

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

Directors' Report and Audited Financial Statements
31 March 2010

Ernst & Young
AF : 0039

DATAPREP HOLDINGS BHD.
(Incorporated in Malaysia)

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DATAPREP HOLDINGS BHD.
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DIRECTORS' REPORT

The Directors are presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2010.

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 these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	<u>(5,706)</u>	<u>(942)</u>
Attributable to:		
Equity holders of the Company	(5,686)	(942)
Minority interests	<u>(20)</u>	<u>-</u>
	<u>(5,706)</u>	<u>(942)</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 as disclosed in the financial statements.

DIVIDEND

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

DIRECTORS

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

Tan Sri Datuk Adzmi bin Abdul Wahab (Chairman)
 Datuk Lim Chee Wah
 Michael Yee Kim Shing
 Muhammad Fauzi bin Abd. Ghani
 Leong How Seong
 Cheam Tat Inn
 Dato' Pian bin Sukro (deceased on 2 November 2009)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 31 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 and warrants in the Company and related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM0.25 Each			At 31.3.2010
	At 1.4.2009	Acquired	Disposed	
The Company				
Tan Sri Datuk Adzmi bin Abdul Wahab				
- Direct	206,900	39,225	(43,000)	203,125

DIRECTORS' INTERESTS (CONT'D.)

The Company	Number of Ordinary Shares of RM0.25 Each			At 31.3.2010
	At 1.4.2009	Acquired	Disposed	
Datuk Lim Chee Wah				
- Direct	1,062,500	-	-	1,062,500
- Indirect	203,385,046	-	-	203,385,046

Holding Company - VXL Holdings Sdn. Bhd.	Number of Ordinary Shares of RM1 Each			At 31.3.2010
	At 1.4.2009	Acquired	Disposed	
Datuk Lim Chee Wah				
- Indirect	1,000,000	-	-	1,000,000

The Company	Number of Warrants of RM0.25 Each			At 31.3.2010
	At 1.4.2009	Acquired	Lapsed/ Exercised	
Tan Sri Datuk Adzmi bin Abdul Wahab				
- Indirect	39,225	-	(39,225)	-
Datuk Lim Chee Wah				
- Direct	140,625	-	(140,625)	-
- Indirect	18,374,402	-	(18,374,402)	-

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.

The other Directors in office did not have any interest in shares and warrants of the Company and its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM89,037,122 to RM95,771,798 by way of the issuance of 26,938,704 ordinary shares of RM0.25 each for cash, pursuant to the conversion of 26,938,704 free detachable warrants at an exercise price of RM0.25 each, as disclosed in Note 25 to the financial statements.

The new ordinary shares issued in the current financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

WARRANTS

During the financial year, out of the 47,011,634 free detachable Warrants brought forward, 26,938,704 Warrants were exercised and the balance of 20,072,930 Warrants have expired on 18 September 2009.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

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

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

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 May 2010.

Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

Cheam Tat Inn
Chief Executive Officer

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INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	3	44,595	54,164	5,218	5,116
Cost of sales		<u>(34,420)</u>	<u>(38,738)</u>	<u>-</u>	<u>-</u>
Gross profit		10,175	15,426	5,218	5,116
Other income	4	785	1,213	688	701
Selling and distribution costs		(1,373)	(2,266)	-	-
Administrative expenses		(7,346)	(8,535)	(4,049)	(3,631)
Other expenses	5	<u>(7,863)</u>	<u>(11,052)</u>	<u>(2,808)</u>	<u>(38,837)</u>
Operating loss		(5,622)	(5,214)	(951)	(36,651)
Finance costs	6	<u>(61)</u>	<u>(242)</u>	<u>(10)</u>	<u>(136)</u>
Loss before tax	7	(5,683)	(5,456)	(961)	(36,787)
Taxation	10	<u>(23)</u>	<u>(357)</u>	<u>19</u>	<u>(145)</u>
Loss for the financial year		<u>(5,706)</u>	<u>(5,813)</u>	<u>(942)</u>	<u>(36,932)</u>
Attributable to:					
Equity holders of the Company		(5,686)	(5,611)	(942)	(36,932)
Minority interests		<u>(20)</u>	<u>(202)</u>	<u>-</u>	<u>-</u>
		<u>(5,706)</u>	<u>(5,813)</u>	<u>(942)</u>	<u>(36,932)</u>
Loss per share					
attributable to equity holders of the Company (sen):					
Basic	11	<u>(1.53)</u>	<u>(1.58)</u>		
Diluted	11	<u>(1.53)</u>	<u>(1.58)</u>		

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

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BALANCE SHEETS AS AT 31 MARCH 2010

		Group		Company	
	Note	2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	4,706	5,512	708	668
Goodwill on consolidation	13	104	104	-	-
Intangible assets	14	394	492	218	389
Investment in subsidiaries	15	-	-	6,114	6,114
Other investments	16	91	151	-	-
Amounts due from subsidiaries	17	-	-	34,019	30,736
Deferred tax assets	18	2,810	2,815	-	-
		<u>8,105</u>	<u>9,074</u>	<u>41,059</u>	<u>37,907</u>
Current assets					
Development costs	19	271	710	271	-
Inventories	20	1,095	1,122	-	-
Trade receivables	21	18,070	17,138	-	-
Other receivables	22	1,947	3,419	75	131
Tax recoverable		112	274	36	-
Cash and bank balances	24	32,381	32,175	22,696	20,288
		<u>53,876</u>	<u>54,838</u>	<u>23,078</u>	<u>20,419</u>
TOTAL ASSETS		<u>61,981</u>	<u>63,912</u>	<u>64,137</u>	<u>58,326</u>

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BALANCE SHEETS AS AT 31 MARCH 2010 (CONT'D.)

