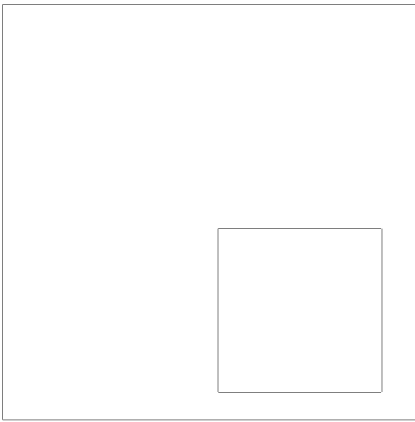
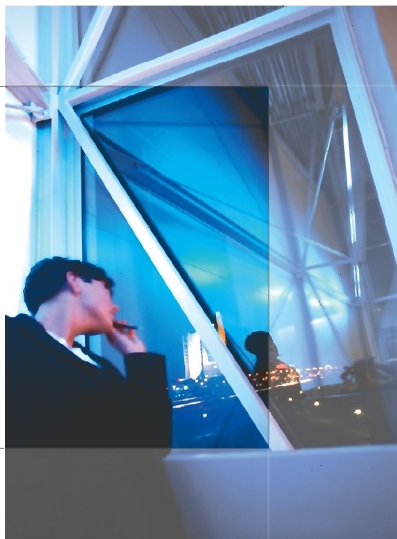


# ANNUAL REPORT 2006



C O M P E T E



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**DATAPREP HOLDINGS BHD**

(Incorporated in Malaysia) (Company No.: 183059-H)

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# Corporate Vision and Mission Statements

