

DIRECTORS' REPORT

The Directors hereby submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2004.

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 13 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 after taxation	38,558	3,620
Minority interest	719	–
Net loss for the financial year	39,277	3,620

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statement of changes in equity.

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

SIGNIFICANT EVENTS

Significant events during the financial year are:

- (a) Voluntary Separation Scheme ("VSS")
 - (i) The VSS was implemented from 2 April 2003 to 16 April 2003 and this exercise was completed on 30 April 2003.
 - (ii) The VSS was offered to all employees of the Company and its subsidiary companies except for HRM Business Consulting Sdn. Bhd. The VSS was strictly on a voluntary basis and the number of employees before and after the VSS amounted to 441 and 365 respectively.
 - (iii) The total compensation paid to employees in relation to the VSS amounted to RM1,997,000.

SIGNIFICANT EVENTS (CONTINUED)**(b) Share Capital**

During the financial year, the Company increased its issued and paid up share capital from RM61,539,836 to RM64,007,140 by way of:

- (i) The issuance of 2,387,104 ordinary shares of RM1.00 each through the conversion of 3,580,656 units of Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) of RM1.00 each. The premium arising from the ICULS conversion of RM1,193,552 has been reflected in the financial statements as gain on conversion of RM324,490 in the income statement and RM869,062 has been credited to the Share Premium account.
- (ii) The issuance of 80,200 ordinary shares of RM1.00 each pursuant to the exercise of the Employees’ Share Option Scheme (“ESOS”). The premium arising from the exercise of ESOS of RM47,318 has been credited to the Share Premium account.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

EMPLOYEES’ SHARE OPTION SCHEME

The ESOS was implemented on 15 November 2002 for the benefit of eligible employees and full-time Executive Directors of the Group.

The ESOS Committee appointed by the Board of Directors, may from time to time offer options to eligible employees and full-time Executive Directors of the Group to subscribe for new ordinary shares of RM1.00 each in the Company.

The salient features of the ESOS are as follows:

- 1) the maximum number of shares to be offered and accepted under the ESOS shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS.
- 2) the ESOS will be available to eligible employees including full-time Executive Directors of the Company and its subsidiaries, which are not dormant.
- 3) the ESOS shall be in force for a period of five (“5”) years from its commencement.
- 4) the subscription price shall be the higher of the following:
 - a) a maximum discount of ten (“10”) per cent to the weighted average market price of the ordinary shares for the five (“5”) market days preceding the date of offer of the ESOS; and
 - b) the par value of the ordinary shares

EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

- 5) a grantee of options pursuant to the ESOS shall be allowed to exercise the options granted to him subject to the limit as detailed below:

Maximum percentage of the ESOS Options exercisable in each year commencing from the date of offer is as follows:

YEAR	PERCENTAGE
1	20%
2	20%
3	20%
4	20%
5	20%

The new ordinary shares to be issued under the ESOS, shall, upon allotment and issue, rank pari passu in all aspects with the existing ordinary shares of the Company, except that they will not be entitled to participate in any rights, allotments and/or any other distributions that may be declared, on a date which is before the allotment of such shares.

A total of 2,340,000 share options have been offered by the Company to eligible employees and full-time Executive Directors of the Company on 3 December 2003 and only 2,209,000 of these share options were accepted. The exercise price of the share options is RM1.59 per share. A total of 80,200 ordinary shares of RM1.00 each, comprising 80,200 share options were exercised during the financial year. Total amount of unissued share capital relating to the ESOS is RM2,128,800 as at the date of this report.

Exemption has been granted by the Companies Commission of Malaysia for the non-disclosure of eligible employees and full-time Executive Directors who have been granted options below 50,000 units. The names of eligible employees and the full-time Executive Directors, as of 31 March 2004, who have been granted options of more than 50,000 units are disclosed as follows:

NAME	NUMBER OF OPTIONS
Datuk Lim Chee Wah (Executive Director)	500,000
Chew Liong Kim (Executive Director)	72,000
Tan Hock Chye	68,000
Ahmad Rizan bin Ibrahim	72,000
Total	712,000

WARRANTS

The 15,151,515 detachable Warrants which expire on 1 October 2007 have been issued at an issue price of RM0.20 and remained unexercised as at 31 March 2004.

DIRECTORS

The Directors who have held office during the year and since the date of the last report are as follows:

Mirzan bin Mahathir (Chairman)
 Datuk Lim Chee Wah
 Michael Yee Kim Shing
 Muhammad Fauzi bin Abd. Ghani
 Chew Liong Kim (appointed on 26 February 2004)
 Dato' Mohamad Rais Bin Zainuddin (resigned on 13 May 2004)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, with the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for options over shares granted by the Company to eligible employees including full-time Executive Directors of the Company pursuant to the Company's ESOS. The ESOS which is for the benefit of eligible employees and full-time Executive Directors of the Company was implemented on 15 November 2002 for a period of 5 years.

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 as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which 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 IN SHARES AND DEBENTURES

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 options over shares in the Company and related corporations during the year were as follows:

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH IN THE COMPANY				
	At 1.4.2003	Acquired	ESOS exercised	Disposed	At 31.3.2004
Mirzan bin Mahathir					
- Direct	1,000	-	-	-	1,000
- Indirect	12,387,893	-	-	-	12,387,893
Muhammad Fauzi bin Abd Ghani					
- Indirect	277,000	-	-	(139,800)	137,200
Dato' Mohamad Rais Bin Zainuddin					
- Indirect	951,900	-	-	-	951,900

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH IN THE COMPANY				At 31.3.2004
	At 1.4.2003	Acquired	ESOS exercised	Disposed	
Datuk Lim Chee Wah - Indirect	29,060,440	-	-	-	29,060,440

Chew Liong Kim - Direct	-	-	28,000	-	28,000
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NUMBER OF WARRANTS OF RM0.20 EACH IN THE COMPANY

	At 1.4.2003	Acquired	Disposed	At 31.3.2004
	Datuk Lim Chee Wah - Indirect	2,058,175	-	-

NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1.00 EACH IN THE COMPANY

	At 3.12.2003 (Date of issue)	Granted	Exercised	At 31.3.2004
	Datuk Lim Chee Wah - Direct	500,000	-	-
Chew Liong Kim - Direct	72,000	-	(28,000)	44,000

NUMBER OF ORDINARY SHARES OF RM1.00 EACH IN A SUBSIDIARY COMPANY

HRM Business Consulting Sdn Bhd

	At 1.4.2003	Acquired	Bonus issue	Disposed	At 31.3.2004
	Chew Liong Kim - Direct	1,225	39,575	40,800	-

Mirzan bin Mahathir and Datuk Lim Chee Wah by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors in office held any interest in shares, or debentures of the Company and its subsidiaries during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values 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.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Notes 6 and 30 to the financial statements;
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.
- (c) 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.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with the resolution dated 29 May 2004.

DIRECTORS' REPORT (CONT'D)

MIRZAN BIN MAHATHIR
CHAIRMAN

CHEW LIONG KIM
EXECUTIVE DIRECTOR

INCOME STATEMENTS

for the financial year ended 31 March 2004

	Note	GROUP		COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	5	85,552	97,090	5,676	2,784
Cost of sales		(81,703)	(88,251)	–	–
Gross profit		3,849	8,839	5,676	2,784
Other operating income		3,806	1,422	334	930
Selling and distribution cost		(5,791)	(5,466)	–	–
Administrative expenses		(3,480)	(4,217)	(2,604)	(2,170)
Other operating expenses		(35,899)	(33,945)	(6,792)	(38,598)
Loss from operations	6	(37,515)	(33,367)	(3,386)	(37,054)
Finance costs, net	9	(659)	(360)	(234)	1,112
Loss before taxation		(38,174)	(33,727)	(3,620)	(35,942)
Taxation	10	(384)	445	–	–
Loss after taxation		(38,558)	(33,282)	(3,620)	(35,942)
Minority interest		(719)	2,445	–	–
Net loss for the year		(39,277)	(30,837)	(3,620)	(35,942)
Basic loss per share (sen)	11	(62)	(65)		

BALANCE SHEETS

as at 31 March 2004

	Note	GROUP		COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
NON CURRENT ASSETS					
Property, plant and equipment	12	4,332	7,172	672	353
Subsidiaries	13	–	–	39,932	39,846
Goodwill on consolidation	14	3,232	3,363	–	–
Computer software and development expenditure	15	–	10,283	–	–
Long term receivable	16	–	557	–	557
Amounts due from subsidiaries	24	–	–	55,871	34,599
Deferred tax assets (net)	17	3,815	4,446	–	–
		11,379	25,821	96,475	75,355
CURRENT ASSETS					
Inventories	18	3,665	2,541	–	–
Receivables	19	33,997	49,230	27	1,875
Cash and bank balances	20	15,508	26,105	3,480	23,336
		53,170	77,876	3,507	25,211
CURRENT LIABILITIES					
Payables	21	39,054	43,125	10,781	7,675
Taxation		493	2,517	–	–
Short term borrowings	22	4,085	–	–	–
		43,632	45,642	10,781	7,675
NET CURRENT ASSETS/(LIABILITIES)		9,538	32,234	(7,274)	17,536
		20,917	58,055	89,201	92,891
CAPITAL AND RESERVES					
Share capital	26	64,007	61,540	64,007	61,540
Share premium		11,601	10,685	11,601	10,685
Merger deficit		(13,509)	(13,509)	–	–
Warrants	27	3,030	3,030	3,030	3,030
Capital reserve	28	51	–	–	–
Irredeemable convertible unsecured loan stocks	25	44,814	48,070	44,814	48,070
Accumulated losses		(98,235)	(58,858)	(43,129)	(39,509)
Shareholders' equity		11,759	50,958	80,323	83,816
Minority interest		280	500	–	–
		12,039	51,458	80,323	83,816
NON CURRENT LIABILITIES					
Amounts due to subsidiaries	24	–	–	–	2,478
Irredeemable convertible unsecured loan stocks	25	4,778	6,597	4,778	6,597
Advance from a director and shareholder	23	4,100	–	4,100	–
		8,878	6,597	8,878	9,075
		20,917	58,055	89,201	92,891

The notes on pages 47 to 80 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2004

GROUP	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable				ICULS- Equity RM'000	Accumulated losses RM'000	Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Merger deficit RM'000	Warrants RM'000				
At 1 April 2002										
As previously stated		15,995	15,995	-	(13,509)	-	-	(31,620)	(29,134)	
Prior year adjustments	30	-	-	-	-	-	-	3,599	3,599	
As restated		15,995	15,995	-	(13,509)	-	-	(28,021)	(25,535)	
Net loss for the year		-	-	-	-	-	-	(30,837)	(30,837)	
Share issue cost		-	-	(1,229)	-	-	-	-	(1,229)	
ICULS equity component	25	-	-	-	-	-	48,070	-	48,070	
Issue of new ordinary shares of RM1.00 each at RM1.25		40,000	40,000	10,000	-	-	-	-	50,000	
Issue of 15,151,515 detachable warrants at RM0.20 each	27	-	-	-	-	3,030	-	-	3,030	
Issue of new ordinary shares on conversion of ICULS at RM1.50 each	25	5,545	5,545	1,914	-	-	-	-	7,459	
At 31 March 2003		61,540	61,540	10,685	(13,509)	3,030	48,070	(58,858)	50,958	

STATEMENT OF CHANGES IN EQUITY (CONT'D)

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GROUP	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable					Total	
		Number of shares	Nominal value	Share premium	Merger deficit	Warrants	ICULS-Equity	Capital Reserve (Note 28)		Accumulated losses
		'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2003										
As previously stated		61,540	61,540	11,543	(13,509)	3,030	48,320	-	(65,541)	45,383
Prior year adjustments	30	-	-	(858)	-	-	(250)	-	6,683	5,575
As restated		61,540	61,540	10,685	(13,509)	3,030	48,070	-	(58,858)	50,958
Net loss for the year		-	-	-	-	-	-	-	(39,277)	(39,277)
Issue of new ordinary shares on exercise of ESOS		80	80	47	-	-	-	-	-	127
Issue of new ordinary shares on conversion of ICULS at RM1.50 each	25	2,387	2,387	869	-	-	(3,256)	-	-	-
Capitalisation of distributable profits of a subsidiary*		-	-	-	-	-	-	51	(100)	(49)
At 31 March 2004		64,007	64,007	11,601	(13,509)	3,030	44,814	51	(98,235)	11,759

* This relates to a bonus issue by a subsidiary.