	Note	Group		Company	
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	95,772	89,037	95,772	89,037
Share premium		5,488	5,488	5,488	5,488
Merger deficit		(13,509)	(13,509)	-	-
Warrants	26	-	-	-	-
Capital reserve	27	51	51	-	-
Foreign exchange reserve		14	11	-	-
Accumulated losses		(34,307)	(28,621)	(37,725)	(36,783)
		<u>53,509</u>	<u>52,457</u>	<u>63,535</u>	<u>57,742</u>
Minority interests		1,341	1,361	-	-
Total equity		<u>54,850</u>	<u>53,818</u>	<u>63,535</u>	<u>57,742</u>
Non-current liabilities					
Borrowings	28	<u>173</u>	<u>211</u>	<u>173</u>	<u>211</u>
Current liabilities					
Trade payables	29	3,334	4,603	-	-
Other payables	30	3,587	5,124	392	335
Borrowings	28	37	156	37	36
Provision for taxation		-	-	-	2
		<u>6,958</u>	<u>9,883</u>	<u>429</u>	<u>373</u>
Total liabilities		<u>7,131</u>	<u>10,094</u>	<u>602</u>	<u>584</u>
TOTAL EQUITY AND LIABILITIES		<u>61,981</u>	<u>63,912</u>	<u>64,137</u>	<u>58,326</u>

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

DATAPREP HOLDINGS BHD.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

Group	<-----Attributable to the Equity Holders of the Company----->								
	<-----Non-Distributable----->					Accumulated losses	Total	Minority Interests	Total Equity
	Share capital (Note 25) RM'000	Share premium RM'000	Warrants (Note 26) RM'000	Capital reserve (Note 27) RM'000	Other reserves * RM'000				
At 1 April 2008	89,037	5,488	-	51	(13,505)	(23,010)	58,061	1,563	59,624
Foreign exchange translation differences	-	-	-	-	7	-	7	-	7
Net income recognised directly in equity	-	-	-	-	7	-	7	-	7
Loss for the financial year, representing total recognised income and expense for the year	-	-	-	-	-	(5,611)	(5,611)	(202)	(5,813)
At 31 March 2009	89,037	5,488	-	51	(13,498)	(28,621)	52,457	1,361	53,818
At 1 April 2009	89,037	5,488	-	51	(13,498)	(28,621)	52,457	1,361	53,818
Issuance of new ordinary shares pursuant to the exercise of warrants	6,735	-	-	-	-	-	6,735	-	6,735
Foreign exchange translation differences	-	-	-	-	3	-	3	-	3
Net income recognised directly in equity	-	-	-	-	3	-	3	-	3
Loss for the financial year, representing total recognised income and expense for the year	-	-	-	-	-	(5,686)	(5,686)	(20)	(5,706)
At 31 March 2010	95,772	5,488	-	51	(13,495)	(34,307)	53,509	1,341	54,850

* Includes merger deficit of RM13,509,000.

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

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COMPANY STATEMENT OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	<-----Attributable to the Equity Holders of the Company----->				
	<--Non-Distributable-->				
	Share capital (Note 25) RM'000	Share premium RM'000	Warrants (Note 26) RM'000	Accumulated losses RM'000	Total Equity RM'000
Company					
At 1 April 2008	89,037	5,488	-	149	94,674
Loss for the financial year, representing total recognised income and expense for the year	-	-	-	(36,932)	(36,932)
At 31 March 2009	<u>89,037</u>	<u>5,488</u>	<u>-</u>	<u>(36,783)</u>	<u>57,742</u>
Company					
At 1 April 2009	89,037	5,488	-	(36,783)	57,742
Issuance of new ordinary shares pursuant to the exercise of warrants	6,735	-	-	-	6,735
Loss for the financial year, representing total recognised income and expense for the year	-	-	-	(942)	(942)
At 31 March 2010	<u>95,772</u>	<u>5,488</u>	<u>-</u>	<u>(37,725)</u>	<u>63,535</u>

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

DATAPREP HOLDINGS BHD.
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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities				
Loss before taxation	(5,683)	(5,456)	(961)	(36,787)
Adjustments for:				
Depreciation of property, plant and equipment	1,496	1,482	149	142
Amortisation of intangible assets	344	428	266	335
Impairment loss of investment in subsidiaries	-	-	-	3,738
Impairment loss on goodwill	-	2,752	-	-
(Gain)/loss on disposal of property, plant and equipment	(12)	51	-	49
Property, plant and equipment written off	113	5	4	-
Loss on disposal of other investment	15	-	-	-
Provision for doubtful debts	238	1,578	18	33,131
Provision for doubtful debts written back	-	(4)	(215)	-
Debts written off	711	2	13	-
Stocks written off	2	-	-	-
Provision for obsolete stocks	146	147	-	-
Interest expense	13	170	10	136
Interest income	(664)	(919)	(452)	(639)
Operating (loss)/profit before working capital changes	(3,281)	236	(1,168)	105
Decrease/(increase) in development costs	439	(710)	(271)	-
(Increase)/decrease in inventories	(146)	195	-	-
(Increase)/decrease in receivables	(344)	9,471	43	(24)
(Decrease)/increase in payables	(2,825)	(6,505)	39	(4,247)
(Increase)/decrease in net amounts due from subsidiaries	-	-	(3,086)	586
Cash (used in)/generated from operations carried forward	(6,157)	2,687	(4,443)	(3,580)

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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONT'D.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities (Cont'd.)				
Cash (used in)/generated from operations brought forward	(6,157)	2,687	(4,443)	(3,580)
Tax refund/(paid)	144	(120)	(19)	(17)
Interest received	667	918	452	639
Interest paid	(62)	(615)	(10)	(618)
Net cash (used in)/generated from operating activities	<u>(5,408)</u>	<u>2,870</u>	<u>(4,020)</u>	<u>(3,576)</u>
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(859)	(1,844)	(175)	(60)
Purchase of intangible assets	(246)	(16)	(95)	(3)
Proceeds from disposal of property, plant and equipment	93	174	-	127
Proceeds from disposal of other investment	45	-	-	-
Net cash (used in)/generated from investing activities	<u>(967)</u>	<u>(1,686)</u>	<u>(270)</u>	<u>64</u>

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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (CONT'D.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Financing Activities				
Drawdown of borrowings	-	553	-	-
Repayment of borrowings	-	(3,386)	-	-
Repayment of hire purchase and lease financing	(157)	(1,433)	(37)	(28)
Proceeds from issuance of ordinary shares	6,735	-	6,735	-
Net cash generated from/(used in) financing activities	<u>6,578</u>	<u>(4,266)</u>	<u>6,698</u>	<u>(28)</u>
Net increase/(decrease) in cash and cash equivalents	203	(3,082)	2,408	(3,540)
Cash and cash equivalents at beginning of year	<u>32,175</u>	<u>35,257</u>	<u>20,288</u>	<u>23,828</u>
Cash and cash equivalents at end of year (Note 24)	<u>32,378</u>	<u>32,175</u>	<u>22,696</u>	<u>20,288</u>

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

DATAPREP HOLDINGS BHD.
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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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 24 May 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted new and amended FRSs which are mandatory for financial periods beginning on or after 1 April 2009 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except for certain subsidiaries that have been prepared on break-up basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated 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.