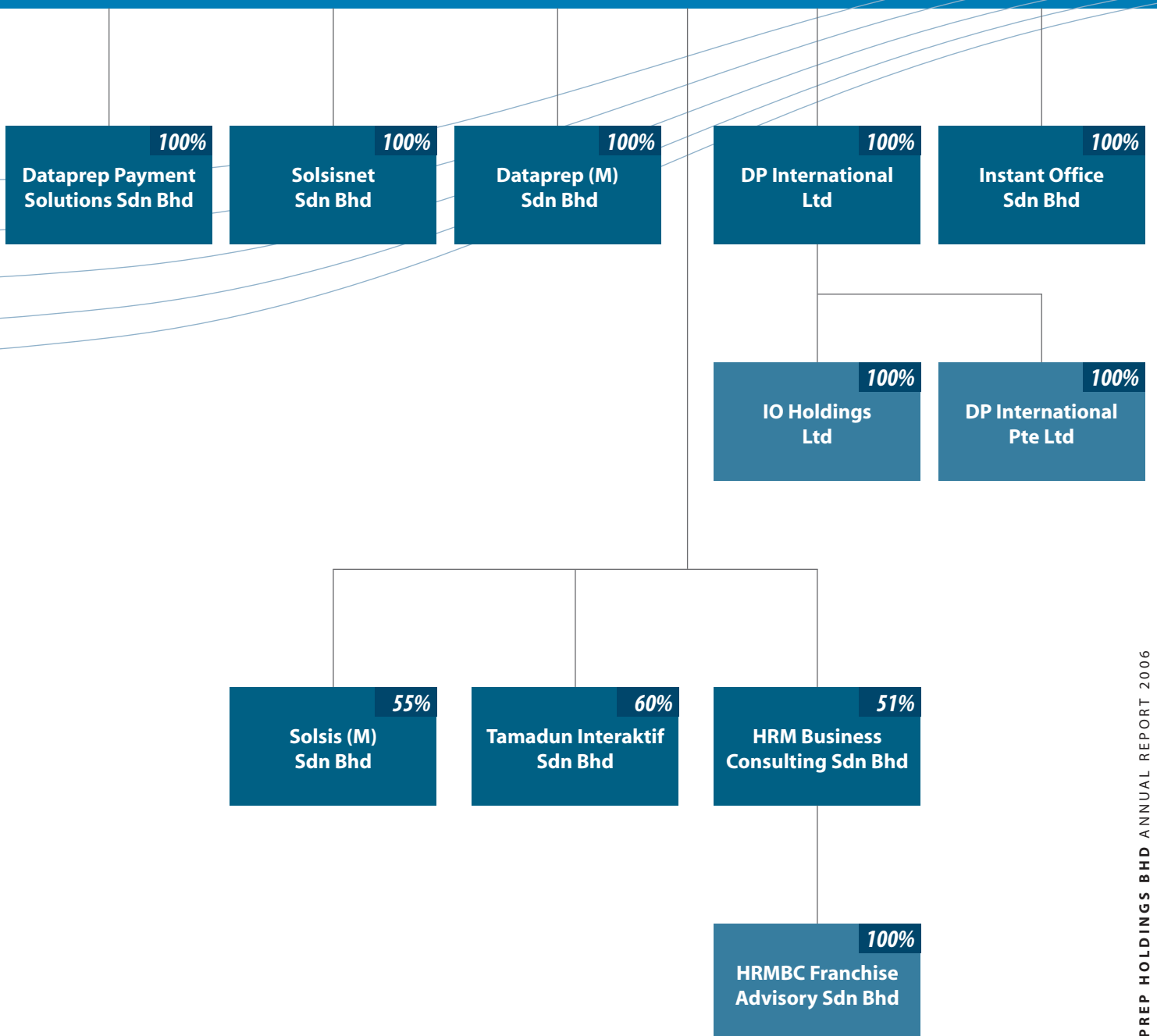
## OUR VISION

to be a leading regional ICT company by providing business and technology solutions and services.

## OUR MISSION

to build relationships and develop innovative solutions and services which help clients create and realize value.

# Corporate Structure



# Notice of Annual General Meeting

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held at Green II, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 28th September 2006 at 3.00 pm to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company and of the Group for the year ended 31 March 2006 and the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To re-elect the following Directors :
  - 2.1 Datuk Lim Chee Wah retires by rotation pursuant to Article 98 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 2**
  - 2.2 Encik Muhammad Fauzi bin Abd. Ghani retires by rotation pursuant to Article 98 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 3**
  - 2.3 Tan Sri Datuk Adzmi bin Abdul Wahab retires by rotation pursuant to Article 103 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 4**
3. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolution: -

### 4. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant Government and / or Regulatory Authorities, pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes and to such person or persons as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10 percent of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

**Ordinary Resolution 6**

### 5. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT pursuant to paragraph 10.09 of the Listing Requirement of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the Shareholders' Mandate for the Company and/or its subsidiary companies ("Dataprep Group") to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operation of the Dataprep Group to be entered into by the Dataprep Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.4 of the Circular to Shareholders of the Company dated 6 September 2006, AND THAT such approval conferred by the Shareholders' Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed.
- (b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting.

## Notice of Annual General Meeting (Cont'd)

Whichever is the earlier,

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate." **Ordinary Resolution 7**

### 6. PROPOSED NEW MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Shareholders' Mandate for the Company and/or its subsidiary companies ("Dataprep Group") to enter into additional recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operation of the Dataprep Group to be entered into by the Dataprep Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.4 of the Circular to Shareholders of the Company dated 6 September 2006, AND THAT such approval conferred by the Shareholders' Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that dated is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting.

Whichever is the earlier,

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) to give effect to the Proposed New Shareholders' Mandate." **Ordinary Resolution 8**

7. To consider any other business of which due notice shall have been given.

### BY ORDER OF THE BOARD

**KOH AI HOON** (MAICSA : 7006997)  
Secretary

6 September 2006  
Petaling Jaya, Selangor Darul Ehsan

#### Note:

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Company registered office at 11th Floor, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.