COMPANY	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable					Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Merger deficit RM'000	Warrants RM'000	ICULS-Equity RM'000	Accumulated losses RM'000	
		15,995	15,995	-	-	-	-	(3,567)	12,428
		-	-	-	-	-	-	(35,942)	(35,942)
		-	-	(1,229)	-	-	-	-	(1,229)
		-	-	-	-	-	48,070	-	48,070
		40,000	40,000	10,000	-	-	-	-	50,000
		-	-	-	-	3,030	-	-	3,030
		5,545	5,545	1,914	-	-	-	-	7,459
		61,540	61,540	10,685	-	3,030	48,070	(39,509)	83,816

STATEMENT OF CHANGES IN EQUITY (CONT'D)

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COMPANY	Note	Issued and fully paid ordinary shares of RM1.00 each	Non-distributable					Total RM'000		
			Number of shares '000	Nominal value RM'000	Share premium RM'000	Merger deficit RM'000	Warrants RM'000		ICULS- Equity RM'000	Accumulated losses RM'000
At 1 April 2003										
As previously stated		61,540	61,540	11,543	-	3,030	48,320	(41,445)	82,988	
Prior year adjustments	30	-	-	(858)	-	-	(250)	1,936	828	
As restated		61,540	61,540	10,685	-	3,030	48,070	(39,509)	83,816	
Net loss for the year		-	-	-	-	-	-	(3,620)	(3,620)	
Issue of new ordinary shares on exercise of ESOS		80	80	47	-	-	-	-	127	
Issue of new ordinary shares on conversion of ICULS at RM1.50 each	25	2,387	2,387	869	-	-	(3,256)	-	-	
At 31 March 2004		64,007	64,007	11,601	-	3,030	44,814	(43,129)	80,323	

The notes on pages 47 to 80 form part of these financial statements.

CASH FLOW STATEMENTS

for the financial year ended 31 March 2004

Note	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation	(38,174)	(33,727)	(3,620)	(35,942)
Adjustments for:				
Reversal of penalty interest for defaulted statutory contributions	(1,479)	–	–	–
Amortisation of computer software and development expenditure	2,796	2,146	–	–
Depreciation of property, plant and equipment	2,636	2,384	86	31
Amortisation of goodwill	168	–	–	–
Interest expense	993	751	581	(730)
Interest income	(334)	(391)	(347)	(382)
Gain on deconsolidation of a subsidiary	(3,071)	–	–	–
Gain on conversion of ICULS	(325)	(858)	(325)	(858)
(Gain)/loss on disposal of property, plant and equipment	(6)	23	2	(63)
Property, plant and equipment written off	985	1	18	–
Impairment of subsidiaries	–	–	–	18,691
Allowance for doubtful debts	10,577	7,558	2,207	6,726
Allowance for doubtful debts in subsidiaries	–	–	–	4,176
Allowance for slow moving inventories	–	855	–	–
Obsolete inventories written off	305	208	–	–
Work in progress written off	–	2,279	–	–
Computer software and development expenditure written off	7,487	6,709	–	–
Operating loss before working capital changes	(17,442)	(12,062)	(1,398)	(8,351)
Changes in working capital:				
(Increase)/decrease in inventories	(2,465)	2,893	–	–
Decrease in receivables	5,214	7,723	198	1,562
(Decrease)/increase in payables	(4,313)	(16,615)	(1,668)	6,809
(Increase)/decrease in balances due from subsidiaries	–	–	(23,750)	2,193
Cash flow (used in)/generated from operations	(19,006)	(18,061)	(26,618)	2,213
Tax paid	(1,777)	(138)	–	–
Interest received	334	391	347	382
Interest paid	(1,120)	(342)	(707)	(4)
Net cash flow (used in)/generated from operating activities	(21,569)	(18,150)	(26,978)	2,591

	Note	GROUP		COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries (Note 13(a))		-	(3,407)	-	(3,683)
Computer software and development expenditure		-	(2,515)	-	-
Payment for restructuring expenses		-	(1,229)	-	(1,229)
Net cash outflow on deconsolidation of a subsidiary (Note 13(b))		(19)	-	-	-
Purchase of property, plant and equipment		(915)	(1,186)	(427)	(309)
Proceeds from disposal of property, plant and equipment		140	86	2	63
Additional investment in existing subsidiaries		-	(3,101)	(86)	(27,130)
Net cash flow used in investing activities		(794)	(11,352)	(511)	(32,288)
CASH FLOW FROM FINANCING ACTIVITIES					
(Increase)/decrease in restricted deposits		(2,306)	(4,578)	3,261	(5,969)
Proceeds from issuance of share capital and warrants of the Company		127	53,030	127	53,030
Proceeds from issuance of share capital to minority interest		47	-	-	-
Proceeds from short term borrowings		4,059	-	-	-
Advance from a shareholder		9,000	-	9,000	-
Repayment of liability portion of ICULS		(1,494)	-	(1,494)	-
Net cash flow generated from financing activities		9,433	48,452	10,894	47,061
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
		(12,930)	18,950	(16,595)	17,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
	29	19,954	1,004	17,367	3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	29	7,024	19,954	772	17,367

The notes on pages 47 to 80 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2004

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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 13 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on Bursa Malaysia Securities Berhad.

The number of employees (including Executive Directors) at the end of the financial year amounted to 313 (2003: 445) for the Group and 28 (2003: 35) for the Company.

The address of the registered office and the principal place of business of the Company is as follows:

11th Floor, Menara Luxor
6B, Persiaran Tropicana
Tropicana Golf and Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan

The financial statements of the Group and of the Company were approved by the Board of Directors for issuance on 29 May 2004.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its business activities, mainly credit, interest rate, liquidity and minimum currency exchange risks. The Group does not enter into derivative financial instruments for trading purposes.

(a) Credit Risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting credit limits and ensuring that sales of products and services are made to customers with an appropriate credit history.

(b) Interest Rate Risk

The Group's exposure to interest rate risk arises predominantly from interest bearing assets and liabilities. Interest rate exposure is managed through the use of fixed rate derivative financial instruments. Derivative financial instruments are used, when appropriate, to generate the desired interest rate profile.

(c) Liquidity and Cash Flow Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Currency Exchange Risk

The Group is exposed to minimum currency risk as the foreign currency transactions entered into by subsidiaries in currencies other than their functional currency is not significant.

3 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless disclosed otherwise in the significant accounting policies. The financial statements comply with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act 1965.

During the financial year ended 31 March 2004, the Company adopted the following MASB Standards for the first time:

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 28	Discontinuing Operations
MASB 29	Employee Benefits

The effects of adopting MASB 25 are summarised in the Statement of Changes in Equity and further information is disclosed in Note 30 to the financial statements. The adoption of MASB 27, MASB 28 and MASB 29 have not given rise to any adjustments to the opening balances of accumulated losses of the prior year and current year or to changes in comparatives.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 year. Four subsidiaries were consolidated on the acquisition 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 Acquisition and Mergers" which was the accounting standard prevailing at that time.

With the introduction of Malaysian Accounting Standard Board (MASB) Standard 21 on Business Combinations with effect from financial year ended 31 March 2003, the Group has elected to apply the transitional provisions made under this Standard, wherein the Group will conform with the requirements of the Standard prospectively.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal as appropriate. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition and the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation or negative goodwill, as applicable. Goodwill is amortised in the income statement over the useful life of twenty years. Negative goodwill is not amortised.

Under the merger method of accounting, the results of the subsidiaries are included 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 issued is transferred to merger reserve or deficit, as applicable.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interest is measured at the minorities' share of the post acquisition fair values of identifiable assets and liabilities of the acquiree.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised goodwill on consolidation.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Subsidiaries

Subsidiaries are those enterprises in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies. Investment in subsidiaries are stated at cost less impairment losses, if any.

The policy for recognition and measurement of impairment losses is in accordance with Note 4(l).

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated on the straight line basis to write off the cost of each asset to its residual value over the estimated useful life. The principal annual rates used are as follows:

Computer equipment and software	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%
Renovation	20%

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount. The policy for recognition and measurement of impairment losses is in accordance with Note 4(l).

(d) Computer software and development expenditure

Computer software and development expenditure are recognised as intangible assets if it is probable that future economic benefits attributable to such assets will flow to the enterprise and the costs of such assets can be measured reliably.

Computer software represents license fees paid to third parties and costs of internally developed software packages. Development expenditure mainly comprises direct costs incurred in the development of computer software packages for resale. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Costs incurred in the development of software which are not or have ceased to be commercially viable are written off in that year.

With effect from the current financial year, the Group changed the amortisation period of the computer software and development expenditure from ten to five years so as to better reflect their estimated useful lives. The change in accounting estimates resulted in an additional amortisation for the year of RM1,433,450.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolescence and/or slow moving items. Cost incurred on projects undertaken by the Group is reflected as work in progress. Cost is determined on the weighted average basis and comprises the purchase price plus the incidental cost of bringing the inventories to their intended location and condition. Net realisable value represents the estimated recoverable value less all estimated costs to completion and for selling and distribution.

(f) Receivables

Receivables are carried at anticipated realisable value. Allowance is made for doubtful debts based on specific review of outstanding balances on possible losses from non-collection. Bad debts are written off during the year in which they are identified.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates approximating those ruling at the transaction dates. Foreign currency assets and liabilities at the financial year end are converted at exchange rates approximating those ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate of the date of acquisition and non-monetary items which are carried at the fair value are translated using the exchange rate that existed when the values were determined. All exchange differences are taken to the income statements.

