Details of the subsidiaries are as follows (Cont'd.) :

Name	Country of incorporation and operations	Company's effective interest		Principal Activities
		2016 %	2015 %	
IO Holdings Ltd.*	British Virgin Islands	100	100	Dormant.
DP International Pte. Ltd. #	Singapore	100	100	Provision of information technology services and solutions.
Dataprep (HK) Limited @	Hong Kong SAR, People's Republic of China	100	100	Provision of information technology services and solutions.
Dataprep (Beijing) Limited @	People's Republic of China	100	100	Provision of information technology services and solutions.

* Audited by Folks DFK & Co., Malaysia

@ Audited by other member firms of DFK International.

Audited by a firm other than Folks DFK & Co., Malaysia

(b) Information on a subsidiary that has material non-controlling interests previously

On 22 June 2015, the Company reduced its equity interest in Solsis (M) Sdn. Bhd. from 55% to 49% by disposing 1,015,200 ordinary shares of RM1.00 each, representing 6% equity interest to the non-controlling interest for a cash consideration of RM256,346. The carrying value of the interest disposed in the Company was RM119,987 net of attributable accumulated impairment loss of RM2,111,434. The difference between the consideration and the carrying value of the interest disposed amounting to RM136,359 is reflected as gain on disposal of shares in a subsidiary under other income in profit or loss of the Company as disclosed in Note 5. The disposal has the effect of increasing the non-controlling interest within equity of the Group by RM256,346.

Subsequently on 19 February 2016, the Company acquired the remaining 8,629,200 ordinary shares of RM1.00 each, representing 51% equity interest in Solsis (M) Sdn. Bhd. from its non-controlling interest for a cash consideration of RM474,606. Upon the acquisition, Solsis (M) Sdn. Bhd. became a wholly owned subsidiary of the Group. On the date of acquisition, the Group's carrying value of the additional non-controlling interest acquired was RM2,188,274. The difference between the consideration and the carrying value of the interest acquired amounting to RM1,713,668 is reflected as a gain attributed to the owners of the Company within equity of the Group.

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Information on a subsidiary that has material non-controlling interests previously (Cont'd.)

The Group has no material non-controlling interest as at 31 March 2016. The comparative information of a non-wholly owned subsidiary of the Group is as disclosed below:

Name of subsidiary	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Accumulated non-controlling interests
	2015 %	2015 RM'000	2015 RM'000
Solsis (M) Sdn. Bhd.	45	870	1,922

Summarised financial information of Solsis (M) Sdn. Bhd. before intra-group elimination : -

	2015 RM'000
<u>Assets and liabilities as at 31 March 2015</u>	
Non-current assets	54
Current assets	46,547
Current liabilities	(42,329)
Net assets	<u>4,272</u>
Total equity attributable to :	
Owners of the Company	2,350
Non-controlling interests	<u>1,922</u>
	<u>4,272</u>
<u>Profit or loss for year ended 31 March 2015</u>	
Revenue	75,627
Other income	642
Expenses	(74,259)
Taxation	(76)
Profit for the year, representing total comprehensive income	<u>1,934</u>
Total comprehensive income attributable to :	
Owners of the Company	1,064
Non-controlling interests	<u>870</u>
	<u>1,934</u>

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)**(b) Information on a subsidiary that has material non-controlling interests previously (Cont'd.)**

	2015
	RM'000
<u>Cash flows for year ended 31 March 2015</u>	
Net cash outflow from operating activities	(906)
Net cash outflow from investing activities	(47)
Net cash inflow from financing activities	<u>5,184</u>
Net cash inflow	<u>4,231</u>

16. OTHER INVESTMENTS

	Group	
	2016	2015
	RM'000	RM'000
Club memberships, at cost	140	140
Less: Accumulated impairment losses	<u>(49)</u>	<u>(49)</u>
	<u>91</u>	<u>91</u>

17. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2016	2015
	RM'000	RM'000
Amounts due from subsidiaries	51,182	50,817
Less: Allowance for impairment losses		
At 1 April 2015/2014	(37,933)	(37,933)
Writeback	4,641	-
Addition	(6,641)	-
Net impairment losses for the year (Note 6)	<u>(2,000)</u>	<u>-</u>
At 31 March	<u>(39,933)</u>	<u>(37,933)</u>
	<u>11,249</u>	<u>12,884</u>

The amounts due from the subsidiaries are unsecured, interest free and repayable on demand.