#### Explanatory Notes to Item 4 (Ordinary Resolution 6) of the Agenda:

The proposed ordinary resolution 6 if passed, will give the Directors of the Company the authority to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

#### Explanation Notes to Item 5 (Ordinary Resolution 7) and Item 6 (Ordinary Resolution 8):

The proposed ordinary resolution 7 and 8 if passed will empower the Directors of the Company and its subsidiary companies to enter into recurrent related party transactions of revenue or trading nature with the Mandated Related Parties. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

# Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28 (2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

1. **Four (4) Board Meetings were held during the financial year 31 March 2006.**

Date of Meeting	Total Board Members	% of Attendance
30 May 2005	6	83
30 August 2005	6	100
28 November 2005	6	83
28 February 2006	6	83

2. **Details of Directors' attendance at Board Meetings are as follows:-**

Name of Directors	Attendance
Encik Mirzan Bin Mahathir	3/4
Datuk Lim Chee Wah	4/4
Dato' Pian bin Sukro	4/4
Encik Muhammad Fauzi Bin Abdul Ghani	2/4
Mr Michael Yee Kim Shing	4/4
Mr Chew Liong Kim	4/4

3. **Details of Director standing for re-election and re-appointment are as follows: -**

The Directors retiring by rotation pursuant to Article 98 of the Articles of Association and seeking re-election are Datuk Lim Chee Wah and Encik Muhammad Fauzi Bin Abdul Ghani.

The Director retiring pursuant to Article 103 of the Articles of Association and seeking re-election is Tan Sri Datuk Adzmi bin Abdul Wahab.

The details of Datuk Lim Chee Wah, Encik Muhammad Fauzi Bin Abdul Ghani and Tan Sri Datuk Adzmi bin Abdul Wahab are disclosed under the Directors' profile which appear on pages 10 to 13 of this Annual Report.

# Corporate Information

## BOARD OF DIRECTORS

### Chairman

Mirzan Bin Mahathir

### Directors

Datuk Lim Chee Wah  
*Executive Director/Chief Strategy Officer*

Tan Sri Datuk Adzmi bin Abdul Wahab  
*Independent Non-Executive Director*

Dato' Pian Bin Sukro  
*Independent Non-Executive Director*

Muhammad Fauzi Bin Abd Ghani  
*Independent Non-Executive Director*

Michael Yee Kim Shing  
*Independent Non-Executive Director*

Chew Liong Kim  
*Executive Director/Chief Executive Officer*

## COMPANY SECRETARY

Koh Ai Hoon  
*(MAICSA: 7006997)*

## AUDIT COMMITTEE

### Chairman

Michael Yee Kim Shing  
*Independent Non-Executive Director*

### Members

Muhammad Fauzi Bin Abd Ghani  
*Independent Non-Executive Director*

Dato' Pian bin Sukro  
*Independent Non-Executive Director*

Chew Liong Kim  
*Chief Executive Officer*

## REMUNERATION, QUALITY & NOMINATING COMMITTEE

### Chairman

Dato' Pian bin Sukro  
*Independent Non-Executive Director*

### Members

Michael Yee Kim Shing  
*Independent Non-Executive Director*

Muhammad Fauzi Bin Abd Ghani  
*Independent Non-Executive Director*

Chew Liong Kim  
*Chief Executive Officer*

## EMPLOYEE SHARE OPTION SCHEME COMMITTEE

### Chairman

Chew Liong Kim

### Members

Ahmad Rizan bin Ibrahim  
Ng Keok Ang  
Tan Hock Chye

## LEADERSHIP

### Executive Director/Chief Strategy Officer

Datuk Lim Chee Wah

### Executive Director/Chief Executive Officer

Chew Liong Kim

### Chief Operating Officer/Head of Consulting & Technology Integration Services

Ahmad Rizan Ibrahim

### Chief Operating Officer/Head of Outsourcing & Managed Services

Ng Keok Ang

### Chief Financial Officer/Head of Business Process Outsourcing Services

Tan Hock Chye

### Group Chief Marketing Officer

Awalan bin Abdul Aziz

## REGISTERED OFFICE

11th Floor, Menara Luxor, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.  
Telephone : (603) 7883 2200  
Facsimile : (603) 7880 8033

## SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi Purpose, Capital Square, 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.  
Telephone : (603) 2721 2222  
Facsimile : (603) 2721 2530

## PRINCIPAL BANKERS

Malayan Banking Berhad  
Public Bank Berhad  
Southern Bank Berhad

## AUDITORS

Ernst & Young



# Our Solutions & Services

Dataprep Group provides a full spectrum of ICT services from business and technology consulting, systems and network integration, software developments to managed services, e-business and application services and its services is segmented into three business units i.e. Consulting & Technology Integration Services Solutions, Outsourcing and Managed Services Solutions and Business Process Outsourcing Solutions.