The closing exchange rates used in translation of foreign currency were as follows:

	2004	2003
	RM	RM
1 USD (US Dollar)	3.80	3.80
1 RMB (Renminbi)	0.46	0.46
1 BND (Brunei Dollar)	2.21	2.17

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks, and fixed deposits net of bank overdrafts and pledged deposits.

(i) Revenue recognition

Revenue on sales of computer systems, equipment and software are recognised upon delivery of products net of discount, if any, signifying the transfer of risk and rewards.

Revenue on maintenance, technology and software services are recognised as and when the services are performed.

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

Revenue from management services rendered is recognised net of service taxes and discounts as and when the services are performed.

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

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

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

(j) Operating leases

Leases on assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under operating leases are charged to the income statement on a straight line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised in the year in which the termination takes place.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments

(i) Financial instruments recognised on the balance sheet

Financial instruments carried in the balance sheet include cash and bank balances, receivables, payables, borrowings and irredeemable convertible unsecured loan stocks. The particular recognition methods are disclosed in the individual policy statements for each item.

(ii) Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)

The fair values of the liability component and the equity conversion component of ICULS were determined upon the issue of the ICULS. The fair value for the liability component, included in the non-current liabilities was calculated by discounting the stream of future interest payments at the prevailing market interest rate for a similar liability which is the borrowings from financial institutions. The fair value of the equity conversion component was calculated by deducting the fair value of the liability component from the total amount of ICULS. The fair value of the equity conversion component is included as part of shareholders’ equity.

Coupon payments represent contractual obligations to settle the outstanding liability component and the related interest. The contractual obligation is in relation to the financial liability that exists as long as the instrument is not converted.

Reduction of the liability component following the conversion of ICULS is recognised as a gain on conversion in the income statement.

(iii) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs are recognised as an expense in the income statement when incurred.

(iv) Fair value estimation for disclosure purposes

In assessing the value of financial instruments, the Company and the Group make certain assumptions and apply the discounted cash flow method to discount future cash flows to determine the fair value of financial instruments. The fair values of financial liabilities are estimated by discounting future cash flows at current market interest rates available to the Group and the Company.

The book values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of the financial assets and liabilities are reflected in the relevant notes to the financial statements.

(l) Impairment of assets

The carrying amount of the Group’s assets other than inventories, 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 by comparing the carrying value of the asset with its recoverable amount. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (Cont'd)

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present values using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate significant cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior years are reversed when the impairment losses recognised for the assets no longer exist or have decreased.

(m) Provisions

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

(n) Deferred taxation

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

Deferred taxation is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 profit 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 year when the asset is realised or the liability is settled, based on rates as enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly to equity, in which case the deferred tax is also charged or credited directly to 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.

Prior to the adoption of MASB 25 - Income Taxes on 1 April 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 30.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense 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 an expense in the income statement as incurred.

Prior to the adoption of MASB 29 Employee Benefits on 1 April 2003, no liability was recognised for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences. The adoption of MASB 29 has not given rise to any adjustments to the opening balances of accumulated losses of the prior year and current year or to changes in comparatives.

5 REVENUE

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Consulting & Integration including technology software services	11,109	9,160	–	–
Outsourced & Managed Services including E-business	74,443	87,930	–	–
Management fees	–	–	5,676	2,784
	85,552	97,090	5,676	2,784

6 LOSS FROM OPERATIONS

The following items have been charged/(credited):

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Exceptional charges:				
- voluntary separation scheme cost	1,997	–	469	–
- computer software and development expenditure written off (Note 15)	7,487	6,709	–	–
- settlement of corporate guarantees extended to former subsidiaries	–	4,483	–	4,483

6 LOSS FROM OPERATIONS (CONTINUED)

The following items have been charged/(credited): (Cont'd)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
- allowance for doubtful debts due from:				
- minority shareholder	-	5,076	-	5,076
- a former director	2,207	1,650	2,207	1,650
- a foreign company formerly related to a director	7,603	-	-	-
Gain on deconsolidation of a subsidiary	(3,071)	-	-	-
Inventories:				
- allowance for slow moving items	-	855	-	-
- write off of obsolete items	305	208	-	-
Subsidiaries				
- impairment	-	-	-	18,691
- bad debts written off	-	-	-	3,243
- allowance for doubtful debts	-	-	-	4,176
Property, plant and equipment:				
- depreciation	2,636	2,384	86	31
- write offs	985	1	18	-
- (gain)/loss on disposal	(6)	23	2	(63)
Rental of:				
- premises	1,856	1,773	288	56
- equipment	24	24	4	2
Auditors' remuneration				
- statutory audit	60	69	14	15
- special audit	60	-	-	-
- under provision in prior year	16	-	14	-
Amortisation of:				
- goodwill	168	-	-	-
- computer software and development expenditure	2,796	2,146	-	-
Allowance for doubtful debts	767	832	-	-
Bad debts recovered	(363)	(164)	-	-
Fixed deposit interest income	(334)	(391)	(347)	(382)
Foreign exchange (gain)/loss	(14)	25	1	-
Write off of work in progress	-	2,279	-	-
Staff costs (Note 7)	25,688	26,726	2,716	2,222
Non executive directors' remuneration (Note 8)	150	35	150	35
Gain on conversion of liability component of ICULS (Note 25)	(325)	(858)	(325)	(858)
Reduction in liability component of ICULS				
upon payment of coupon (Note 25)	-	(1,078)	-	(1,078)

Included in voluntary separation scheme cost of the Group is payment to a former executive director amounting to RM202,000 (2003: Nil) as disclosed in Note 8.

7 STAFF COSTS

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Wages and salaries	21,145	21,572	2,342	1,936
Social security cost	126	131	11	10
Pension costs - defined contribution plan	2,335	2,840	252	226
Other staff related expenses	2,082	2,183	111	50
	25,688	26,726	2,716	2,222

Included in staff costs are executive directors' remuneration amounting to RM1,371,000 (2003: RM2,098,000) and RM40,000 (2003: RM188,000) of the Group and of the Company respectively as disclosed in Note 8.

8 DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company				
Executive:				
- salaries, commission and incentives	40	188	40	188
- ex-gratia payment to a former director	200	300	200	300
Non-executive:				
- fees	150	35	150	35
	390	523	390	523
Other Directors				
Executive:				
- salaries, commission and incentives	1,331	1,910	-	-
- voluntary separation scheme paid to a former director	202	-	-	-
	1,533	1,910	-	-
Total directors' remuneration	1,923	2,433	390	523

Summary of directors' remuneration is as follows:

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Total executive directors' remuneration excluding payment for ex-gratia and voluntary separation scheme (Note 7)	1,371	2,098	40	188
Ex-gratia and Voluntary Separation Scheme to former executive directors	402	300	200	300
Total non-executive directors' remuneration - fees (Note 6)	150	35	150	35
Total directors' remuneration	1,923	2,433	390	523

8 DIRECTORS' REMUNERATION (CONTINUED)

Executive directors of the Group and of the Company have been granted the following number of options under the ESOS:

	GROUP AND COMPANY	
	2004	2003
	RM'000	RM'000
At 1 April 2003/2002	500	–
Granted at date of appointment/issue	72	500
Exercised	(28)	–
At 31 March	544	500

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

9 FINANCE COSTS, NET

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- ICULS interest on liability component	502	409	502	409
- borrowings	54	8	–	–
- trust receipts	24	334	–	4
- banker acceptance	334	–	–	–
- advance from a shareholder	79	–	79	–
Recharge to subsidiaries	–	–	–	(1,143)
Interest income	(334)	(391)	(347)	(382)
	659	360	234	(1,112)

10 TAXATION

	GROUP	
	2004	2003
	RM'000	RM'000
Tax expense for the year	467	492
(Over)/under provision in prior year	(714)	80
	(247)	572
Transfer to/(from) deferred tax asset (Note 17)	631	(1,017)
	384	(445)

The taxation charge for the Group relates to certain subsidiaries which have taxable income whilst there is no taxable income for the Company.

10 TAXATION (CONTINUED)

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

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Loss before taxation	(38,174)	(33,727)	(3,620)	(35,942)
Taxation at statutory tax rate of 28% (2003: 28%)	(10,689)	(9,444)	(1,013)	(10,064)
Tax incentive obtained from a differential tax rate of 20% (2003: Nil)	(40)	–	–	–
Deferred tax asset not recognised during the year	8,684	3,199	155	–
Utilisation of unabsorbed capital allowances and unutilised tax losses brought forward	(934)	(4)	–	(4)
Expenses not deductible for taxation purposes	3,906	5,724	858	10,068
Underprovision of deferred tax in prior years	171	–	–	–
(Over)/under provision of tax expense in prior years	(714)	80	–	–
Tax expense for the financial year	384	(445)	–	–

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Tax losses are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of current year tax losses	–	–	–	–
Utilisation of tax losses brought forward from the previous financial year	818	–	–	–
Unutilised tax losses carried forward	71,761	47,242	8,446	8,103

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unabsorbed capital allowances are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of current year unabsorbed capital allowances	126	216	–	–
Utilisation of unabsorbed capital allowances brought forward from the previous years	116	4	–	4
Unabsorbed capital allowances carried forward	2,477	2,245	1,038	827

11 LOSS PER SHARE

(i) Basic loss per share

Basic loss per share of the Group is calculated by dividing the net loss for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2004	2003
Net loss for the year (RM'000)	(39,277)	(30,837)
Weighted average number of ordinary shares in issue ('000)	63,195	47,777
Basic loss per share (sen)	(62)	(65)

The comparative basic earnings per share has been restated to take into account the effect of the change in accounting policy (Note 30) on net profit for the year.

(ii) Diluted loss per share

Diluted loss per share of the Group is calculated by dividing the net loss for the financial year by the adjusted weighted average number of ordinary shares in issue during the financial year. The adjusted weighted average number of ordinary shares in issue is arrived at assuming full conversion of the ICULS and the full implementation of the ESOS which represents the dilutive potential of the shares.

Since the loss per share is anti-dilutive, no disclosure is made in the income statement.