Amounts due from subsidiaries that are impaired at the financial year end relate to loss making subsidiaries.

18. DEFERRED TAX

	Group	
	2016	2015
	RM'000	RM'000
At beginning of financial year/ end of financial year	-	-
Presented after appropriate offsetting as follows:		
Deferred tax assets	249	288
Deferred tax liabilities	(249)	(288)
	-	-

The components and movements of the deferred tax liabilities and assets during the financial year prior to the offsetting are as follows:

Deferred Tax Assets of the Group:

	Unabsorbed Capital Allowances RM'000	Other Deductible Temporary Differences RM'000	Total RM'000
At 1 April 2015	160	128	288
Recognised in statement of comprehensive income	89	(128)	(39)
At 31 March 2016	249	-	249
At 1 April 2014	302	106	408
Recognised in statement of comprehensive income	(142)	22	(120)
At 31 March 2015	160	128	288

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Total RM'000
At 1 April 2015	288	288
Recognised in statement of comprehensive income	(39)	(39)
At 31 March 2016	249	249
At 1 April 2014	408	408
Recognised in statement of comprehensive income	(120)	(120)
At 31 March 2015	288	288

18. DEFERRED TAX (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other deductible temporary differences	169	92	-	-
Unused tax losses	78,820	75,888	12,280	12,280
Unabsorbed capital allowances	2,781	4,069	598	1,228
	<u>81,770</u>	<u>80,049</u>	<u>12,878</u>	<u>13,508</u>

Deferred tax assets have not been recognised in respect of these items as they have arisen in the subsidiaries that have a history of losses and it is not probable for them to have sufficient future profits for offset in the near term.

Deferred tax assets have not been recognised in respect of unused tax losses and unabsorbed capital allowances arising in the Company as it does not expect to achieve significant profits sufficient to offset these items in the longer term.

19. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Computer equipment, spares and supplies	1,345	1,173
EDC equipment and thermal roll paper	-	1
	<u>1,345</u>	<u>1,174</u>
Allowance for obsolete inventories		
At 1 April 2015/2014	(631)	(658)
Addition	(168)	(85)
Write-back	92	112
At 31 March	<u>(707)</u>	<u>(631)</u>
	<u>638</u>	<u>543</u>

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM15,638,000 (2015 : RM18,015,000).

20. TRADE RECEIVABLES

	Group	
	2016	2015
	RM'000	RM'000
Trade receivables	14,565	22,758
Less: Allowance for impairment losses	(561)	(1,003)
	<u>14,004</u>	<u>21,755</u>
Due from customers on contracts (Note 22)	2,032	5,850
	<u>16,036</u>	<u>27,605</u>

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables include a balance of RM468,000 (RM1,443,000) which arose from a deferred payment sale of RM3,300,000. The sale amount is receivable over 36 monthly instalments and bears an effective interest rate of 7.15% per annum. As at the end of the financial year, the maturity period of the outstanding balance was as follows :-

	Group	
	2016	2015
	RM'000	RM'000
Amount repayable on demand	468	642
Amount receivable within 1 year	-	801
	<u>468</u>	<u>1,443</u>

All other trade receivables are non-interest bearing and are generally on 90 days (2015 : 90 days) terms.

Currency exposure

The currency exposure profile of trade receivables is as follows :-

	Group	
	2016	2015
	RM'000	RM'000
Ringgit Malaysia	16,036	27,026
US Dollar	-	548
Renminbi	-	31
	<u>16,036</u>	<u>27,605</u>

20. TRADE RECEIVABLES (CONT'D.)**Ageing analysis of trade receivables**

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2016	2015
	RM'000	RM'000
Neither past due nor impaired	5,218	6,420
1 to 30 days past due not impaired	1,816	7,047
31 to 60 days past due not impaired	2,541	4,448
61 to 90 days past due not impaired	3,167	1,797
More than 91 days past due not impaired	1,262	2,043
	8,786	15,335
Impaired	561	1,003
	<u>14,565</u>	<u>22,758</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM8,786,000 (2015: RM15,335,000) that are past due at the financial year end but not impaired. These balances relate mainly to customers who have never defaulted on payments but are slow paymasters and are closely monitored. Such receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are individually impaired and the movement of the allowance account used to record the impairment is as follows:

	Group	
	2016	2015
	RM'000	RM'000
Trade receivables - nominal amount	561	1,003
Less: Allowance for impairment losses	(561)	(1,003)
	<u>-</u>	<u>-</u>

20. TRADE RECEIVABLES (CONT'D.)Receivables that are impaired (Cont'd.)

Movement in the allowance account:

	Group	
	2016 RM'000	2015 RM'000
At 1 April 2015/2014	1,003	260
Addition (Note 8)	310	889
Write-back (Note 8)	(631)	(15)
Write-off	(121)	(131)
At 31 March	561	1,003

Trade receivables that are individually impaired at the financial year end relate to debtors that are in serious financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

21. OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Prepayments	533	475	49	20
Deposits	371	372	5	5
Advances to employees	26	38	-	15
Other advances	3,000	3,000	-	-
Interest income receivable	26	26	26	26
Goods and Services Tax (GST) receivables	-	-	93	-
Sundry receivables	224	175	3	19
	4,180	4,086	176	85
Allowance for impairment loss	(3,000)	(3,000)	-	-
	1,180	1,086	176	85

The Group had made an allowance of RM3,000,000 in previous financial years for impairment loss of advances granted to a main local contractor in connection with an overseas contract awarded to a subsidiary.

22. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2016	2015
	RM'000	RM'000
Contract costs incurred to date	93,480	86,558
Attributable profits	10,386	9,893
	<u>103,866</u>	<u>96,451</u>
Less: Progress billings including retention sums of RM522,000 (2015: RM522,000)	<u>(102,638)</u>	<u>(91,247)</u>
	<u>1,228</u>	<u>5,204</u>
Due from customers on contracts (Note 20)	2,032	5,850
Due to customers on contracts (Note 26)	(804)	(646)
	<u>1,228</u>	<u>5,204</u>
Contract revenue recognised	<u>18,737</u>	<u>26,167</u>
Contract costs recognised as expense	<u>16,272</u>	<u>22,802</u>

23. CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed commercial banks	18,762	18,404	10,173	10,120
Cash and bank balances	4,922	8,131	629	305
Cash and cash equivalents	<u>23,684</u>	<u>26,535</u>	<u>10,802</u>	<u>10,425</u>

Deposits of RM9,943,000 (2015: RM9,566,000) for the Group and RM1,673,000 (2015: RM1,620,000) for the Company are pledged as security for banking facilities granted to the Group and hence, are not available for general use.

The range of the deposits interest rates as at the end of the financial year was as follows:

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Licensed Commercial Banks	<u>3.2-3.90</u>	<u>3.2-3.45</u>	<u>3.2-3.90</u>	<u>3.2-3.45</u>

23. CASH AND BANK BALANCES (CONT'D.)

The range of the deposits maturities as at the end of the financial year was as follows:

	Group		Company	
	2016 Days	2015 Days	2016 Days	2015 Days
Licensed Commercial Banks	30 - 365	30 - 365	30 - 180	30 - 180

24. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares of RM0.25 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
At beginning of financial year/ end of financial year	2,000,000	2,000,000	500,000	500,000
Issued:				
At beginning of financial year/ end of financial year	383,087	383,087	95,772	95,772

Changes to the authorised share capital and issued share capital subsequent to the year end from the undertaking of a corporate exercise are as disclosed in Note 35.

25. BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Secured:				
Hire purchase payables	178	204	178	204
Current				
Secured:				
Hire purchase payables	26	32	26	32
Banker acceptances	6,625	7,660	-	-
Other borrowing	-	786	-	-
	6,651	8,478	26	32
Total borrowings	6,829	8,682	204	236

25. BORROWINGS (CONT'D.)

The banker acceptances facility is secured by way of a charge over the fixed deposits of the Company and of a subsidiary plus a corporate guarantee by the Company.

Interest on banker acceptances are charged at the rate of 5.84% (2015: 5.84%) per annum.

Other borrowing in the previous financial year obtained to finance a trade purchase was secured by a lien over the goods. The borrowing was repayable over 36 monthly instalments and borne effective interest rate of 7.15% per annum.