## CONSULTING & TECHNOLOGY INTEGRATION SERVICES

### Supply Chain Management

- Supply Chain Planning/Execution
- Supply Chain Strategy
- Procurement
- Strategic Sourcing
- Logistics

### Organizational Performance

- Finance Business Intelligence
- Finance Strategy
- Operational Effectiveness
- Strategic Cost Management
- Change & Leadership
- People & Knowledge Services

### Customer & Channel

- C&C Business Architecture
- C&C Strategy
- Customer Relationship Management

### Strategy

- Strategy Solutions
- Organizational Transformation

### Technology Integration Services

- Systems Integration
- Enterprise Business Applications
- Strategic IT Assessment & Planning
- ERP Selection & Implementation
- Enterprise Application Integration
- Software Customization / Development
- Program Management

## OUTSOURCING & MANAGED SERVICES

### Technology Product Services

- Hardware Maintenance
- Software Maintenance
- Deployment
- Training

### IT Outsourcing

- Desktop Life Cycle Mgmt.
- Applications Management
- Network Managed Service
- Network Security
- Systems Infra Service
- Enterprise IS Outsource

### Product Sales

- PC & Notebooks
- Servers & Storage
- Network Infrastructure

## BUSINESS PROCESS OUTSOURCING

### Shared Services

- Payroll processing outsourcing
- Human capital outsourcing
- Finance functions outsourcing

### Payment Solutions

- Hardware Solutions
- Software Solutions
- Merchant Acquisition Services
- Terminal Maintenance Services

## OUR SUPPORT INFRASTRUCTURE

Apart from Dataprep Group's 34 years of proven group-wide accumulated IT experience and professional staff with proven capabilities in implementing large scaled ICT projects, Dataprep Group is fully equipped to provide the necessary support and back-up tools for its clients. With 25 service centres located nationwide to provide a support network, Dataprep Group's call centres offers 24-hour service, 7 days a week. The 25 Support Service Centres offer operational and maintenance services.



## NATIONWIDE SERVICE NETWORK

### Headquarters

- Petaling Jaya (2)

### Northern Region

- Kangar, Perlis
- Ipoh
- Pulau Pinang
- Alor Setar
- Pulau Langkawi

### Southern Region

- Johor Bahru
- Kluang, Johor
- Melaka
- Seremban

### Eastern Region

- Kuantan
- Temerloh
- Kerteh
- Kota Bharu
- Kuala Terengganu

### Sabah

- Kota Kinabalu
- Sandakan
- Labuan
- Tawau

### Sarawak

- Kuching
- Sibu
- Limbang
- Bintulu
- Miri

# Board of Directors



## **ENCIK MIRZAN BIN MAHATHIR**

Non-Independent Non-Executive Chairman

Encik Mirzan Bin Mahathir, a Malaysian, aged 47, was appointed to the Board in 15 February 1990 and as the Chairman in 1997. He graduated with a Bachelor of Science (Honours) in Computer Science from Brighton Polytechnic, United Kingdom and obtained his Masters in Business Administration from the Wharton Business School, University of Pennsylvania, United States of America.

Between 1982 and 1985, he worked for IBM World Trade Corporation in Malaysia as a Systems Engineer. While pursuing his Masters degree, he joined Salomon Brothers, Inc., in New York as a summer associate in the futures and options trading and bond market research departments. Upon completion of his Masters programme in 1987, he rejoined Salomon Brothers Inc. as an associate in the Proprietary Strategies Department, developing and testing analytical tools and trading strategies.