(ii) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial period. Four subsidiaries were consolidated on the purchase method and all the other subsidiaries were consolidated in prior years using the merger method of accounting in accordance with Malaysian Accounting Standard No.2 "Accounting for Acquisitions and Mergers" which was the accounting standard prevailing at that time.

The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(a) Subsidiaries and Basis of Consolidation (Cont'd.)

(ii) Basis of consolidation (Cont'd.)

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Under the merger method of accounting, the results of the subsidiaries are included in the consolidated income statement as if the merger had been effected throughout the current financial year and previous financial years. On consolidation, the difference between the carrying value of the investment and the nominal value of shares received is transferred to a merger reserve or deficit, as applicable.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(b) Intangible Assets (Cont'd.)

(ii) 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 balance sheet date.

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

(c) Property, Plant and Equipment, and Depreciation

All items of property, 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 income statement during the financial period in which they are incurred.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(c) Property, Plant and Equipment, and Depreciation (Cont'd.)

Depreciation of property, 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 property, plant and equipment.

An item of property, 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.

(d) 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 work accepted by the customers to date to the estimated total contract cost.

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(d) Contracts (Cont'd.)

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.

(e) Impairment of Non-financial Assets

The carrying amounts of assets, other than contract assets, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

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 balance sheet 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

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

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.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value after making due provision 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.

(g) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liabilities simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(g) Financial Instruments (Cont'd.)

(i) 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.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(h) Leases

(i) Classification

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(h) Leases (Cont'd.)

(ii) 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 balance sheet 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 property, plant and equipment as described in Note 2.2(c).

(iii) 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.

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profits for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred taxation is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(l) Employee Benefits

(i) 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.

(ii) 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 income statement as incurred.

(m) Foreign Currencies

(i) 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.

(ii) 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 balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(m) Foreign Currencies (Cont'd.)

(ii) Foreign currency transactions (Cont'd.)

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 equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) 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 for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(m) Foreign Currencies (Cont'd.)

(iii) Foreign operations (Cont'd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 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 balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(n) 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. The following specific recognition criteria must also be met before revenue is recognised:

- (i) 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.
- (ii) Revenue from maintenance, technology and software services are recognised as and when the services are performed.
- (iii) Revenue from consultancy and system integration services and software development are recognised based on services performed and upon customer's acceptance of the services.
- (iv) Revenue from contracts is accounted for by the stage of completion method as disclosed in Note 2.2(d).
- (v) Revenue on application and content providers are recognised over the contractual period.
- (vi) Revenue on rental of Electronic Draft Capture ("EDC") equipment is recognised on an accrual basis.
- (vii) Management fees are recognised when services are performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(n) Revenue Recognition (Cont'd.)

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

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

(o) Development Costs

Development costs comprise employee costs which include project cost that are directly attributable to the development activities that can be allocated on a reasonable basis to such activities incurred during the period of development.

Where the financial outcome of the development activity can be reliably estimated, project development revenue and expenses are recognized in the income statement by using the percentage of completion method. The stage of completion is determined by the proportion of costs incurred for works performed to date bear to the estimated total development costs.

Where the outcome of the development activity cannot be reliably estimated, project development revenue is recognized only to the extent of development costs incurred that is probable will be recoverable.

Any expected loss on development project is recognized as an expense immediately.

2.3 Adoption of New and Amended Financial Reporting Standards ("FRSs")

There is no new accounting standards, amendments to published standards and interpretations to existing standards effective for the Group's and Company's financial year ended 31 March 2010 and applicable to the Group and Company.

At the date of the authorisation of the financial statements, the following FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

(a) Effective for financial periods beginning on or after 1 July 2009

FRS 8 : Operating Segments

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Adoption of New and Amended Financial Reporting Standards ("FRSs") (Cont'd.)

(b) Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and

FRS 127: Consolidated and Separate Financial Statements: Cost of an
Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and
Cancellations

Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued
Operations

Amendment to FRS 8: Operating Segments

Amendment to FRS 107: Statement of Cash Flows

Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates
and Errors

Amendment to FRS 110: Events after the Reporting Period

Amendment to FRS 116: Property, Plant and Equipment

Amendment to FRS 117: Leases

Amendment to FRS 118: Revenue

Amendment to FRS 119: Employee Benefits

Amendment to FRS 120: Accounting for Government Grants and Disclosure of
Government Assistance

Amendment to FRS 123: Borrowing Costs

Amendment to FRS 127: Consolidated and Separate Financial Statements

Amendment to FRS 128: Investments in Associates

Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies

Amendment to FRS 131: Interests in Joint Ventures

Amendments to FRS 132: Financial Instruments: Presentation

Amendment to FRS 134: Interim Financial Reporting

Amendment to FRS 136: Impairment of Assets

Amendment to FRS 138: Intangible Assets

Amendments to FRS 139: Financial Instruments: Recognition and Measurement,
FRS 7: Financial Instruments: Disclosures and IC Interpretation 9:
Reassessment of Embedded Derivatives

Amendment to FRS 140: Investment Property

Amendments to FRSs 'Improvements to FRSs (2009)'

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Adoption of New and Amended Financial Reporting Standards ("FRSs") (Cont'd.)

(b) Effective for financial periods beginning on or after 1 January 2010 (Cont'd.)

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

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

IC Interpretation 13: Customer Loyalty Programmes

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

TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

(c) Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards (revised)

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138: Intangible Assets

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

(d) Effective for financial periods beginning on or after 1 January 2011

Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)

Improving Disclosures about Financial Instruments (Amendments to FRS 7)

Amendments to FRS 132 Financial Instruments: Presentation

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Adoption of New and Amended Financial Reporting Standards ("FRSs") (Cont'd.)

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application:

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

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

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

FRS 8: Operating Segment

FRS 8 replaces FRS 114₂₀₀₄: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Adoption of New and Amended Financial Reporting Standards ("FRSs") (Cont'd.)

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Significant Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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

The Group determines whether goodwill, cost of investment in subsidiaries and inter-company advances are impaired at least on an annual basis. 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 carrying amount of goodwill, cost of investment in subsidiaries and inter-company advances are as disclosed in Notes 13,15 and 17.