The maturities of the total borrowings as at 31 March are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
On demand or within one year	6,651	8,478	26	32
More than 1 year and less than 2 years	27	26	27	26
More than 2 year and less than 5 years	90	86	90	86
More than 5 years	61	92	61	92
	<u>6,829</u>	<u>8,682</u>	<u>204</u>	<u>236</u>

Obligations under hire purchases

	Group and Company	
	2016 RM'000	2015 RM'000
Future minimum payments:		
Not later than 1 year	35	42
Later than 1 year and not later than 2 years	35	35
Later than 2 years and not later than 5 years	104	104
Later than 5 years	63	98
Total future minimum payments	<u>237</u>	<u>279</u>
Less: Future finance charges	<u>(33)</u>	<u>(43)</u>
Present value of hire purchase liabilities	<u>204</u>	<u>236</u>

Hire purchase liabilities bear effective interest rate of 4.44 % (2015: 4.2% to 4.44%) per annum.

26. TRADE PAYABLES

	Group	
	2016 RM'000	2015 RM'000
Trade payables	2,237	11,410
Due to customers on contracts (Note 22)	804	646
	3,041	12,056

The credit terms of the Group's trade payables range from 60 days to 90 days (2015: 60 days to 90 days).

The currency exposure profile of trade payables is as follows :-

	Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	2,407	10,739
US Dollar	634	1,317
	3,041	12,056

27. OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accrued professional fees	194	172	61	46
Accruals on staff costs	1,157	75	147	-
Deferred income	1,078	1,429	-	-
Deposits from customers	1,197	1,257	-	-
Sundry payables	136	926	19	166
Other accruals	156	219	123	114
Goods and Services Tax (GST) payables	21	-	-	-
	3,939	4,078	350	326

28. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

28. RELATED PARTY DISCLOSURES (CONT'D.)**(a) Transactions and year-end outstanding balances with subsidiaries****(i) Transactions**

	Company	
	2016	2015
	RM'000	RM'000
Management services charged to the subsidiaries (Note 4)	5,844	6,528

(ii) Year-end outstanding balances

	Company	
	2016	2015
	RM'000	RM'000
Amounts due from subsidiaries	51,182	50,817
Less: Allowance for impairment losses	(39,933)	(37,933)
	<u>11,249</u>	<u>12,884</u>

The terms and conditions of the abovementioned balances are disclosed in Note 17.

Allowance for impairment losses net of write-back, recognised as an expense in the current financial year amounted to RM2,000,000 (2015 : Nil).

(b) Transactions and year-end outstanding balances with other related parties**(i) Transactions**

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Disposal of shares in a subsidiary to non-controlling interest #	256	-	256	-
Acquisition of additional shares in a subsidiary from non-controlling interest #	474	-	474	-
Consultancy fee charged to 3rd Valley (Zhangjiakou) Resort Corporation *	-	61	-	-
Service fee charged to VXL Holdings Sdn Bhd	-	135	-	135

* 3rd Valley (Zhangjiakou) Resort Corporation (Incorporated in the People's Republic of China) is a company in which Datuk Lim Chee Wah ("DLCW"), a director and substantial shareholder of the Company has substantial financial interest.

Non-controlling interest refers to Ahmad Rizan Bin Ibrahim who is a director of the Company as at the end of the financial year.

28. RELATED PARTY DISCLOSURES (CONT'D.)**(b) Transactions and year-end outstanding balances with other related parties (Cont'd.)****(ii) Year-end outstanding balances**

	Group	
	2016	2015
	RM'000	RM'000
Included in trade receivables :-		
3rd Valley (Zhangjiakou) Resort Corporation*	-	579
	<u>-</u>	<u>579</u>

(c) Compensation of key management personnel

The remuneration of all the Directors and other members of key management for the financial year were as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	1,205	1,552	996	1,552
Post-employment benefits - Defined contribution plan	145	170	120	170
	<u>1,350</u>	<u>1,722</u>	<u>1,116</u>	<u>1,722</u>

29. OPERATING LEASE COMMITMENTS

	Group	
	2016	2015
	RM'000	RM'000
Future minimum rental payable :		
Not later than 1 year	867	330
Later than 1 year and not later than 5 years	1,125	10
	<u>1,992</u>	<u>340</u>

30. CONTINGENT LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Corporate Guarantees given to financial institutions for performance guarantee of a subsidiary (secured)	4,079	4,305	4,079	4,305
	<u>4,079</u>	<u>4,305</u>	<u>4,079</u>	<u>4,305</u>

31. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include deposits, cash and bank balances and trade and other receivables.

Financial liabilities of the Group include trade and other payables and borrowings.

Financial assets of the Company also include amounts due from subsidiaries.