In 1989, he was seconded to the Asia Pacific Investment Banking Department of Salomon Brothers Hong Kong Ltd., where he was involved in financing and valuation analysis of acquisition targets, privatisation and capital market proposals and providing investment banking account coverage for South East Asia.

He currently sits on the Board of several public listed companies namely, Konsortium Logistik Berhad, Worldwide Holdings Berhad, Artwright Holdings Berhad and Nakamichi Corporation Berhad. He is also the President of the Container Hauliers' Association of Malaysia (CHAM) and President of the Asian Strategy and Leadership Institute (ASLI).

He has attended three meetings out of the total of four Board Meetings held during the financial year ended 31 March 2006.

He has direct and indirect shareholdings of 7,756,233 ordinary shares in the Company.

Except for certain recurrent related party transactions of a revenue nature which are necessary for day-to-day operations of the Company, for which he is deemed interested, there are no other business arrangements with the Company in which he has a personal interest.

He has not been convicted of any offence within the past 10 years, except for traffic offences, if at all.



## **DATUK LIM CHEE WAH**

Executive Director

Datuk Lim Chee Wah, a Malaysian, aged 52, was appointed to the Board on 5 March 2002. He is the founder and President of VXL of the VXL Group of companies. He was formerly the Deputy Managing Director of Genting Berhad and Joint Managing Director of Asiatic Development Berhad.

Datuk Lim graduated from the London School of Economics with a degree in economics.

The formation of VXL Group is part of Datuk Lim's vision to bring into realisation information and communication services and technology transfer as advocated by the Government of Malaysia. Datuk Lim has been involved in the information, communication and technology ("ICT") sector since the early 1990's. He has invested in various business ventures in the ICT sector such as video streaming technology and e-commerce business applications.

Besides investing into the above, together with his team, Datuk Lim is also fast expanding VXL's other core businesses such as construction and financial services.

He also sits on the Board of Kien Huat Berhad and VXL Capital Limited, a Hong Kong public listed company.

He has attended four meetings out of the total of four Board Meetings held during the financial year ended 31 March 2006.

He has indirect shareholdings of 40,486,070 ordinary shares in the Company.

He does not have any family relationship with any director of the Company.

Except for certain recurrent related party transaction of a revenue nature which are necessary for day-to-day operations of the Company, for which he is deemed interested, there are no other business arrangements with the Company in which he has a personal interest.

He has not been convicted of any offence within the past 10 years, except for traffic offences, if at all.

## Board of Directors (Cont'd)

### **DATO' PIAN BIN SUKRO**

Independent Non-Executive Director

Dato' Pian Bin Sukro, a Malaysian, aged 58, was appointed to the Board on 27 August 2004.

He was the President and Chief Executive Officer to Tenaga Nasional Berhad. He was trained as an engineer and holds a B.Sc. (Hons) degree. He later secured his M.Sc. in Project analysis, Finance and Investment. Dato' Pian is also a Chartered Engineer, member of Institute of Electrical Engineers, UK, member of Institute of Engineers, Malaysia and a member of Professional Engineers, Malaysia. He has held senior positions at TNB within the 34 years of service with the organization which covers the full spectrum of the utility business such as equipment manufacture and installation; power station operation and maintenance, project construction and commissioning, project engineering and management; steps and studies related to the introduction of nuclear power to Malaysia; project appraisals and feasibility studies; power system development planning including fuel procurement, energy pricing and site studies; formulation of electricity tariff; ASEAN inter-utility cooperation North-East and South-East Asian Utility cooperation, ASEAN energy cooperation; managing the implementation of thermal generation projects; corporate, financial and strategy planning; corporatisation of LLN to TNB; privatization of TNB; industry regulation; introduction of independent power producers; power purchase agreements; corporate restructuring and formation of subsidiaries, sourcing of project and corporate funds (local and international); formation of joint ventures and JV companies; development and diversification of TNB's business locally and overseas. He has also undertaken various functions for other groups and organizations including the Ministry of Energy, Communications and Multimedia, ASEAN Energy Cooperation, International Atomic Energy Agency (IAEA), World Energy Council, International Council on Large Electric System (CIGRE), Asian Development Bank and the World Bank (IBRD).