(ii) Depreciation of computer 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 all 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 judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM13,184,000 (2009: RM12,984,000) and the unrecognised tax losses, capital allowances and other deductible temporary differences of the Group was RM57,487,000 (2009: RM52,581,000).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Significant Accounting Estimates and Judgements (Cont'd.)

(iv) Allowance for doubtful debts

The Group makes an allowance for doubtful debts based on an assessment of the recoverability of receivables. Provisions are applied to receivables 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. As at 31 March 2010, RM23,205,000 (2009: RM22,977,000) for the Group and RM37,110,000 (2009:RM37,307,000) for the Company were provided for as allowance for doubtful debts.

(v) Long term contracts

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

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

3. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Information and communications technology solutions and services	41,996	51,564	-	-
Business process outsourcing services	2,599	2,600	-	-
Management services	-	-	5,218	5,116
	<u>44,595</u>	<u>54,164</u>	<u>5,218</u>	<u>5,116</u>

4. OTHER INCOME

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest income on:				
- deposits	664	919	452	576
- advance to a subsidiary	-	-	-	63
Incentive from suppliers	10	45	-	-
Debts recovered	-	-	-	29
Provision for doubtful debts written back	-	4	215	-
Miscellaneous	111	245	21	33
	785	1,213	688	701

5. OTHER EXPENSES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Impairment loss of investment in subsidiaries	-	-	-	3,738
Provision for doubtful debts	238	1,578	18	33,131
Depreciation of property, plant and equipment	1,496	1,482	149	142
Amortisation of intangible assets	344	428	266	335
Impairment loss on goodwill	-	2,752	-	-
Miscellaneous	5,785	4,812	2,375	1,491
	7,863	11,052	2,808	38,837

6. FINANCE COSTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest expense / charges on:				
- bankers' acceptances	-	7	-	-
- letters of credits	3	46	-	-
- bank guarantees	45	19	-	-
- hire purchase and finance lease liabilities	13	43	10	9
- advance from a related company	-	127	-	127
	61	242	10	136

7. LOSS BEFORE TAX

In addition to the disclosures in Notes 4, 5 and 6, the following amounts have been included in arriving at loss before tax:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 8)	19,876	20,626	4,050	3,630
Auditors' remuneration				
- statutory audit	81	97	17	18
Debts written off	711	2	13	-
Debts recovered	-	-	-	(29)
Net foreign exchange (gains)/ losses				
- realised	(17)	10	-	-
Non-executive directors' remuneration (Note 9)	200	214	200	214
Stocks written off	2	-	-	-
Provision for obsolete stocks	146	147	-	-
Property, plant and equipment written off	113	5	4	-
(Gain)/loss on disposal of property, plant and equipment	(12)	51	-	49
Rental of:				
- premises	1,015	1,233	237	242
- equipment	103	59	70	14
Leaseline rental	121	92	35	24
Loss on disposal of other investment	15	-	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	16,941	17,527	3,543	3,079
Social security contributions	192	195	27	25
Contributions to a defined contribution plan	1,955	2,048	400	352
Other staff related expenses	788	856	80	174
	<u>19,876</u>	<u>20,626</u>	<u>4,050</u>	<u>3,630</u>

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM1,372,000 (2009: RM1,478,000) and RM538,000 (2009: RM627,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive Directors' remuneration (Note 8):				
- Salaries, commission and incentives	480	560	480	560
- Contributions to a defined contribution plan	58	67	58	67
	<u>538</u>	<u>627</u>	<u>538</u>	<u>627</u>
Directors of subsidiaries				
Executive Directors' remuneration (Note 8):				
- Salaries, commission and incentives	744	759	-	-
- Contributions to a defined contribution plan	89	91	-	-
- Social security contributions	1	1	-	-
	<u>834</u>	<u>851</u>	<u>-</u>	<u>-</u>

9. DIRECTORS' REMUNERATION (CONT'D.)**Directors of the Company****Non-Executive Directors'
remuneration (Note 7):**

- Fees	172	182	172	182
- Allowances	28	32	28	32
	<u>200</u>	<u>214</u>	<u>200</u>	<u>214</u>
Total Directors' remuneration	1,572	1,692	738	841
Estimated money value of benefits-in-kind	<u>62</u>	<u>97</u>	<u>27</u>	<u>49</u>
Total Directors' remuneration including benefits-in-kind	<u>1,634</u>	<u>1,789</u>	<u>765</u>	<u>890</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	
	2010	2009
Executive Directors:		
RM150,001 to RM200,000	-	1*
RM500,001 to RM550,000	-	1
RM550,001 to RM600,000	1	-
Non-executive directors:		
RM1 to RM50,000	5	5
RM50,001 to RM100,000	1	1

* Director resigned on 30 June 2008.

10. TAXATION

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	38	103	-	19
(Over)/underprovision in prior years	(20)	114	(19)	126
	<u>18</u>	<u>217</u>	<u>(19)</u>	<u>145</u>
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(32)	(236)	-	-
Underprovision in prior years	37	376	-	-
	<u>5</u>	<u>140</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>23</u>	<u>357</u>	<u>(19)</u>	<u>145</u>

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to a subsidiary in Singapore was 17% (2009: 17%).

10. TAXATION (CONT'D.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

A reconciliation of the income tax expense 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	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(5,683)	(5,456)	(961)	(36,787)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(1,421)	(1,364)	(240)	(9,197)
Different tax rate in Singapore	1	1	-	-
Expenses not deductible for tax purposes	160	825	46	9,290
Income not subject to taxation	(5)	(96)	(5)	(103)
Utilisation of previously unrecognised unabsorbed capital allowances and unutilised tax losses	(519)	(10)	-	-
Deferred tax asset not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	1,790	511	199	29
(Over)/under provision of income tax expense in respect of prior years	(20)	114	(19)	126
Underprovision of deferred tax in prior years	37	376	-	-
Income tax expense/(reversal) for the financial year	23	357	(19)	145

10. TAXATION (CONT'D.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Tax savings recognised during the financial year arising from:				
Utilisation of previously unrecognised unabsorbed capital allowances and unutilised tax losses	519	10	-	-
	<u>519</u>	<u>10</u>	<u>-</u>	<u>-</u>

11. LOSS PER SHARE**(a) Basic**

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

	Group	
	2010	2009
Loss attributable to ordinary equity holders of the Company (RM'000)	(5,686)	(5,611)
Weighted average number of ordinary shares in issue ('000)	371,324	356,148
Basic loss per share for the financial year (sen)	<u>(1.53)</u>	<u>(1.58)</u>

(b) Diluted

Diluted loss per share of the Group in the previous financial year was calculated by dividing the loss for that year attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue during that year. The adjusted weighted average number of ordinary shares in issue was arrived at assuming full conversion of the Warrants which represented the dilutive potential of the ordinary shares.