A. Categories of Financial Instruments

Financial assets as per statements of financial position

2016	Group		Company	
	Carrying amount RM'000	Loans and receivables RM'000	Carrying amount RM'000	Loans and receivables RM'000
Trade receivables	14,004	14,004	-	-
Other receivables	647	647	127	127
Deposits, cash and bank balances	23,684	23,684	10,802	10,802
Amounts due from subsidiaries	-	-	11,249	11,249
	<u>38,335</u>	<u>38,335</u>	<u>22,178</u>	<u>22,178</u>
2015	Group		Company	
	Carrying amount RM'000	Loans and receivables RM'000	Carrying amount RM'000	Loans and receivables RM'000
Trade receivables	21,755	21,755	-	-
Other receivables	611	611	65	65
Deposits, cash and bank balances	26,535	26,535	10,425	10,425
Amounts due from subsidiaries	-	-	12,884	12,884
	<u>48,901</u>	<u>48,901</u>	<u>23,374</u>	<u>23,374</u>

31. FINANCIAL INSTRUMENTS (CONT'D.)

A. Categories of Financial Instruments (Cont'd.)

Financial liabilities as per statements of financial position

2016	Group		Company	
	Carrying amount RM'000	Other financial liabilities measured at amortised cost RM'000	Carrying amount RM'000	Other financial liabilities measured at amortised cost RM'000
Trade payables	2,237	2,237	-	-
Other payables	2,861	2,861	350	350
Borrowings	6,829	6,829	204	204
	<u>11,927</u>	<u>11,927</u>	<u>554</u>	<u>554</u>

2015	Group		Company	
	Carrying amount RM'000	Other financial liabilities measured at amortised cost RM'000	Carrying amount RM'000	Other financial liabilities measured at amortised cost RM'000
Trade payables	11,410	11,410	-	-
Other payables	2,649	2,649	326	326
Borrowings	8,682	8,682	236	236
	<u>22,741</u>	<u>22,741</u>	<u>562</u>	<u>562</u>

31. FINANCIAL INSTRUMENTS (CONT'D.)**B. Fair Value of Financial Instruments**

- (i) **Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reflective of fair value**

	Group and Company Carrying	
	Amount	Fair Value
	RM'000	RM'000
Financial Liabilities		
At 31 March 2016:		
Hire purchase payables (Note 25)	204	237
At 31 March 2015:		
Hire purchase payables (Note 25)	236	300

- (ii) **Financial instruments that are not carried at fair value and whose carrying amounts are reflective of fair value**

The carrying amounts of deposits, cash and bank balances, receivables and payables and short term banker acceptances and other borrowing approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of balances with subsidiaries approximate their fair values.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND 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 the financial risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current and previous year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has interest rate risk in respect of deposits with licensed commercial banks, hire purchase payables, banker acceptances and other borrowing.

The Group's deposits with licensed commercial banks, hire purchase payables and other borrowing are based on fixed rates. The Group's banker acceptances facility is based on floating rate but such rate is fixed for each drawdown.

Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing deposits are restructured or reduced.

Sensitivity analysis for interest rate risk

As the Group's deposits with licensed commercial banks, hire purchase payables, banker acceptances and other borrowing as at the end of the reporting period are based on fixed rates, a change in interest rates at the end of the reporting period would not affect profit or loss or equity.

(b) Foreign currency risk

The Group is exposed to transactional currency risk primarily through purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(b) Foreign currency risk (Cont'd.)**

The unhedged financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional Currency of Group Companies	Net Financial Assets/ (Liabilities) Held in Non-Functional Currencies		
	United States Dollar (USD)	Renminbi (RMB)	Total
	RM'000	RM'000	RM'000
At 31 March 2016			
Ringgit Malaysia	(634)	-	(634)
At 31 March 2015			
Ringgit Malaysia	(770)	31	(739)

Foreign currency risk sensitivity analysis

A 10 percent strengthening or weakening of the USD and RMB against the Ringgit Malaysia currency at the end of the reporting period would have increased or decreased profit or loss and equity by the amount shown below. This analysis assumes all other variables remain constant.