12 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
GROUP					
Net book value at 1 April 2002	4,508	2,902	33	–	7,443
Acquisition of a subsidiary	289	27	–	388	704
Additions	841	353	–	325	1,519
Disposals	(72)	(37)	–	–	(109)
Write-off	–	(1)	–	–	(1)
Transfer	(18)	18	–	–	–
Depreciation charge	(1,463)	(882)	(8)	(31)	(2,384)
Net book value at 31 March 2003	4,085	2,380	25	682	7,172
Additions	735	147	–	33	915
Disposals	(99)	(35)	–	–	(134)
Write off	(444)	(523)	–	(18)	(985)
Depreciation charge	(1,560)	(916)	(8)	(152)	(2,636)
Net book value at 31 March 2004	2,717	1,053	17	545	4,332

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computer equipment and software RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
GROUP					
At 31 March 2003					
Cost	8,637	6,344	243	713	15,937
Accumulated depreciation	(4,552)	(3,964)	(218)	(31)	(8,765)
Net book value	4,085	2,380	25	682	7,172
At 31 March 2004					
Cost	7,318	4,333	42	723	12,416
Adjustment	28	2	–	20	50
Cost restated	7,346	4,335	42	743	12,466
Accumulated depreciation	(4,601)	(3,280)	(25)	(178)	(8,084)
Adjustment	(28)	(2)	–	(20)	(50)
Accumulated depreciation restated	(4,629)	(3,282)	(25)	(198)	(8,134)
Net book value	2,717	1,053	17	545	4,332

	Computer equipment and software RM'000	Furniture, fittings and office equipment RM'000	Renovation RM'000	Total RM'000
COMPANY				
Net book value at 1 April 2002	75	–	–	75
Additions	60	35	214	309
Depreciation charge	(23)	(1)	(7)	(31)
Net book value at 31 March 2003	112	34	207	353
Additions	310	85	32	427
Disposal	(4)	–	–	(4)
Write off	–	–	(18)	(18)
Depreciation charge	(31)	(8)	(47)	(86)
Net book value at 31 March 2004	387	111	174	672

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computer equipment and software RM'000	Furniture, fittings and office equipment RM'000	Renovation RM'000	Total RM'000
COMPANY (Cont'd)				
At 31 March 2003				
Cost	150	35	214	399
Accumulated depreciation	(38)	(1)	(7)	(46)
Net book value	112	34	207	353
At 31 March 2004				
Cost	454	120	222	796
Accumulated depreciation	(67)	(9)	(48)	(124)
Net book value	387	111	174	672

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets, which are still in use costing approximately RM4,084,664 (2003: RM2,849,524) and RM85,901 (2003: Nil) respectively.

13 SUBSIDIARIES

	COMPANY	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	59,530	59,444
Allowance for impairment losses	(19,598)	(19,598)
	39,932	39,846

Details of the subsidiaries, are as follows:

Name	Country of incorporation	Group's effective interest		Principal activities
		31.3.2004 %	31.3.2003 %	
Dataprep (Malaysia) Sendirian Berhad	Malaysia	100	100	Provision of support and maintenance services for computer equipment and systems.
Solsis (M) Sdn. Bhd.	Malaysia	70	70	Marketing of computer systems, equipment and software.

13 SUBSIDIARIES (CONTINUED)

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

Name	Country of incorporation	Group's effective interest		Principal activities
		31.3.2004 %	31.3.2003 %	
Solsisnet Sdn. Bhd.	Malaysia	100	100	Development of software, consulting and training.
Instant Office Sdn. Bhd.	Malaysia	100	100	Provision of internet application service.
HRM Business Consulting Sdn. Bhd. (Note (a))	Malaysia	51	51	Provision of consulting and integration services.
Dataprep Distribution Sdn. Bhd. (Note (b))	Malaysia	–	100	Under court winding up.
Tamadun Interaktif Sdn. Bhd.	Malaysia	60	60	Ceased operations.
DP International Ltd.	British Virgin Islands	100	100	Dormant.
IO Holdings Ltd.	British Virgin Islands	100	100	Dormant.

- (a) On 12 December 2002, the Group acquired 51% equity interest in HRM Business Consulting Sdn. Bhd. for a total cash consideration of RM3,600,000.

The effect of the acquisition of the subsidiary on the financial results of the Group from the date of acquisition to 31 March 2003 was as follows:

	RM'000
Sales	2,060
Operating costs	(1,488)
Profit from operations	572
Tax	(432)
Profit after tax	140
Minority interest	(68)
Net profit for the year	72
Less: Group's share of profit had the Group not acquired the additional equity interest	–
Increase in net profit for the year	72

13 SUBSIDIARIES (CONTINUED)

The effect of acquisition of the subsidiary on the financial position of the Group as at 31 March 2003 was as follows:

	RM'000
Property, plant and equipment	668
Intangible assets	3,234
Receivables	2,161
Deposits, bank and cash balances	865
Payables	(1,234)
Current tax liabilities	(308)
Minority interest	(500)
Group's share of net assets	4,886

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary was as follows:

	12.12.2002
	RM'000
Net assets acquired:	
Property, plant and equipment	703
Receivables, deposits and prepayments	1,616
Deposits, bank and cash balances	275
Payables	(1,715)
Fair values of total assets	879
Minority interest	(431)
Fair value of net assets acquired	448
Goodwill	3,234
Cost of acquisition (comprising purchase consideration and expenses)	3,682
Total purchase consideration	3,600
Acquisition expenses	82
Less: Cash and cash equivalents of subsidiary acquired	(275)
Cash outflow on acquisition	3,407

13 SUBSIDIARIES (CONTINUED)

- (b) A subsidiary, Dataprep Distribution Sdn. Bhd. (“DDSB”) was issued with a court order dated 25 February 2004 for winding-up under S. 218 (1)(e) of the Companies Act, 1965, and the Director General of Insolvency has been appointed the Official Receiver and Liquidator. The subsidiary has been deconsolidated from the financial statements of the Group with effect from that date.

The effect of the deconsolidation on the financial statements of the Group as at 31 March 2004 is as follows:

	25.2.2004
	RM'000
Cash and bank	19
Trade payables	(3,089)
Other payables	(1)
Group's share of net liabilities	(3,071)

The fair value of the liabilities disposed from the deconsolidation is as follows:

	25.2.2004
	RM'000
Cash and bank	19
Trade payables	(3,089)
Other payables	(1)
Group's share of net liabilities	(3,071)
Gain on deconsolidation of subsidiary	3,071
Total proceeds	-
Cash and bank disposed on deconsolidation	(19)
Net cash outflow on deconsolidation	(19)

14 GOODWILL ON CONSOLIDATION

	GROUP	
	2004	2003
	RM'000	RM'000
At 1 April 2003/2002	3,363	-
On acquisition of a subsidiary	-	3,234
On additional investment in an existing subsidiary	37	129
Less: Goodwill amortisation	(168)	-
At 31 March	3,232	3,363

No amortisation of goodwill was made in the prior year as the acquisition of the subsidiary was made towards the end of that financial year and the impact of amortisation was then considered insignificant.

15 COMPUTER SOFTWARE AND DEVELOPMENT EXPENDITURE

	GROUP	
	2004	2003
	RM'000	RM'000
Cost		
At 1 April 2003/2002*	14,530	23,190
Additions	–	2,515
Write-off	(10,638)	(11,175)
At 31 March	3,892	14,530
Accumulated Amortisation		
At 1 April 2003/2002	4,247	6,567
Amortisation	2,796	2,146
Write-off	(3,151)	(4,466)
At 31 March	3,892	4,247
Net Book Value	–	10,283

* The expenditure includes license fee of RM5,097 (2003: RM5,097).

16 LONG TERM RECEIVABLE

	GROUP AND COMPANY	
	2004	2003
	RM'000	RM'000
Amount due from a company related to a former director	3,857	4,007
Less: Due within 12 months (Note 19)	(3,857)	(3,450)
	–	557#

This amount is unsecured and interest free. The terms of repayment as stipulated in the deed of guarantee and indemnity dated 25 October 2001, covered thirty two (“32”) consecutive monthly instalments of RM150,000 with a final instalment of RM107,338. As at 31 March 2004, twenty five (“25”) (2003: 26) monthly instalments of RM150,000 and the final instalment of RM107,338 remained outstanding.

The book value approximates the fair value.

17 DEFERRED TAX ASSETS (NET)

	GROUP	
	2004	2003
	RM'000	RM'000
At 1 April 2003/2002	4,446	3,429
Transfer (from)/to income statement (Note 10)	(631)	1,017
At 31 March	3,815	4,446

Presented after appropriate offsetting as follows:

Deferred tax assets	4,260	5,080
Deferred tax liabilities	(445)	(634)
	3,815	4,446

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

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances	
	2004	2003
	RM'000	RM'000
At 1 April 2003/2002	634	574
Recognised in the income statement	(189)	60
At 31 March	445	634

Deferred tax assets of the Group:

	Tax Losses And Unabsorbed Capital Allowances	
	2004	2003
	RM'000	RM'000
At 1 April 2003/2002	5,080	4,003
Recognised in the income statement	(820)	1,077
At 31 March	4,260	5,080

17 DEFERRED TAX ASSETS (NET) (CONTINUED)

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

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unutilised tax losses	56,547	29,739	8,446	8,103
Unabsorbed capital allowances	2,477	1,832	1,038	827
	59,024	31,345	9,484	8,930

The unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they have arisen in subsidiaries that have a history of losses and it is not probable for them to have future profits for offset as well as the fact that these losses may not be used to offset taxable profits of other subsidiaries in the Group.

18 INVENTORIES

	GROUP	
	2004 RM'000	2003 RM'000
At cost		
Computer equipment, spares and supplies	1,774	2,972
Work in progress	2,196	2,911
	3,970	5,883
Write off		
Slow moving and obsolete items	(305)	(1,063)
Work in progress	-	(2,279)
	3,665	2,541

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM49,233,844 (2003: RM50,970,172).

19 RECEIVABLES

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	40,895	46,256	-	-
Allowance for doubtful debts	(8,979)	(833)	-	-
	31,916	45,423	-	-
Other receivables:				
Amount due from a minority shareholder of a subsidiary	5,076	5,076	5,076	5,076
Allowance for doubtful debts	(5,076)	(5,076)	(5,076)	(5,076)
Amount due from a company related to a former director (Note 16)	3,857	3,450	3,857	3,450
Allowance for doubtful debts	(3,857)	(1,650)	(3,857)	(1,650)
	-	1,800	-	1,800
Prepayments	869	760	1	13
Deposits	845	855	18	22
Advances to employees	59	214	6	40
Club membership	161	161	-	-
Sundries	147	17	2	-
	2,081	2,007	27	75
	2,081	3,807	27	1,875
	33,997	49,230	27	1,875

The currency exposure profile of receivables was as follows:

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
- Ringgit Malaysia	26,394	41,627	27	1,875
- US Dollars	7,603	7,603	-	-
	33,997	49,230	27	1,875

The Group's policy requires trade receivables to be paid within 90 days (2003: 90 days). Other credit terms given to trade receivables are assessed and approved on a case-by-case basis. The Group has no significant exposure to any individual customer, geographical location or industry category other than as set out below:

Trade receivables of the Group include an amount from a foreign company formerly related to a director amounting to RM7,600,000 which is unsecured and interest free. The Group had previously agreed to withhold the collection of the debt in consideration of bank guarantee facilities granted by another company related to the same director in favour of the Group. These bank facilities were required for the performance guarantees on certain contracts undertaken by the Group.

As the director had relinquished his interest in the said foreign company during the financial year and in view of the adverse financial position of that company, a full provision for doubtful debts has been made.

20 CASH AND BANK BALANCES

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits with licensed banks (Note 29)	11,006	23,007	2,708	23,007
Cash and bank balances (Note 29)	4,502	3,098	772	329
	15,508	26,105	3,480	23,336

The above deposits include deposits of RM8,458,000 (2003: RM6,151,000) for the Group and RM2,708,000 (2003: RM5,969,000) for the Company pledged as securities for credit facilities granted to the Group.