There was no dilution effect on loss per share for the current financial year as the unexercised Warrants have expired and lapsed on 18 September 2009. Accordingly, the diluted loss per share for the current year is presented as equal to basic loss per share.

12. PROPERTY, 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 2010					
Cost					
At 1 April 2009	10,136	5,734	397	821	17,088
Additions	399	332	-	128	859
Transfer	-	25	-	-	25
Disposal	(1,082)	(186)	-	(22)	(1,290)
Write-off	(1,349)	(950)	-	(517)	(2,816)
At 31 March 2010	<u>8,104</u>	<u>4,955</u>	<u>397</u>	<u>410</u>	<u>13,866</u>
Accumulated depreciation					
At 1 April 2009	7,496	3,403	90	587	11,576
Depreciation charge for the financial year	718	637	53	88	1,496
Disposal	(1,081)	(116)	-	(12)	(1,209)
Write-off	(1,348)	(932)	-	(423)	(2,703)
At 31 March 2010	<u>5,785</u>	<u>2,992</u>	<u>143</u>	<u>240</u>	<u>9,160</u>
Net Book Value					
At 31 March 2010	<u>2,319</u>	<u>1,963</u>	<u>254</u>	<u>170</u>	<u>4,706</u>
Group					
At 31 March 2009					
Cost					
At 1 April 2008	10,120	4,518	345	781	15,764
Additions	439	1,331	309	40	2,119
Disposal	(423)	(106)	(257)	-	(786)
Write-off	-	(9)	-	-	(9)
At 31 March 2009	<u>10,136</u>	<u>5,734</u>	<u>397</u>	<u>821</u>	<u>17,088</u>
Accumulated depreciation					
At 1 April 2008	7,207	2,849	122	481	10,659
Depreciation charge for the financial year	711	616	49	106	1,482
Disposal	(422)	(58)	(81)	-	(561)
Write-off	-	(4)	-	-	(4)
At 31 March 2009	<u>7,496</u>	<u>3,403</u>	<u>90</u>	<u>587</u>	<u>11,576</u>
Net Book Value					
At 31 March 2009	<u>2,640</u>	<u>2,331</u>	<u>307</u>	<u>234</u>	<u>5,512</u>

12. PROPERTY, 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 2010					
Cost					
At 1 April 2009	621	170	309	22	1,122
Additions	45	2	-	128	175
Transfer	15	3	-	-	18
Disposal	(68)	-	-	-	(68)
Write-off	(9)	(126)	-	-	(135)
At 31 March 2010	<u>604</u>	<u>49</u>	<u>309</u>	<u>150</u>	<u>1,112</u>
Accumulated Depreciation					
At 1 April 2009	260	152	37	5	454
Depreciation charge for the financial year	78	9	44	18	149
Disposal	(68)	-	-	-	(68)
Write-off	(9)	(122)	-	-	(131)
At 31 March 2010	<u>261</u>	<u>39</u>	<u>81</u>	<u>23</u>	<u>404</u>
Net Book Value					
At 31 March 2010	<u>343</u>	<u>10</u>	<u>228</u>	<u>127</u>	<u>708</u>
At 31 March 2009					
Cost					
At 1 April 2008	621	165	257	10	1,053
Additions	9	5	309	12	335
Transfer	3	-	-	-	3
Disposal	(12)	-	(257)	-	(269)
At 31 March 2009	<u>621</u>	<u>170</u>	<u>309</u>	<u>22</u>	<u>1,122</u>
Accumulated Depreciation					
At 1 April 2008	200	126	78	1	405
Depreciation charge for the financial year	72	26	40	4	142
Disposal	(12)	-	(81)	-	(93)
At 31 March 2009	<u>260</u>	<u>152</u>	<u>37</u>	<u>5</u>	<u>454</u>
Net Book Value					
At 31 March 2009	<u>361</u>	<u>18</u>	<u>272</u>	<u>17</u>	<u>668</u>

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Included within property, plant and equipment of the Group are the cost of fully depreciated assets, which are still in use amounting to RM4,318,000 (2009: RM7,771,000).

During the financial year, the Group and the Company acquired property, plant and equipment at an aggregate cost of RM859,000 (2009: RM2,119,000) and RM175,000 (2009: RM335,000) respectively of which RM Nil (2009: RM275,000) of the Group and of the Company was acquired by means of hire purchase arrangement. Net carrying amount of the property, plant and equipment held under hire purchase arrangements are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
EDC equipment	155	406	-	-
Motor vehicles	228	272	228	272
	<u>383</u>	<u>678</u>	<u>228</u>	<u>272</u>

Details of terms and conditions of the hire purchase arrangements are disclosed in Note 28.

13. GOODWILL ON CONSOLIDATION

	Group	
	2010	2009
	RM'000	RM'000
At 1 April 2009/2008	104	2,856
Less: Accumulated impairment losses	-	(2,752)
At 31 March	<u>104</u>	<u>104</u>

14. INTANGIBLE ASSETS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 April 2009/2008	3,918	3,902	1,705	1,702
Addition	246	16	95	3
Write-off	(1,188)	-	(20)	-
At 31 March	<u>2,976</u>	<u>3,918</u>	<u>1,780</u>	<u>1,705</u>
Accumulated Amortisation				
At 1 April 2009/2008	3,426	2,998	1,316	981
Charge for the financial year	344	428	266	335
Write-off	(1,188)	-	(20)	-
At 31 March	<u>2,582</u>	<u>3,426</u>	<u>1,562</u>	<u>1,316</u>
Net Book Value				
At 31 March	<u>394</u>	<u>492</u>	<u>218</u>	<u>389</u>

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2010	2009
	RM'000	RM'000
Unquoted shares, at cost	54,163	54,163
Less: Accumulated impairment losses	(48,049)	(48,049)
	<u>6,114</u>	<u>6,114</u>

Included in the accumulated impairment losses is an amount of RM24,713,000 being the adjustment by way of utilising part of the credit which resulted from the par value and the share premium reduction in the previous financial years.