	Group	
	2016 RM'000	2015 RM'000
USD	63	77
RMB	-	3

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(c) Liquidity risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows :-

Group

	Maturity Profile				Effective interest rate
	Less than 1 year	More than 1 year and less than 5 years	Later than 5 years	Total	
	RM'000	RM'000	RM'000	RM'000	%
2016					
Financial liabilities					
Trade payables	2,237	-	-	2,237	-
Other payables	2,861	-	-	2,861	-
Hire purchase payables	35	139	63	237	4.44%
Banker acceptances	6,625	-	-	6,625	5.84%
	11,758	139	63	11,960	

2015**Financial liabilities**

Trade payables	11,410	-	-	11,410	-
Other payables	2,649	-	-	2,649	-
Hire purchase payables	42	139	98	279	4.2% to 4.44%
Banker acceptances	7,660	-	-	7,660	5.84%
Other borrowing	812	-	-	812	7.15%
	22,573	139	98	22,810	

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity risk (Cont'd.)

Company

	Maturity Profile				Effective interest rate %
	Less than 1 year RM'000	More than 1 year and less than 5 years RM'000	Later than 5 years RM'000	Total RM'000	
2016					
Financial liabilities					
Other payables	350	-	-	350	-
Hire purchase payables	35	139	63	237	4.44%
	<u>385</u>	<u>139</u>	<u>63</u>	<u>587</u>	
2015					
Financial liabilities					
Other payables	326	-	-	326	-
Hire purchase payables	42	139	98	279	4.2% to 4.44%
	<u>368</u>	<u>139</u>	<u>98</u>	<u>605</u>	

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counter parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. The Group does not offer credit terms without the approval of the Chief Financial Officer.

Information on the ageing and impairment of trade receivables is disclosed in Note 20.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(d) Credit risk (Cont'd.)**

The Group's maximum exposure to credit risk at the end of the reporting period is represented by the carrying amount of the financial assets recognised in the statements of financial position.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group determines concentration of credit risk by monitoring customer industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	2016 RM'000	2015 RM'000
By industry sectors:		
Government agencies and linked corporations	6,997	4,882
Private corporations	7,007	16,873
	<u>14,004</u>	<u>21,755</u>

As at the financial year end, approximately 63% (2015: 62%) of trade receivables are from 4 (2015: 4) major customers.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in accordance to changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The Group includes within total debt, borrowings, trade and other payables. Capital includes equity attributable to the owners of the Company.

The debt to equity ratio as at 31 March is as follows:

	Group	
	2016	2015
Total debts (RM'000)	13,809	24,816
Equity attributable to the owners of the Company, representing total capital (RM'000)	29,464	30,446
Debts to equity ratio	<u>47%</u>	<u>82%</u>

34. SEGMENTAL INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Secondary information by geographical location is not presented as the Group's operations are located primarily in Malaysia.

The operating businesses are organised and managed separately according to the nature of the products and services provided with each segment representing a strategic business unit that offers different services and serves different markets.

The Group is providing the following services:

- (i) IT related products and services
- (ii) Payment solutions & services

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

31 March 2016

Revenue	IT related products and services RM'000	Payment solutions & services RM'000	Elimination RM'000	Group RM'000
External sales	56,396	2,129	-	58,525
Intersegment sales	182	-	(182)	-
Total revenue	56,578	2,129	(182)	58,525

34. SEGMENTAL INFORMATION (CONT'D.)

31 March 2016 (Cont'd.)

RESULTS

	IT related products and services RM'000	Payment solutions & services RM'000	Elimination RM'000	Group RM'000
Segment (loss)/profit	(3,958)	152	5,844	2,038
Interest income				792
Unallocated expenses				(5,151)
Loss from operations				(2,321)
Interest expense				(435)
Loss before tax				(2,756)
Taxation				(110)
Loss after tax				(2,866)

OTHER INFORMATION

Segment assets	40,001	2,637	-	42,638
Unallocated assets				539
Total assets				43,177
Segment liabilities	6,537	2,296	-	8,833
Unallocated liabilities				4,989
Total liabilities				13,822
Capital expenditure	622	68	-	690
Depreciation and amortisation	386	125	-	511
Plant and equipment written off	10	4	-	14
Net write back of allowance for impairment losses on receivables	(279)	(42)	-	(321)
Net allowance for obsolete inventories	76	-	-	76
Gain on disposal of plant and equipment	(65)	(5)	-	(70)
Loss on disposal of plant and equipment	33	-	-	33

34. SEGMENTAL INFORMATION (CONT'D.)

31 March 2015

	IT related products and services RM'000	Payment solutions & services RM'000	Elimination RM'000	Group RM'000
Revenue				
External sales	76,242	1,992	-	78,234
Intersegment sales	204	-	(204)	-
Total revenue	<u>76,446</u>	<u>1,992</u>	<u>(204)</u>	<u>78,234</u>