Deposits of the Group and of the Company as at the financial year end have an average maturity of 31 days (2003: 28 days).

The carrying amount of the deposits is approximately equal to fair value due to their short term to maturity.

The weighted average interest rates of deposits with licensed banks for the Group and the Company as at the financial year end was 2.49% (2003: 2.29%) and 2.74% (2003: 2.29%) respectively.

The deposits with licensed banks and cash and bank balances are denominated in Ringgit Malaysia.

21 PAYABLES

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	19,671	28,075	–	–
Other payables:				
Interest on ICULS	1,361	1,487	1,361	1,487
Corporate guarantees extended to former subsidiaries	815	3,651	815	3,651
Amount due to minority shareholders of a subsidiary, HRM Business Consulting Sdn. Bhd.	1,600	2,400	1,600	2,400
Liquidated ascertained damages of a project	1,283	1,283	–	–
Penalty interest for defaulted statutory contributions	100	1,084	100	–
Advances from customers	3,096	–	–	–
Accruals for claims by a former supplier	–	3,089	–	–
Secondment staff costs of companies in which a Director has an interest	1,102	–	1,102	–
Advance from a director and shareholder (Note 23)	4,900	–	4,900	–
Accrued staff costs	1,578	267	150	34
Accrued lease line rental	418	–	390	–
Accrued professional and legal expenses	517	81	350	12
Others	2,613	1,708	13	91
	19,383	15,050	10,781	7,675
	39,054	43,125	10,781	7,675

The credit terms of the Group and the Company's trade payables and other payables range from 60 days to 90 days (2003: 60 days to 90 days). The carrying value of the balance approximates the fair value.

All payables are denominated in Ringgit Malaysia.

22 SHORT TERM BORROWINGS

	GROUP	
	2004	2003
	RM'000	RM'000
Unsecured:		
Bankers' acceptances	3,351	-
Trust receipts	708	-
Bank overdrafts (Note 29)	26	-
	4,085	-

The rates of interest during the financial year for the above borrowings are as follows:

	2004	2003
	%	%
Bank overdrafts	7.4	7.4
Bankers' acceptances	4.1 to 4.4	Nil
Trust receipts	7.0	7.0

23 ADVANCE FROM A DIRECTOR AND SHAREHOLDER

The advance from a director bears an interest of 7.5% per annum, is unsecured and is repayable as follows:

	GROUP AND COMPANY	
	2004	2003
	RM'000	RM'000
Due within 12 months (Note 21)	4,900	-
Due after 12 months	4,100	-
	9,000	-

24 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2004	2003
	RM'000	RM'000
Amounts due from subsidiaries	60,047	38,775
Allowance for doubtful debts	(4,176)	(4,176)
	55,871	34,599
Amount due to subsidiaries	-	(2,478)

24 AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONTINUED)

The amounts due from/(to) subsidiaries are unsecured and no repayment is expected within the next 12 months. They are interest free except for an amount of RM1,000,000 (2003: RM1,000,000) due from a subsidiary which bears an interest of 3.2% (2003: 3.2%) per annum.

It is not practicable to determine the fair values of the amounts due from/(to) subsidiaries as there are no fixed repayment terms and are interest free except for a subsidiary as disclosed above. However the carrying amounts recorded are not anticipated to be significantly different from their fair values at the balance sheet date.

25 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

The ICULS is recognised in the balance sheet as follows:

	GROUP AND COMPANY	
	2004	2003
	RM'000	RM'000
Face value of ICULS at 1 April 2003/6 August 2002 (date of issue)	55,745	64,062
Conversion to shares during the year	(3,581)	(8,317)
Face value of ICULS at 31 March	52,164	55,745
Deemed repayment of ICULS liability component	(2,572)	(1,078)
Total equity and liability component	49,592	54,667
Equity conversion component	(44,814)	(48,070)
Liability component	4,778	6,597
Issue of shares on conversion of ICULS		
- issued and fully paid ordinary shares of RM1.00 each (Note 26)	2,387	5,545
- share premium	869	1,914
- recognised as gain upon conversion (Note 6 and 30)	325	858
ICULS converted to shares of RM1.00 each during the year	3,581	8,317

(a) On 6 August 2002, the Company issued the following ICULS to the creditor banks, pursuant to a debt restructuring scheme implemented in the previous financial year:

- (i) 30,000,000 nominal amount of 4% three (3) year ICULS in the Company at 100% nominal amount of RM1.00 each; and
- (ii) 34,062,520 nominal amount of 4% five (5) year ICULS in the Company at 100% nominal amount of RM1.00 each.

25 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”) (CONTINUED)

The movements of the ICULS since inception are as follows:

	Total RM'000	Equity RM'000	Liability RM'000
Fair value of ICULS issued on 6 August 2002			
- three year 4% ICULS	30,000	26,907	3,093
- four year 4% ICULS	34,062	28,622	5,440
	64,062	55,529	8,533
Conversion of ICULS	(8,317)	(7,209)	(1,108)
Balance of ICULS before prior year adjustments	55,745	48,320	7,425
Prior year adjustments relating to:			
- reclassification of liability components	-	(250)	250
- repayment of liability component (Note 6 and 30)	(1,078)	-	(1,078)
At 31 March 2003 (as restated)	54,667	48,070	6,597
Conversion of ICULS	(3,581)	(3,256)	(325)
Repayment of liability component	(1,494)	-	(1,494)
At 31 March 2004	49,592	44,814	4,778

(b) The principal terms of the ICULS are as follows:

- (i) The ICULS bear interest of 4% per annum payable in arrears on the first anniversary of the date of issue of the ICULS and subsequent interest payments shall be payable in arrears on the anniversaries of the date of issue of the ICULS during the tenure which they shall remain outstanding, except for the last interest payment which shall be made on the maturity date.
- (ii) The ICULS are convertible at any time on and after 2 October 2002 into new ordinary shares of the Company at the conversion price of RM1.50 ICULS for one ordinary share of RM1.00 each.
- (iii) The ICULS will be mandatorily converted into new ordinary shares of the Company at the conversion price of RM1.50 ICULS for one ordinary share of RM1.00 each on the maturity date.
- (iv) The new ordinary shares allotted and issued upon conversion of the ICULS will be considered as fully paid up and will rank pari passu in all respects with the existing ordinary shares of the Company.

(c) The carrying value of the ICULS approximates its fair value.

26 SHARE CAPITAL

	GROUP AND COMPANY			
	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004	2003
	'000	'000	RM'000	RM'000
Ordinary shares of RM1.00 each:				
Authorised:				
As at beginning and end of financial year	500,000	500,000	500,000	500,000
Issued:				
At beginning of financial year	61,540	15,995	61,540	15,995
Issued during the year	–	40,000	–	40,000
Exercise of ESOS	80	–	80	–
Conversion of ICULS (Note 25)	2,387	5,545	2,387	5,545
At end of financial year	64,007	61,540	64,007	61,540

Further details of movements in share capital are disclosed in Note 32(b).

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27 WARRANTS

The proceeds of RM3,030,000 resulted from the issuance of 15,151,515 detachable warrants at a price of RM0.20 per warrant. The warrants were listed on Bursa Malaysia Securities Berhad on 2 October 2002. The exercise year commenced one market day after the issue of the warrants and ending five years on a market day immediately preceding the fifth anniversary of the date of issue. Warrants not exercised during the exercise year will thereafter lapse and cease to be valid. The exercise price of the warrants is RM1.50 payable in cash. The new shares issued upon exercise of the warrants shall rank pari passu in all respects with the existing shares.

28 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 retained earnings of the said subsidiary during the year.

29 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits with a licensed bank (Note 20)	11,006	23,007	2,708	23,007
Cash and bank balances (Note 20)	4,502	3,098	772	329
	15,508	26,105	3,480	23,336
Less:				
Pledged deposits with a licensed bank (Note 20)	(8,458)	(6,151)	(2,708)	(5,969)
Short term borrowings - overdraft (Note 22)	(26)	–	–	–
	7,024	19,954	772	17,367

30 PRIOR YEAR ADJUSTMENTS

Total prior year adjustments as at 31 March 2003/2002 comprise the following:

(i) Accumulated Losses

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Effects of adjustments on interest recognition and conversion of ICULS (Note (a)):				
Recognition of gain on conversion of ICULS (Note 25)	858	–	858	–
Recognition of reduction of liability portion upon coupon payment of ICULS (Note 25)	1,078	–	1,078	–
	1,936	–	1,936	–
Effect of adopting MASB 25 (Note (b)):				
Recognition of net deferred taxation assets	4,747	3,599	–	–
	6,683	3,599	1,936	–

(ii) ICULS Equity Component

	GROUP 2003 RM'000	COMPANY 2003 RM'000
Understatement of liability portion of ICULS in prior year (Note (a)):	250	250

(iii) Share Premium Account

	GROUP 2003 RM'000	COMPANY 2003 RM'000
Recognition of gain on conversion of ICULS (Note (a)):	(858)	(858)

(a) Adjustments on interest recognition and conversion of ICULS

Coupon payments on ICULS represent contractual obligations of the Company to settle both the outstanding liability component and the related interest. The contractual obligation is in relation to the financial liability that exists as long as the instrument is not converted. Previously, such payments used to settle the financial obligation were charged to the income statement. Coupon payments should be used to reduce the outstanding liability component of the ICULS, as well as to recognise the interest expense based on the prevailing market rate.

Amount of reduction of liability portion following the conversion of ICULS is recognised as gain on conversion in the income statement. Previously, this amount was credited to the share premium account.

As such, prior year adjustments of RM858,000 and RM1,078,000 were raised to recognise the gain on conversion of ICULS and to reduce the interest expense over charged in the prior financial year respectively.

30 PRIOR YEAR ADJUSTMENTS (CONTINUED)

(b) Effect of adopting MASB 25

The adoption of MASB 25 has resulted in a prior year adjustment as follows:

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred assets were not recognised unless there was reasonable expectation of their realisation.