15. INVESTMENT IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Company's effective interest		Principal Activities
		2010 %	2009 %	
Dataprep (Malaysia) Sendirian Berhad*	Malaysia	100	100	Provision of IT outsourcing and managed services.
Solsis (M) Sdn. Bhd.*	Malaysia	55	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	Dormant.
HRM Business Consulting Sdn. Bhd.* ^ ("HRMBC")	Malaysia	51	51	Provision of consultancy and integration services.
Dataprep Distribution Sdn. Bhd. (in liquidation)	Malaysia	100	100	Under court winding up.
Dataprep Payment Solutions Sdn. Bhd.*	Malaysia	100	100	Provision of information technology services and secured payment solutions.
Tamadun Interaktif Sdn. Bhd.*	Malaysia	60	60	Dormant.
DP International Ltd.	British Virgin Islands	100	100	Dormant.
IO Holdings Ltd.	British Virgin Islands	100	100	Dormant.
DP International Pte. Ltd. @	Singapore	100	100	Dormant.
HRMBC Franchise Advisory Sdn. Bhd.* # ^	Malaysia	33	33	Dormant.

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

- * Audited by Ernst & Young, Malaysia
- @ Audited by a firm other than Ernst & Young, Malaysia.
- # Although the Group holds less than 51% of the voting power in HRMBC Franchise Advisory Sdn. Bhd. ("HRMBCFA"), the Group has the power to govern the financial and operating policies of HRMBCFA so as to obtain benefits from its activities.
- ^ Dataprep Holdings Berhad issued an official letter to HRMBC and its subsidiary, HRMBCFA ("HRMBC Group") notifying that it will not continue to provide any further financial support. As such, the financial statements of HRMBC Group have been prepared on break-up basis.

16. OTHER INVESTMENTS

	Group	
	2010	2009
	RM'000	RM'000
Club memberships, at cost	210	210
Less: Disposal	(70)	-
	<u>140</u>	<u>210</u>
Accumulated impairment losses:		
At 1 April 2009	(59)	(59)
Less: Disposal during the year	10	-
At 31 March 2010	<u>(49)</u>	<u>(59)</u>
	<u>91</u>	<u>151</u>

17. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2010	2009
	RM'000	RM'000
Amount due from subsidiaries	71,129	68,043
Less: Provision for doubtful debts	(37,110)	(37,307)
	<u>34,019</u>	<u>30,736</u>

The amounts due from the subsidiaries are unsecured, interest free and have no fixed terms of repayment.

18. DEFERRED TAX ASSETS

	Group	
	2010	2009
	RM'000	RM'000
At 1 April 2009/2008	2,815	2,955
Recognised in income statement (Note 10)	(5)	(140)
At 31 March	<u>2,810</u>	<u>2,815</u>

Presented after appropriate offsetting as follows:

Deferred tax assets	3,304	3,311
Deferred tax liabilities	(494)	(496)
	<u>2,810</u>	<u>2,815</u>

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:

	Unused Tax Losses and Unabsorbed Capital		
	Allowances	Provisions	Total
	RM'000	RM'000	RM'000
At 1 April 2009	3,246	65	3,311
Recognised in the income statement	50	(57)	(7)
At 31 March 2010	<u>3,296</u>	<u>8</u>	<u>3,304</u>
At 1 April 2008	3,539	135	3,674
Recognised in the income statement	(293)	(70)	(363)
At 31 March 2009	<u>3,246</u>	<u>65</u>	<u>3,311</u>

18. DEFERRED TAX ASSETS (CONT'D.)**Deferred Tax Liabilities of the Group:**

	Accelerated Capital Allowances RM'000	Total RM'000
At 1 April 2009	496	496
Recognised in the income statement	(2)	(2)
At 31 March 2010	<u>494</u>	<u>494</u>
At 1 April 2008	719	719
Recognised in the income statement	(223)	(223)
At 31 March 2009	<u>496</u>	<u>496</u>

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unutilised tax losses	52,042	49,954	12,018	11,465
Unabsorbed capital allowances	5,426	2,551	2,124	1,842
Other deductible temporary differences	19	76	-	41
	<u>57,487</u>	<u>52,581</u>	<u>14,142</u>	<u>13,348</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 future profits for offset in the near term.

Deferred tax assets have not been recognised in respect of unutilised 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. DEVELOPMENT COSTS

The Group capitalise costs on project development work related to specific project that would likely to generate future revenue.

20. INVENTORIES

	Group	
	2010	2009
	RM'000	RM'000
At cost		
Computer equipment, spares and supplies	1,584	2,116
EDC equipment and thermal roll paper	109	152
Work in progress	85	43
	<u>1,778</u>	<u>2,311</u>
Provision for obsolete stocks		
At 1 April 2009/2008	(1,189)	(1,042)
Addition	(146)	(147)
Write off	652	-
At 31 March	<u>(683)</u>	<u>(1,189)</u>
	<u>1,095</u>	<u>1,122</u>

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM4,115,000 (2009: RM3,719,000).

21. TRADE RECEIVABLES

	Group	
	2010	2009
	RM'000	RM'000
At cost		
Trade receivables	37,427	35,870
Due from customers on contracts (Note 23)	848	1,235
	<u>38,275</u>	<u>37,105</u>
Provision for doubtful debts		
At 1 April 2009/2008	(19,967)	(18,393)
Addition	(238)	(1,578)
Write back	-	4
At 31 March	<u>(20,205)</u>	<u>(19,967)</u>
	<u>18,070</u>	<u>17,138</u>

21. TRADE RECEIVABLES (CONT'D.)

The Group's policy requires trade receivables to be collected within 90 days (2009: 90 days). Other credit terms given to trade receivables are assessed and approved on a case-by-case basis.

The Group has significant concentration of credit risk that may arise from exposure to 5 (2009: 3) debtors amounting to RM22,759,000 (2009: RM22,945,000).

22. OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Prepayments	1,447	2,051	48	102
Prepaid interest	71	22	-	-
Deposits	330	426	9	14
Advances to employees	36	34	3	-
Other advances	3,000	3,000	-	-
Interest income receivable	17	20	-	-
Sundry receivables	46	876	15	15
	<u>4,947</u>	<u>6,429</u>	<u>75</u>	<u>131</u>
Provision for doubtful debts	(3,000)	(3,010)	-	-
	<u>1,947</u>	<u>3,419</u>	<u>75</u>	<u>131</u>

Included in the provision for doubtful debts of RM3,000,000 (2009: RM3,000,000) is in relation to an advance granted to a main local contractor in connection with an overseas contract awarded to a subsidiary in the previous financial year.