RESULTS

Segment loss	(4,076)	(176)	6,528	2,276
Interest income				743
Unallocated expenses				<u>(5,945)</u>
Loss from operations				<u>(2,926)</u>
Interest expense				<u>(366)</u>
Loss before tax				<u>(3,292)</u>
Taxation				<u>(78)</u>
Loss after tax				<u>(3,370)</u>

34. SEGMENTAL INFORMATION (CONT'D.)

31 March 2015 (Cont'd.)

	IT related products and services RM'000	Payment solutions & services RM'000	Elimination RM'000	Group RM'000
OTHER INFORMATION				
Segment assets	53,209	3,567	-	56,776
Unallocated assets				460
Total assets				<u>57,236</u>
Segment liabilities	16,415	3,410	-	19,825
Unallocated liabilities				5,012
Total liabilities				<u>24,837</u>
Capital expenditure	154	120	-	274
Depreciation and amortisation	501	205	-	706
Plant and equipment written off	-	4	-	4
Net allowance for impairment losses on receivables	768	106	-	874
Net write back of allowance for obsolete inventories	(27)	-	-	(27)
Gain on disposal of plant and equipment	(2)	(3)	-	(5)
Loss on disposal of plant and equipment	2	-	-	2

Segment assets consist of primarily plant and equipment, intangible assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation.

Capital expenditure comprise additions to plant and equipment (Note 13) and intangible assets (Note 14) including those resulting from acquisitions.

35. SIGNIFICANT EVENT DURING THE YEAR AND SUBSEQUENT EVENTS

On 13 January 2016, the Company had announced that it would undertake a corporate exercise comprising the following proposals (collectively "the Proposals") :-

- i. Proposed reduction of the share premium account of the Company amounting to RM5,488,032 pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 ("Act") ("Proposed Share Premium Reduction"). The credit arising from the Proposed Share Premium Reduction shall be utilised to set-off against the accumulated losses of the Company.
- ii. Proposed reduction of the issued and paid up share capital of the Company pursuant to Section 64(1) of the Act, involving cancellation of RM0.15 from the par value of every existing ordinary share of RM0.25 each in the Company ("Proposed Par Value Reduction"). The credit of RM57,463,079 arising from the Proposed Par Value Reduction shall be utilised to further set-off against the accumulated losses of the Company after the Proposed Share Premium Reduction, and any remaining credit will be credited to the retained earnings of the Company.
- iii. Proposed private placement of up to 38,308,719 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing up to 10% of the issued and paid up share capital of the Company after the Proposed Share Premium Reduction and Proposed Par Value Reduction ("Proposed Private Placement"). The Placement Shares shall be placed to VXL Holdings Sdn Bhd, the Company's holding company at an issue price to be determined after the Proposed Share Premium Reduction and the Proposed Par Value Reduction. Datuk Lim Chee Wah, a director of the Company is a substantial shareholder of VXL Holdings Sdn Bhd. The proceeds raised from the proposed private placement shall be utilised for repayment of bank borrowings, working capital requirements and to settle the expenses for the corporate exercise.
- iv. Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Par Value Reduction ("Proposed M & A Amendments"). Pursuant thereto, the authorised capital shall be altered from 2,000,000,000 shares of RM0.25 each to 5,000,000,000 shares of RM0.10 each.

The Company obtained the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 2 March 2016 for the listing of the Placement Shares on the Main Market of Bursa Securities and the shareholders of the Company approved the Proposals at its Extraordinary General Meeting held on 4 April 2016.

On 4 May 2016, the Company lodged the sealed order of the High Court of Malaya, Kuala Lumpur dated 25 April 2016 sanctioning the Proposed Share Premium Reduction and Proposed Par Value Reduction with the Companies Commission of Malaysia and as such, these proposals were deemed completed on 4 May 2016. Pursuant to the completion of the Par Value Reduction, the issued and paid up share capital of the Company was reduced from RM95,771,798, representing 383,087,192 shares of RM0.25 each to RM38,308,719, representing 383,087,192 shares of RM0.10 each.