(c) The effects of changes in the accounting policy are as follows:

Effects on accumulated losses

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At 31 March, as previously stated	(65,541)	(31,620)	(41,445)	(3,567)
Effect of adjustments on interest recognition and conversion of ICULS	1,936	–	1,936	–
Effects of adopting MASB 25	4,747	3,599	–	–
At 31 March, as restated	(58,858)	(28,021)	(39,509)	(3,567)

Effects on ICULS equity component

At 31 March, as previously stated	48,320	–	48,320	–
Effect of adjustments on interest recognition and conversion of ICULS	(250)	–	(250)	–
At 31 March, as restated	48,070	–	48,070	–

Effects on Share Premium Account

At 31 March, as previously stated	11,543	–	11,543	–
Effect of adjustments on gain on conversion of ICULS	(858)	–	(858)	–
At 31 March, as restated	10,685	–	10,685	–

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Net loss for the year before change in accounting policy	(39,079)	(33,921)	(3,945)	(37,878)
Effect of adjustments on interest recognition and conversion of ICULS	325	1,936	325	1,936
Effects of adopting MASB 25	(523)	1,148	–	–
At 31 March, as restated	(39,277)	(30,837)	(3,620)	(35,942)

30 PRIOR YEAR ADJUSTMENTS (CONTINUED)

(d) Comparative amounts as at 31 March 2003 have been restated as follows:

GROUP	Previously	Adjustments	Restated
	stated RM'000	RM'000	RM'000
Deferred tax assets	–	5,080	5,080
Deferred tax liabilities	(301)	(333)	(634)
	(301)	4,747	4,446
Share premium	11,543	(858)	10,685
Equity component of ICULS	48,320	(250)	48,070
Liability component of ICULS	7,425	(828)	6,597
	55,745	1,078	54,667
Accumulated losses	(65,541)	6,683	(58,858)
COMPANY			
Share premium	11,543	(858)	10,685
Equity component of ICULS (Note 25)	48,320	(250)	48,070
Liability component of ICULS (Note 25)	7,425	(828)	6,597
	55,745	1,078	54,667
Accumulated losses	(41,445)	1,936	(39,509)

31 SIGNIFICANT RELATED PARTY DISCLOSURES

The significant outstanding balances as at 31 March 2004 due from/(owing to) the companies in which a director, Datuk Lim Chee Wah has interests are set out below:

	GROUP	
	2004 RM'000	2003 RM'000
Instant Office (Greater China) Limited #	7,603	7,603
Less: Allowance for doubtful debts	(7,603)	–
OR Partner Integrated Information System Asia Pacific Limited	236	236
Less: Allowance for doubtful debts	(236)	(236)
VXL Management Sdn Bhd	(706)	–
Kien Huat Development Sdn Bhd	(396)	–
	(1,102)	7,603
Advance from Datuk Lim Chee Wah (Note 23)	9,000	–

The director ceased to have any interest in the company during the financial year.

The amounts due from/(to) the director related companies are unsecured, interest free and have no fixed terms of repayment.

31 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party transactions during the year are as follows:

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Secondment staff costs by companies in which a director, Datuk Lim Chee Wah has interests:				
- VXL Management Sdn Bhd	706	—	706	—
- Kien Huat Development Sdn Bhd	396	—	396	—
Provision for doubtful debts for amount receivable from a foreign company in which a director, Datuk Lim Chee Wah, had an interest	7,603	—	—	—
	8,705	—	1,102	—

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.

32 SIGNIFICANT EVENTS

Significant events during the financial year are:

(a) Voluntary Separation Scheme (“VSS”)

- (i) The VSS was implemented from 2 April 2003 to 16 April 2003 and this exercise was completed on 30 April 2003.
- (ii) The VSS was offered to all employees of the Company and its subsidiaries except for HRM Business Consulting Sdn. Bhd. The VSS was strictly on a voluntary basis and the number of employees before and after the VSS amounted to 441 and 365 respectively.
- (iii) The total compensation paid to employees in relation to the VSS amounted to RM1,997,000.

(b) Share Capital

During the financial year, the Company increased its issued and paid up share capital from RM61,539,836 to RM64,007,140 by way of:

- (i) The issuance of 2,387,104 ordinary shares of RM1.00 each through the conversion of 3,580,656 units of Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) of RM1.00 each. The premium arising from the ICULS conversion of RM1,193,552 has been reflected in the financial statements as gain on conversion of RM324,490 in the income statement and RM869,062 has been credited to the Share Premium account.
- (ii) The issuance of 80,200 ordinary shares of RM1.00 each pursuant to the exercise of the Employees’ Share Option Scheme (“ESOS”). The premium arising from the exercise of ESOS of RM47,318 has been credited to the Share Premium account.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

33 CONTINGENT LIABILITIES (UNSECURED)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Corporate Guarantee given to financial institutions:				
- for performance guarantees given to third parties	4,350	2,122	7,798	5,570
- for credit facilities of subsidiaries	-	-	2,405	2,299
Corporate guarantees given to suppliers of subsidiaries	-	-	381	7,800
Litigation by a former employee for unfair dismissal	-	400	-	400

34 SEGMENTAL ANALYSIS

During the year, the Group rationalised its revenue generating activities to the following main services and the comparatives have been reclassified accordingly:

- (i) Consulting & Integration including technology and software services
- (ii) Outsourcing & Managed Services including E-business
- (iii) Management Services

No geographical segmental information is presented, as the Group's operations are located primarily in Malaysia. Intersegment sales comprise provision of maintenance and consultancy services for system integration, application content providers and provision of management services on commercial terms basis.

The segmental analysis by services is as follows:-

	Consulting & Integration including Technology and Software Services RM'000	Outsourcing & Managed Services including E-business RM'000	Management Services RM'000	Group RM'000
2004				
SALES				
Total sales	13,288	80,661	5,676	99,625
Intersegment sales	(2,179)	(6,218)	(5,676)	(14,073)
External sales	11,109	74,443	-	85,552

34 SEGMENTAL ANALYSIS (CONTINUED)

The segmental analysis by services is as follows:- (Cont'd)

	Consulting & Integration including Technology and Software Services RM'000	Outsourcing & Managed Services including E-business RM'000	Management Services RM'000	Group RM'000
2004				
RESULTS				
Segment result (external)	(19,653)	(10,033)	(9,793)	(39,479)
Unallocated corporate expenses				(1,107)
Gain on deconsolidation of a subsidiary				3,071
Interest income				334
Interest expense				(993)
Loss from ordinary activities before tax				(38,174)
Taxation				(384)
Loss from ordinary activities after tax				(38,558)
Minority Interest				(719)
Net loss for the financial year				<u>(39,277)</u>
OTHER INFORMATION				
Segment assets	5,844	48,462	6,428	60,734
Unallocated assets				3,815
				<u>64,549</u>
Segment liabilities	7,625	24,623	14,991	47,239
Unallocated liabilities				5,271
				<u>52,510</u>
Capital expenditure	89	397	429	915
Depreciation and amortisation	1,745	3,600	87	5,432
Computer software and development expenses written off	7,487	-	-	7,487
Allowance for doubtful debts	7,609	761	2,207	10,577

34 SEGMENTAL ANALYSIS (CONTINUED)

The segmental analysis by services is as follows:- (Cont'd)

	Consulting & Integration including Technology and Software Services RM'000	Outsourcing & Managed Services including E-business RM'000	Management Services RM'000	Group RM'000
2003				
SALES				
Total sales	9,215	89,489	2,784	101,488
Intersegment sales	(55)	(1,559)	(2,784)	(4,398)
External sales	9,160	87,930	–	97,090
RESULTS				
Segment result (external)	(15,808)	(5,816)	(11,743)	(33,367)
Unallocated income				391
Loss from operations				(32,976)
Finance costs				(751)
Loss from ordinary activities before tax				(33,727)
Taxation				445
Loss from ordinary activities after tax				(33,282)
Minority Interest				2,445
Net loss for the financial year				(30,837)
OTHER INFORMATION				
Segment assets	24,198	45,563	29,490	99,251
Unallocated asset				4,446
				103,697
Segment liabilities	1,632	33,818	7,675	43,125
Unallocated liabilities				9,114
				52,239
Capital expenditure	3,706	724	308	4,738
Depreciation and amortisation	3,073	1,427	30	4,530
Computer software and development expenses written off	6,709	–	–	6,709
Allowance for doubtful debt	237	595	6,726	7,558

34 SEGMENTAL ANALYSIS (CONTINUED)

Unallocated income includes interest income of RM329,000 (2003: RM391,000). Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment (Note 12), computer software and development expenditure (Note 15) including those resulting from acquisitions.

35 OPERATING LEASE COMMITMENTS

	GROUP	
	2004 RM'000	2003 RM'000
Not later than 1 year	830	1,717
Later than 1 year and not later than 5 years	65	894
	895	2,611

36 COMPARATIVE FIGURES

The presentation and classification of items in the financial statements for the current financial year are consistent with the previous financial year except that certain comparative figures have been adjusted as a result of change in accounting policies as disclosed in Note 30.

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Mirzan Bin Mahathir and Chew Liong Kim, being two of the Directors of Dataprep Holdings Bhd., state that, in the opinion of the Directors, the accompanying financial statements set out on pages 39 to 80 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2004 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with the resolution dated 29 May 2004.

MIRZAN BIN MAHATHIR
CHAIRMAN

CHEW LIONG KIM
EXECUTIVE DIRECTOR

STATEMENT OF 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 financial statements set out on pages 39 to 80 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.

TAN HOCK CHYE

Subscribed and solemnly declared by the abovenamed,
at Petaling Jaya, Selangor Darul Ehsan on 29 May 2004.

Before me,

COMMISSIONER FOR OATHS

REPORT OF THE AUDITORS

to the members of Dataprep Holdings Bhd (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 39 to 80. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2004 and of their results and their cash flows for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

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.

Our 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.

ERNST & YOUNG
AF: 0039
Chartered Accountants

PUSHPANATHAN A/L S.A. KANAGARAYAR
No. 1056/03/05(J/PH)
Partner

Kuala Lumpur, Malaysia
29 May 2004

SHAREHOLDINGS STATISTICS / PERANGKAAAN PEGANGAN SAHAM

ORDINARY SHARES / SAHAM BIASA

30 largest shareholdings as per the register of members and record of depositors as at 13 August 2004.

30 pemegang-pemegang saham yang terbesar mengikut daftar pemegang-pemegang Saham Dan Rekod Penyimpanan pada 13 Ogos 2004.