The Group has no other significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

23. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2010	2009
	RM'000	RM'000
Contract costs incurred to date	16,825	76,801
Attributable profits	2,645	12,525
	<u>19,470</u>	<u>89,326</u>
Less: Progress billings	(19,291)	(88,741)
	<u>179</u>	<u>585</u>
Due from customers on contracts (Note 21)	848	1,235
Due to customers on contracts (Note 29)	(669)	(650)
	<u>179</u>	<u>585</u>
Contract costs recognised as expense	<u>9,702</u>	<u>10,740</u>

24. CASH AND BANK BALANCES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits with:				
- Licensed Commercial Banks	30,428	9,997	22,423	66
- Licensed Investment Bank	-	20,027	-	20,027
Cash and bank balances	1,953	2,151	273	195
	<u>32,381</u>	<u>32,175</u>	<u>22,696</u>	<u>20,288</u>

The deposits of RM6,945,000 (2009: RM6,797,000) for the Group and RM39,000 (2009: RM66,000) for the Company are pledged as security for credit facilities granted to the Group which were not utilised during the financial year.

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

	Group		Company	
	2010	2009	2010	2009
	%	%	%	%
- Licensed Commercial Banks	2.24 - 3.90	2.00 - 3.90	2.28	2.00
- Licensed Investment Bank	-	3.73	-	3.73

24. 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	
	2010	2009	2010	2009
	Days	Days	Days	Days
- Licensed Commercial Banks	16 - 274	17 - 602	16	17
- Licensed Investment Bank	-	16	-	16

25. SHARE CAPITAL

	Group and Company			
	Number of		Amount	
	Ordinary Shares of			
	RM0.25 each			
	2010	2009	2010	2009
	'000	'000	RM'000	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	356,148	356,148	89,037	89,037
Issue of new shares:				
- Conversion of warrants	26,939	-	6,735	-
At end of financial year	383,087	356,148	95,772	89,037

During the financial year, the Company increased its issued and paid-up share capital from RM89,037,122 to RM95,771,798 by way of the issuance of 26,938,704 new ordinary shares of RM0.25 each for cash upon the conversion of 26,938,704 free detachable warrants at the exercise price of RM0.25 each.

The new ordinary shares issued in the current financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

26. WARRANTS

Warrants of RM0.25 each

During the financial year, out of the 47,011,634 free detachable Warrants brought forward, 26,938,704 Warrants were exercised and the balance of 20,072,930 Warrants have expired on 18 September 2009.

27. CAPITAL RESERVE

Capital reserve represents the Company's share of equity in a subsidiary, HRM Business Consulting Sdn. Bhd., arising from a bonus issue out of the prior year's retained earnings of the said subsidiary.

28. BORROWINGS**Hire Purchase and Finance Lease Liabilities**

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Future minimum lease payments:				
Not later than 1 year	45	168	45	45
Later than 1 year and not later than 2 years	45	45	45	45
Later than 2 years and not later than 5 years	136	136	136	136
Later than 5 years	6	53	6	53
Total future minimum lease payments	232	402	232	279
Less: Future finance charges	(22)	(35)	(22)	(32)
Present value of hire purchase liabilities	210	367	210	247

28. BORROWINGS (CONT'D.)**Hire Purchase and Finance Lease Liabilities (Cont'd.)**

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Analysis of present value of hire purchase liabilities:				
Not later than 1 year	37	156	37	36
Later than 1 year and not later than 2 years	39	37	39	37
Later than 2 years and not later than 5 years	127	122	127	122
Later than 5 years	7	52	7	52
	<u>210</u>	<u>367</u>	<u>210</u>	<u>247</u>
Less: Amount due within 12 months	<u>(37)</u>	<u>(156)</u>	<u>(37)</u>	<u>(36)</u>
Amount due after 12 months	<u>173</u>	<u>211</u>	<u>173</u>	<u>211</u>

The hire purchase liabilities bore interest at the balance sheet date ranging from 4.2% to 7.5% (2009: 4.2% to 7.5%) per annum.

29. TRADE PAYABLES

	Group	
	2010	2009
	RM'000	RM'000
Trade payables	2,665	3,953
Due to customers on contract (Note 23)	669	650
	<u>3,334</u>	<u>4,603</u>

The credit terms of the Group's trade payables range from 60 days to 90 days (2009: 60 days to 90 days).

30. OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Accrued short term accumulating compensated benefits	-	246	-	41
Accrued professional and legal fees	114	137	24	24
Deferred income	949	2,196	-	-
Deposits from customers	993	1,020	-	-
Sundry payables and accruals	1,531	1,525	368	270
	<u>3,587</u>	<u>5,124</u>	<u>392</u>	<u>335</u>

31. RELATED PARTY DISCLOSURES

The outstanding amounts as at 31 March 2010 due from companies in which a director, Datuk Lim Chee Wah has interests are set out below:

	Group	
	2010	2009
	RM'000	RM'000
VXL Holdings Sdn. Bhd., holding company	15	15
VXL Management Services Ltd.	-	9
	<u>15</u>	<u>24</u>

The amounts due from Director related companies are unsecured, interest free and have no fixed terms of repayment.

31. RELATED PARTY DISCLOSURES (CONT'D.)

The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Transactions with companies in which a director, Datuk Lim Chee Wah has interests:				
(a) Interest charged by VXL Management Sdn. Bhd.	-	127	-	127
(b) Product sales to:				
- Widuri Pelangi Sdn. Bhd.	-	(40)	-	-
- Orient Wonder International Ltd.	-	(12)	-	-
- e-Genting Sdn. Bhd.	-	(149)	-	-
(c) Subscription fees charged to:				
- VXL Management Sdn. Bhd.	-	4	-	-
- Kien Huat Development Sdn. Bhd.	-	7	-	-

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on a negotiated basis.

Compensation of key management personnel

The remuneration of Company's Executive Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	1,565	1,683	786	875
Post-employment benefits				
- Defined contribution plan	178	190	89	99
- Defined benefit plan	-	20	-	20
	<u>1,743</u>	<u>1,893</u>	<u>875</u>	<u>994</u>

32. OPERATING LEASE COMMITMENTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Future minimum rental payable:				
Not later than 1 year	832	431	17	15
Later than 1 year and not later than 5 years	1,013	35	3	-
	<u>1,845</u>	<u>466</u>	<u>20</u>	<u>15</u>

The increase in operating lease commitment during the financial year was mainly due to the renewal of tenancy agreement at the Group's head Office from July 2009 to June 2012.