35. SIGNIFICANT EVENT DURING THE YEAR AND SUBSEQUENT EVENTS (CONT'D.)

The issue price of 38,308,632 Placement Shares pursuant to the Proposed Private Placement was fixed by the Board of Directors at RM0.145 per share on 16 May 2016 ("price-fixing date") with total proceeds of RM5,554,752. The issue price represents a discount of approximately 6.8% to the five (5)-day volume weighted average market price of the ordinary shares of RM0.10 each in the Company up to and including 13 May 2016, being the market day immediately preceding the price-fixing date, of RM0.1556 per ordinary share.

On 20 May 2016, the Company issued the Placement Shares which increased the issued and paid up share capital of the Company from RM38,308,719, representing 383,087,192 shares of RM0.10 each to RM42,139,582, representing 421,395,824 shares of RM0.10 each on that date and the Placement Shares were listed and quoted on the Main Market of Bursa Securities on 23 May 2016. The issuance of the Placement Shares resulted in share premium of RM1,723,888.

The proceeds raised of RM5,554,752 will be utilised as follows:-

	RM
Repayment of bank borrowings*	4,967,752
Working capital requirements*	287,000
Settlement of estimated expenses for the corporate exercise**	<u>300,000</u>
Total proceeds	<u>5,554,752</u>

* Utilisation of proceeds within six (6) months from the date of the listing of the Placement Shares

** Utilisation of proceeds within three (3) months from the date of the listing of the Placement Shares

36. SUPPLEMENTARY INFORMATION - BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at the reporting date into realised and unrealised profits or losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared 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.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total accumulated losses				
- Realised accumulated losses	(173,851)	(169,076)	(62,859)	(59,745)
- Unrealised accumulated losses	-	-	-	-
	<u>(173,851)</u>	<u>(169,076)</u>	<u>(62,859)</u>	<u>(59,745)</u>
Less: Consolidation adjustments	115,422	111,669	-	-
Accumulated losses as per financial statements	<u>(58,429)</u>	<u>(57,407)</u>	<u>(62,859)</u>	<u>(59,745)</u>


DATAPREP HOLDINGS BHD.
(Incorporated in Malaysia)

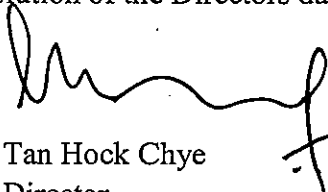
STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Datuk Adzmi bin Abdul Wahab and Tan Hock Chye, being two of the Directors of Dataprep Holdings Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 6 to 73 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 at 31 March 2016 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 36 to the financial statements on page 74 have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 May 2016.


Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman


Tan Hock Chye
Director

Date : 31 May 2016

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Geng Mun Mooi, the Officer primarily responsible for the financial management of Dataprep Holdings Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 6 to 73 are, in my opinion 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.

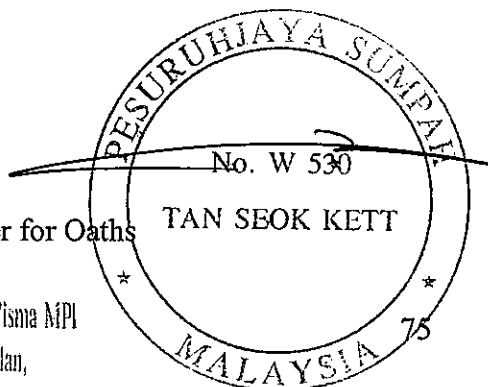
Subscribed and solemnly declared by the abovenamed,
Geng Mun Mooi at Petaling Jaya, Selangor Darul Ehsan
on 31 May 2016.


Geng Mun Mooi

Before me,

Commissioner for Oaths

Lot 350, 3rd Floor, Wisma MPI
Jalan Raja Chulan,
50200 Kuala Lumpur



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DATAPREP HOLDINGS BHD.**

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Dataprep Holdings Bhd., which comprise the statements of financial position as at 31 March 2016 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 73.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, 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 entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 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 the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 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.

Other Reporting Responsibilities

The supplementary information set out in Note 36 on page 74 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

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.

A large, stylized handwritten signature in black ink, appearing to read "Folks DFK & Co.", with a long horizontal line extending to the right.

FOLKS DFK & CO.
FIRM NO. : AF 0502
CHARTERED ACCOUNTANTS

A large, stylized handwritten signature in black ink, appearing to read "OOI CHEE KUN", with a long horizontal line extending to the right.

OOI CHEE KUN
NO : 996/03/18(J/PH)
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : **31 MAY 2016**