Name/ Nama	No. of Shares/ Jumlah Saham	%
1. VXL Holdings Sdn Bhd	20,490,440	32.01
2. Sabit Sdn Bhd	7,255,000	11.33
3. AMSEC Nominees (Tempatan) Sdn Bhd (A/C for VXL Holdings Sdn Bhd)	3,342,000	5.22
4. Rumpun Damai Sdn Bhd	2,732,660	4.27
5. Public Nominees (Tempatan) Sdn Bhd (A/C for VXL Holdings Sdn Bhd)	2,421,000	3.78
6. Lau Chow Fow	1,900,000	2.97
7. Seberang Jati Sdn Bhd	951,900	1.49
8. CIMSEC Nominees (Tempatan) Sdn Bhd (A/C for VXL Holdings Sdn Bhd)	800,000	1.25
9. PAB Nominee (Tempatan) Sdn Bhd (A/C for VXL Holdings Sdn Bhd)	678,000	1.06
10. Mayban Nominees (Tempatan) Sdn Bhd (A/C for Tan Kok Ping)	525,000	0.82
11. UOBM Nominees (Tempatan) Sdn Bhd (A/C for VXL Holdings Sdn Bhd)	510,000	0.80
12. Cartaban Nominees (Asing) Sdn Bhd (A/C for Osterreichische Volksbanken AG)	500,000	0.78
13. Public Nominees (Tempatan) Sdn Bhd (A/C for Mirzan Bin Mahathir)	500,000	0.78
14. Khoo Teng Bin	459,776	0.72
15. HLB Nominees (Tempatan) Sdn Bhd (A/C for VXL Holdings Sdn Bhd)	418,000	0.65
16. Dataprep (Holdings) Limited	322,030	0.50
17. CIMSEC Nominees (Tempatan) Sdn Bhd (A/C for VXL Holdings Sdn Bhd)	296,000	0.46
18. Lee Yoke Wan	261,500	0.41
19. M & S Food Industries Sdn Bhd	245,900	0.38
20. HDM Nominees (Tempatan) Sdn Bhd (A/C for Quah Ti Di)	232,400	0.36
21. HDM Nominees (Tempatan) Sdn Bhd (A/C for Teh Kee Hong)	220,000	0.34
22. OSK Nominees (Tempatan) Sdn Bhd (A/C for Lee Thiam Loy)	185,000	0.29
23. Thong & Kay Hian Nominees (Asing) Sdn Bhd (A/C for Chew Poh Guan)	160,000	0.25
24. Tan Chee Chin	147,000	0.23
25. Ke-Zan Nominees (Tempatan) Sdn Bhd (A/C Muhammad Fauzi Bin Abd Ghani)	137,200	0.21
26. Pervez Rustim Manecksha @ Paul Manecksha	118,000	0.18
27. HDM Nominees (Tempatan) Sdn Bhd (A/C for Lim Chai Beng)	115,000	0.18
28. Zahari Bin Md Zain	102,799	0.16
29. ECM Libra Securities Nominees (Tempatan) Sdn Bhd (A/C for Ong Choo Hoon)	102,500	0.16
30. Lembaga Pemegang-Pemegang Amanah Yayasan Negeri Sembilan	100,000	0.16

Analysis By Size of Shareholdings as at 13 August 2004 / Analisis Saiz Pegangan pada 13 Ogos 2004

Size of Shareholdings/ Saiz Pemegang Saham	No. of Shareholders/ Jumlah Pemegang Saham	%	Shareholdings/ Pemegang Saham	%
Less than / kurang dari 100	14	0.24	191	0.00
100 - 1,000	3,315	56.01	2,354,657	3.68
1,001 - 10,000	2,267	38.31	8,385,194	13.10
10,001 - 100,000	293	4.95	7,139,993	11.15
100,001 to less than / kurang dari 5%	26	0.44	15,041,665	23.50
5% and above / dan ke atas	3	0.05	31,087,440	48.57
GRAND TOTAL / JUMLAH KESELURUHAN	5,918	100.00	64,009,140	100.00

DIRECTORS' INTERESTS IN THE SHARE CAPITAL AS AT 13 AUGUST, 2004
KEPENTINGAN MODAL SAHAM PARA PENGARAH PADA 13 OGOS, 2004

Other than as disclosed below, there is no other Director of the Company who has interest, direct or indirect, in the Company and its related companies.

No.	Names of Directors	Designation	Nationality	Direct Holdings		Indirect Holdings	
				No.	%	No.	%
1.	Mirzan Bin Mahathir ⁽¹⁾	Director	Malaysian	1,000	<0.01	10,487,833	16.38
2.	Datuk Lim Chee Wah ⁽²⁾	Director	Malaysian	–	–	29,060,440	45.40
3.	Chew Liong Kim	Director	Malaysian	28,000	0.04	–	–
4.	Muhammad Fauzi Bin Abd Ghani ⁽³⁾	Director	Malaysian	–	–	137,200	0.21
5.	Michael Yee Kim Shing	Director	Malaysian	–	–	–	–

Note:

- (1) Deemed interest via Sabit Sdn Bhd (7,255,233), Rumpun Damai Sdn Bhd (2,732,600) and Public Nominees (Tempatan) Sdn Bhd (500,000)
- (2) Deemed interest via VXL Holdings Sdn Bhd
- (3) Held through a nominee, Ke-Zan Nominees (Tempatan) Sdn Bhd

PROPERTY / HARTANAH

Nil / Tiada

SUBSTANTIAL SHAREHOLDERS (5% and above) / PEMEGANG SAHAM UTAMA (5% ke atas)

No.	Name	NRIC/Registration No.	Direct Holdings		Indirect Holdings	
			No.	%	No.	%
1.	VXL Holdings Sdn Bhd	225564A	20,490,440	32.01	8,570,000	13.39
2.	Sabit Sdn Bhd	193372U	7,255,233	11.33	–	–

WARRANT STATISTICS / PERANGKAAN WARRANT

30 largest Warrant holders as per the register of members and record of depositors as at 13 August 2004.

30 pemegang-pemegang Warrant yang terbesar mengikut daftar pemegang-pemegang Saham Dan Rekod Penyimpanan pada 13 Ogos 2004.

	Name/ Nama	No. of Warrant/ Jumlah Warrant	%
1.	VXL Holdings Sdn Bhd	2,058,175	13.58
2.	Mayban Securities Nominees (Tempatan) Sdn Bhd (A/C for Tan Yoke Chun)	293,900	1.94
3.	Lim Yong Hiang	270,400	1.78
4.	HDM Nominees (Tempatan) Sdn Bhd (A/C for Quah Ti Di)	247,400	1.63
5.	OSK Nominees (Tempatan) Sdn Bhd (A/C for Chan Heng Koon)	207,000	1.37
6.	Chung Poh Kwan	190,000	1.26
7.	CIMSEC Nominees (Asing) Sdn Bhd (A/C for Tee Chin Teck)	180,000	1.19
8.	Thong & Kay Hian Nominees (Asing) Sdn Bhd (A/C for Chew Poh Guan)	160,000	1.06
9.	Tan Saw Ling @ Tan Sau Ling	147,000	0.97
10.	HDM Nominees (Asing) Sdn Bhd (A/C for Low Chor Ngee)	120,000	0.79
11.	Chew Kien Min	113,500	0.75
12.	CIMSEC Nominees (Tempatan) Sdn Bhd (A/C for Lim Ewe Cheng)	112,200	0.74
13.	Lim Siew Yun	103,500	0.68
14.	RHB Nominees (Tempatan) Sdn Bhd (A/C for Chan Heng Koon)	100,000	0.66
15.	RHB Nominees (Tempatan) Sdn Bhd (A/C for Teo Tiew)	100,000	0.66
16.	Chen Kwong Hann	90,000	0.59
17.	Cheok Tuan Boon	89,500	0.59
18.	Super Harvest Plantations Sdn Bhd	87,000	0.57
19.	Chong Kok Cheng	80,000	0.53
20.	Woo Ther Chuan	77,000	0.51
21.	Alliance Group Nominees (Tempatan) Sdn Bhd (A/C for Pang Teng Lee)	70,100	0.46
22.	AmFinance Berhad (A/C for Chan Yoke Meng)	69,500	0.46
23.	Liew Ah Kau	66,500	0.44
24.	Lim Ah Ber	66,000	0.44
25.	Sing Yuek Sdn Bhd	65,000	0.43
26.	Teo Tiew	65,000	0.43
27.	Tasec Nominees (Tempatan) Sdn Bhd	60,100	0.40
28.	Yeoh Kee Pin	60,000	0.40
29.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (A/C for Yong Chee Foong)	60,000	0.40
30.	Mah Kan Tai	60,000	0.40

Analysis By Size of Warrant Holdings as at 13 August 2004 / Analisis Saiz Pegangan Warrant pada 13 Ogos 2004.

Size of Holdings/ Saiz Pemegang	No. of Holders/ Jumlah Pemegang	%	No. of Warrant/ Jumlah Warrant	%
Less than / kurang dari 100	0	0.00	0	0.00
100 - 1,000	900	38.53	827,440	5.46
1,001 - 10,000	1,219	52.18	4,784,300	31.58
10,001 - 100,000	205	8.78	5,578,100	36.82
100,001 to less than / kurang dari 5%	11	0.47	1,903,500	12.56
5% and above / dan ke atas	1	0.04	2,058,175	13.58
GRAND TOTAL / JUMLAH KESELURUHAN	2,336	100.00	15,151,515	100.00

DIRECTORS' INTERESTS IN THE WARRANT AS AT 13 AUGUST, 2004

KEPENTINGAN WARRANT PARA PENGARAH PADA 13 OGOS, 2004

Other than as disclosed below, there is no other Director of the Company who has interest, direct or indirect, in the Company and its related companies.

No.	Names of Directors	Designation	Nationality	Direct Holdings		Indirect Holdings	
				No.	%	No.	%
1.	Mirzan Bin Mahathir	Director	Malaysian	–	–	–	–
2.	Datuk Lim Chee Wah*	Director	Malaysian	–	–	2,058,175	13.58
3.	Chew Liong Kim	Director	Malaysian	–	–	–	–
4.	Muhammad Fauzi Bin Abd Ghani	Director	Malaysian	–	–	–	–
5.	Michael Yee Kim Shing	Director	Malaysian	–	–	–	–

Note:

*Deemed to have interest in the Company's share held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

SUBSTANTIAL WARRANTHOLDERS (5% and above) / PEMEGANG WARRANT UTAMA (5% dan ke atas)

No.	Names of Directors	NRIC/Registration No.	Direct Holdings		Indirect Holdings	
			No.	%	No.	%
1.	VXL Holdings Sdn Bhd	225564A	2,058,175	13.58	–	–

ICULS-3 STATISTICS / PERANGKAAAN ICULS-3

30 largest ICULS-3 holders as per the register of members and record of depositors as at 13 August 2004.

30 pemegang-pemegang ICULS-3 yang terbesar mengikut daftar pemegang-pemegang Saham Dan Rekod Penyimpanan pada 13 Ogos 2004.