33. CONTINGENT LIABILITIES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Corporate Guarantee given to financial institutions:				
- for performance guarantees given to third parties	4,027	3,742	4,027	3,742
	<u>4,027</u>	<u>3,742</u>	<u>4,027</u>	<u>3,742</u>

34. FINANCIAL INSTRUMENTS**(a) 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 its interest rate risks (both fair value and cash flow), foreign currency, liquidity, and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

34. FINANCIAL INSTRUMENTS (CONT'D.)**(b) Interest rate risk**

Cash flow 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. As the Group has no significant interest-bearing financial assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

(c) 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 Dollars (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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

Functional Currency of Group Companies	Net Financial Liabilities Held in Non-Functional Currencies United States Dollars RM'000
At 31 March 2010	
Ringgit Malaysia	<u>56</u>
At 31 March 2009	
Ringgit Malaysia	<u>9</u>

34. FINANCIAL INSTRUMENTS (CONT'D.)**(d) 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.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. 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, receivables balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets, other than disclosed in Note 21.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Liabilities				
At 31 March 2010:				
Hire purchase payables (Note 28)	(210)	(232)	(210)	(232)
At 31 March 2009:				
Hire purchase payables (Note 28)	(367)	(402)	(247)	(279)

34. FINANCIAL INSTRUMENTS (CONT'D.)**(f) Fair values (Cont'd.)**

It is not practicable to estimate the fair values of amount due from subsidiary companies and related parties principally due to lack of fixed repayment terms entered into by the parties involved without incurring excessive costs. However, the Group and Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

35. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except for the presentation of other receivables and development cost which had been reclassified to conform with current year presentation.

	Previously Stated RM	Reclassifi- cation RM	As Restated RM
Balance sheet			
Group			
Current assets			
Other receivables	4,129	(710)	3,419
Development costs	-	710	710
	<hr/>	<hr/>	<hr/>

36. 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) Information and communications technology solutions and services
- (ii) Business process outsourcing services
- (iii) Management service

Business Segments

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

31 March 2010

	Information and communications technology solutions and services RM'000	Business process outsourcing services RM'000	Management services RM'000	Elimination RM'000	Group RM'000
Revenue					
External sales	41,996	2,599	-	-	44,595
Intersegment sales	266	-	5,218	(5,484)	-
Total revenue	<u>42,262</u>	<u>2,599</u>	<u>5,218</u>	<u>(5,484)</u>	<u>44,595</u>

36. SEGMENTAL INFORMATION (CONT'D.)**31 March 2010 (Cont'd.)**

	Information and communications technology solutions and services RM'000	Business process outsourcing services RM'000	Management services RM'000	Elimination RM'000	Group RM'000
RESULTS					
Segment (loss)/profit	(4,656)	842	(6,787)	4,348	(6,253)
Interest income					664
Unallocated expenses					(81)
Loss from operations					<u>(5,670)</u>
Interest expense					(13)
Loss before tax					<u>(5,683)</u>
Taxation					(23)
Loss after tax					<u>(5,706)</u>
OTHER INFORMATION					
Segment assets	31,719	3,119	23,903		58,741
Unallocated assets					3,240
Total assets					<u>61,981</u>
Segment liabilities	5,082	1,425	603		7,110
Unallocated liabilities					21
Total liabilities					<u>7,131</u>
Capital expenditure	524	311	270		1,105
Depreciation and amortisation	786	684	370		1,840
Property, plant and equipment written off	71	38	4		113
Provision for doubtful debts	238	-	-		238

36. SEGMENTAL INFORMATION (CONT'D.)**31 March 2009**

	Information and communications technology solutions and services RM'000	Business process outsourcing services RM'000	Management services RM'000	Elimination RM'000	Group RM'000
Revenue					
External sales	51,564	2,600	-	-	54,164
Intersegment sales	275	1	5,116	(5,392)	-
Total revenue	<u>51,839</u>	<u>2,601</u>	<u>5,116</u>	<u>(5,392)</u>	<u>54,164</u>

RESULTS

Segment loss	(2,678)	(234)	(3,158)	(19)	(6,089)
Interest income					919
Unallocated expenses					(44)
Loss from operations					<u>(5,214)</u>
Interest expense					(242)
Loss before tax					<u>(5,456)</u>
Taxation					(357)
Loss after tax					<u>(5,813)</u>

36. SEGMENTAL INFORMATION (CONT'D.)**31 March 2009 (Cont'd.)**

	Information and communications technology solutions and services RM'000	Business process outsourcing services RM'000	Management services RM'000	Elimination RM'000	Group RM'000
OTHER INFORMATION					
Segment assets	35,199	4,033	21,472		60,704
Unallocated assets					3,208
Total assets					<u>63,912</u>
Segment liabilities	7,723	1,759	583		10,065
Unallocated liabilities					29
Total liabilities					<u>10,094</u>
Capital expenditure	523	1,275	337	-	2,135
Depreciation and amortisation	826	651	433	-	1,910
Property, plant and equipment written off	-	5	-	-	5
Provision for doubtful debts	1,578	-	-	-	1,578
Provision for doubtful debts written back	(4)	-	-	-	(4)

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

Capital expenditure comprise additions to property, plant and equipment (Note 12), intangible assets (Note 14) including those resulting from acquisitions.

During the financial year, the Group has merged the consulting, technology & integration services division with the outsourcing & managed services division and renamed as information and communications technology solutions and services division. Previous year's comparative amounts had been reclassified to conform with current financial year's presentation.

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 Cheam Tat Inn, 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 64 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2010 and of the results and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 May 2010.

Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

Cheam Tat Inn
Chief Executive Officer

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

I, Tan Hock Chye, 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 64 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,
Tan Hock Chye at Petaling Jaya, Selangor Darul Ehsan
on 24 May 2010.

Tan Hock Chye

Before me,

Commissioner for Oaths

183059 H

**Independent auditors' report to the members of
Dataprep Holdings Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Dataprep Holdings Berhad, which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 64.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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.

183059 H

**Independent auditors' report to the members of
Dataprep Holdings Berhad (Cont'd.)
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being the financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

183059 H

Independent auditors' report to the members of
Dataprep Holdings Berhad (Cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Teoh Soo Hock
No. 2477/10/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
24 May 2010