Name/ Nama	No. of ICULS-3 Holdings/ Jumlah Pegangan ICULS-3	%
1. Malaysian Trustees Berhad (A/C for AmBank Berhad)	5,639,197	31.05
2. Malaysian Trustees Berhad (A/C for Public Bank Berhad)	4,085,413	22.49
3. VXL Holdings Sdn Bhd	2,652,052	14.60
4. Malaysian Trustees Berhad (A/C for Pengurusan Danaharta Nasional Berhad)	1,350,135	7.43
5. Malaysian Trustees Berhad (A/C for Affin Bank Berhad)	1,143,351	6.29
6. Malaysian Trustees Berhad (A/C for United Overseas Bank (Malaysia) Berhad)	860,516	4.74
7. PAB Nominee (Tempatan) Sdn Bhd (A/C for Affin Bank Berhad [Loan Recovery])	856,803	4.72
8. Malaysian Trustees Berhad (A/C for Hong Leong Bank Berhad)	705,006	3.88
9. Malaysian Trustees Berhad (A/C for Danaharta Managers Sdn Bhd)	498,677	2.75
10. Malaysian Trustees Berhad (A/C for Malayan Banking Berhad)	108,506	0.60
11. Southern Nominees (Tempatan) Sdn Bhd (A/C for Southern Bank Berhad)	95,593	0.53
12. Mayban Nominees (Tempatan) Sdn Bhd (A/C for Malayan Banking Berhad)	72,312	0.40
13. Leong Wai Oi	10,000	0.06
14. Wong May Pearl	10,000	0.06
15. Un Chuan Hock	9,000	0.05
16. Lee See Moi @ Lee See Poi	7,000	0.04
17. Beh Ee Nah	6,000	0.03
18. Teoh Yen Ping	5,000	0.03
19. Lim Sin Chuan	4,500	0.02
20. Mayban Nominees (Tempatan) Sdn Bhd (A/C for Choo Cheang Hung)	3,000	0.02
21. Ng Ah Moi	3,000	0.02
22. Chong Kong Siong @ Chong Kong Chieh	3,000	0.02
23. Wan Chong Seng	3,000	0.02
24. Tan Chew Kiang @ Chin Siew Kong	3,000	0.02
25. Soon Oi Seng	3,000	0.02
26. See Sook Ching	2,500	0.01
27. Gong Sing Hing	2,000	0.01
28. Sze Ming Yang	2,000	0.01
29. Chung King Meng	1,400	0.01
30. Cheah Chong Sing	1,000	0.01

Analysis By Size of ICULS-3 Holdings as at 13 August 2004 / Analisis Saiz Pegangan ICULS-3 pada 13 Ogos 2004

Size of Holdings/ Saiz Pemegang	No. of Holders/ Jumlah Pemegang	%	No. of ICULS-3/ Jumlah ICULS-3	%
Less than/ kurang dari 100	2	3.85	25	0.00
100 - 1,000	21	40.39	18,461	0.10
1,001 - 10,000	17	32.69	77,400	0.43
10,001 - 100,000	2	3.85	167,905	0.92
100,001 to less than / kurang dari 5%	5	9.61	3,029,508	16.68
5% and above / dan ke atas	5	9.61	14,870,148	81.87
GRAND TOTAL / JUMLAH KESELURUHAN	52	100.00	18,163,447	100.00

DIRECTORS' INTERESTS IN THE ICULS-3 AS AT 13 AUGUST, 2004
KEPENTINGAN ICULS-3 PARA PENGARAH PADA 13 OGOS, 2004

Other than as disclosed below, there is no other Director of the Company who has interest, direct or indirect, in the Company and its related companies.

No.	Names of Directors	Designation	Nationality	Direct Holdings		Indirect Holdings	
				No.	%	No.	%
1.	Mirzan Bin Mahathir	Director	Malaysian	–	–	–	–
2.	Datuk Lim Chee Wah*	Director	Malaysian	–	–	2,652,052	14.60
3.	Chew Liong Kim	Director	Malaysian	–	–	–	–
4.	Muhammad Fauzi Bin Abd Ghani	Director	Malaysian	–	–	–	–
5.	Michael Yee Kim Shing	Director	Malaysian	–	–	–	–

Note:

* Deemed to have interest in the Company's share held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

SUBSTANTIAL ICULS-3 HOLDINGS (5% and above) / PEMEGANG ICULS-3 UTAMA (5% ke atas)

Name/ Nama	No. of ICULS-3 Holdings/ Jumlah Pegangan ICULS-3	%
1. Malaysian Trustees Berhad (A/C for AmBank Berhad)	5,639,197	31.05
2. Malaysian Trustees Berhad (A/C for Public Bank Berhad)	4,085,413	22.49
3. VXL Holdings Sdn Bhd	2,652,052	14.60
4. Malaysian Trustees Berhad (A/C for Pengurusan Danaharta Nasional Berhad)	1,350,135	7.43
5. Malaysian Trustees Berhad (A/C for Affin Bank Berhad)	1,143,351	6.29

ICULS-5 STATISTICS / PERANGKAAAN ICULS-5

30 largest ICULS-5 holders as per the register of members and record of depositors as at 13 August 2004.

30 pemegang-pemegang ICULS-5 yang terbesar mengikut daftar pemegang-pemegang Saham Dan Rekod Penyimpanan pada 13 Ogos 2004.

Name/ Nama	No. of ICULS-5 Holdings/ Jumlah Pegangan ICULS-5	%
1. Malaysian Trustees Berhad (A/C for AmBank Berhad)	11,205,014	32.96
2. Malaysian Trustees Berhad (A/C for Public Bank Berhad)	8,117,667	23.88
3. VXL Holdings Sdn Bhd	5,269,596	15.50
4. Malaysian Trustees Berhad (A/C for Pengurusan Danaharta Nasional Berhad)	2,682,703	7.89
5. Malaysian Trustees Berhad (A/C for Affin Bank Berhad)	2,271,825	6.68
6. Malaysian Trustees Berhad (A/C for United Overseas Bank (Malaysia) Berhad)	1,709,834	5.03
7. Malaysian Trustees Berhad (A/C for Hong Leong Bank Berhad)	1,400,837	4.12
8. Malaysian Trustees Berhad (A/C for Danaharta Managers Sdn Bhd)	990,866	2.91
9. Malaysian Trustees Berhad (A/C for Malayan Banking Berhad)	215,600	0.63
10. Southern Nominees (Tempatan) Sdn Bhd (A/C for Southern Bank Berhad)	108,578	0.32
11. SJ Sec Nominees (Tempatan) Sdn Bhd (A/C for Cheng Eng Moi @ Ching Eng Moi)	3,100	0.01
12. Chan Ai Sim	2,400	0.01
13. Tan Kim Siw	2,000	0.01
14. Yau Mee Yoke	1,400	0.00
15. Cheah Chong Sing	1,000	0.00
16. Chen Seong Lee	1,000	0.00
17. Yeow Cheaw Tau	1,000	0.00
18. Stephen Ng Khin Vui	1,000	0.00
19. Ang Tuan Heng	1,000	0.00
20. Chim Ake @ Lim Lian Huat	1,000	0.00
21. Hod Bin Fariman @ Parman	1,000	0.00
22. Koh Sooi Kwang	1,000	0.00
23. Chiam Ewe Hoon	1,000	0.00
24. Choo Lee	1,000	0.00
25. Tan Hock Ghee	1,000	0.00
26. Tan Suan Yem	1,000	0.00
27. Liew Hon Kong	1,000	0.00
28. Tan Chew Kiang @ Chin Siew Kong Joseph	1,000	0.00
29. Lee Ing Cheong	1,000	0.00
30. Yap Kham Sang	1,000	0.00

Analysis By Size of ICULS-5 Holdings as at 13 August 2004 / Analisis Saiz Pegangan ICULS-5 pada 13 Ogos 2004

Size of Holdings/ Saiz Pemegang	No. of Holders/ Jumlah Pemegang	%	No. of ICULS-5/ Jumlah ICULS-5	%
Less than / kurang dari 100	0	0.00	0	0.00
100 - 1,000	17	54.84	16,100	0.05
1,001 - 10,000	4	12.90	8,900	0.02
10,001 - 100,000	0	0.00	0	0.00
100,001 to less than / kurang dari 5%	4	12.90	2,715,881	7.99
5% and above / dan ke atas	6	19.36	31,256,639	91.94
GRAND TOTAL / JUMLAH KESELURUHAN	31	100.00	33,997,520	100.00

DIRECTORS' INTERESTS IN THE ICULS-5 AS AT 13 AUGUST, 2004
KEPENTINGAN ICULS-5 PARA PENGARAH PADA 13 OGOS, 2004

Other than as disclosed below, there is no other Director of the Company who has interest, direct or indirect, in the Company and its related companies.

No.	Names of Directors	Designation	Nationality	Direct Holdings		Indirect Holdings	
				No.	%	No.	%
1.	Mirzan Bin Mahathir	Director	Malaysian	–	–	–	–
2.	Datuk Lim Chee Wah*	Director	Malaysian	–	–	5,269,596	15.50
3.	Chew Liong Kim	Director	Malaysian	–	–	–	–
4.	Muhammad Fauzi Bin Abd Ghani	Director	Malaysian	–	–	–	–
5.	Michael Yee Kim Shing	Director	Malaysian	–	–	–	–

Note:

* Deemed to have interest in the Company's share held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

SUBSTANTIAL ICULS-5 HOLDINGS (5% and above) / PEMEGANG ICULS-5 UTAMA (5% dan ke atas)

Name/ Nama	No. of ICULS-5 Holdings/ Jumlah Pegangan ICULS-5	%
1. Malaysian Trustees Berhad (A/C for AmBank Berhad)	11,205,014	32.96
2. Malaysian Trustees Berhad (A/C for Public Bank Berhad)	8,117,667	23.88
3. VXL Holdings Sdn Bhd	5,269,596	15.50
4. Malaysian Trustees Berhad (A/C for Pengurusan Danaharta Nasional Berhad)	2,682,703	7.89
5. Malaysian Trustees Berhad (A/C for Affin Bank Berhad)	2,271,825	6.68
6. Malaysian Trustees Berhad (A/C for United Overseas Bank (Malaysia) Berhad)	1,709,834	5.03

No. of Shares Held

I/We _____
Of _____
Tel No. _____ being a member of Dataprep Holdings Bhd
hereby appoint _____
NRIC No: _____ of _____
Occupation _____ or failing whom _____
_____ NRIC No: _____
of _____ Occupation _____

as my/our proxy/representative to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Ballroom 1, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 September 2004 at 11.00am and any adjournment thereof, and to vote as indicated below:

Resolution	For	Against
1 To receive and adopt audited financial statements of the Company for the year ended 31 March 2004 and the Reports of the Directors and Auditors thereon. (RESOLUTION 1)		
2 To approve the payment of Directors' fees for the year ended 31 March 2004. (RESOLUTION 2)		
3 To re-elect the following Directors:		
3.1 Datuk Lim Chee Wah, retires by rotation pursuant to Article 98 of the Company's Articles of Association. (RESOLUTION 3)		
3.2 Mr Chew Liong Kim, retires pursuant to Article 103 of the Company's Articles of Association. (RESOLUTION 4)		
4 To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. (RESOLUTION 5)		
5 Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (RESOLUTION 6)		
6 Proposed allocation of options to Mr Chew Liong Kim, Chief Executive Officer. (RESOLUTION 7)		
7 Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Genting Group. (RESOLUTION 8)		
8 Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with KHD and VXL Holdings. (RESOLUTION 9)		
9 Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with DCB and AHB. (RESOLUTION 10)		
10 Proposed additional shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature with Genting Group and LESB. (RESOLUTION 11)		
11 Proposed additional shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature with HRM Business Consulting Sdn Bhd. (RESOLUTION 12)		
12 Proposed revision in utilization of proceeds. (RESOLUTION 13)		
13 To consider any other business of which due notice shall have been given. (RESOLUTION 14)		

(Please indicate with an (X) or (✓) how you wish to cast your vote)

Signed this _____ day of September 2004.

Signature: _____

Notes:

1. A proxy need not be a member of the Company.
2. For this proxy/certificate of appointment to be valid, it must be lodged at the Registered Office of the Company at 11th Floor, Menara Luxor, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the Meeting.
3. For corporate members, this certificate appointing the proxy/representative must be executed under the common seal of the corporate.

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Affix
Stamp

DATAPREP HOLDINGS BERHAD
11th Floor, Menara Luxor, 6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan

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