He also sits on the Audit Committee as an Ordinary Member and is Chairman of the Remuneration, Quality and Nominating Committee.

He is also a director of Malaysian Merchant Marine Berhad and Chairman of ACIL Tasman Sdn Bhd.

He has no shareholdings in the Company.

He has attended four meetings out of the total of four Board Meetings of which he was a Director, held during the financial year ended 31 March 2006.

He has no family relationship with any director and/or major shareholders, nor any conflict of interest in business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

## Board of Directors (Cont'd)



### **ENCIK MUHAMMAD FAUZI BIN ABD GHANI**

Independent Non-Executive Director

Encik Muhammad Fauzi Bin Abd. Ghani, a Malaysian, aged 44, was appointed to the Board in September 1998. He holds a Master of Business Administration from Ohio University, a Bachelor of Commerce from University of Western Australia as well as a Post-graduate Diploma in Systems Analysis from Institute Teknologi MARA. He is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and CPA, Australia. He joined Arthur Andersen & Co as a Tax Accountant in 1985. He then forge ahead his career by joining Arab-Malaysian as an Assistant Manager in the Corporate Finance department, Sapura Telecommunications Bhd as Group Financial Controller and Head of Strategic & Business Development of Golden Hope Plantations Berhad. He has accumulated professional experience of more than 19 years. He is presently the Chief Financial Officer of Titan Chemical Corp Berhad.

He presently sits on the Audit Committee and Remuneration, Quality & Nominating Committee as an Ordinary Member.

He is a Director of Microgreen Bio-Industrial Bhd.

He has attended two meetings out of the total of four Board Meetings held during the financial year ended 31 March 2006.

He has direct shareholdings of 137,200 ordinary shares in the Company.

He does not have any family relationship with any director and/or major shareholders, nor any conflict of interest in business arrangements involving the Company.

He has not been convicted of any offence within the past 10 years, except for traffic offences, if at all.



### **MR MICHAEL YEE KIM SHING**

Independent Non-Executive Director

Mr Michael Yee Kim Shing, a Malaysian aged 68, was appointed to the Board on 31 May 2002, as an Independent Non-Executive Director. He graduated with a Bachelor of Commerce from the University of Melbourne. He is a member of the Malaysian Institute of Accountants, the Institute of Chartered Accountant of Australia and the Institute of Certified Public Accountants of Singapore.

He was formerly with Ernst & Whinney (now known as Ernst & Young), an international firm of accountants, before retiring in 1990 as a Senior Partner in Kuala Lumpur after 26 years in professional practice, handling all facets of professional services as a practising accountant. He has successfully implemented several schemes of reconstruction, restructuring and re-listing of public listed companies.

He is presently Chairman of the Audit Committee and he also sits on the Remuneration, Quality and Nominating Committee.

His directorships in other public companies are Pacific & Orient Berhad, Pacific & Orient Insurance Berhad and VXL Capital Limited (a company incorporated and listed on the Hong Kong Stock Exchange).

He has attended four meetings out of the total of four Board Meetings held during the financial year ended 31 March 2006.

He has no shareholdings in the Company.

He does not have any family relationship with any director and/or major shareholders, or any conflict of interest in business arrangements involving the Company.

He has not been convicted of any offence within the past 10 years, except for traffic offences, if at all.

## Board of Directors (Cont'd)

### TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Independent Non-Executive Director

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 63, was appointed to the Board on 29th August 2006. He is also chairman and director of a number of companies involved in automotive, broadband and franchise businesses. He is also Chairman of Malaysia Egypt Business Council and Advisor to the Malaysian Franchise Association.

Tan Sri Adzmi was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad (EON) in November 1992 until May 2005. In 2003, he was conferred Malaysia CEO of the Year by AMEX and Business Times and Most PR Savvy CEO by IPRM.

Tan Sri Adzmi holds a Bachelor of Arts (Honours) degree in Economics and a Post Graduate Diploma in Public Administration from the University of Malaya, Malaysia and Master of Business Administration from University of Southern California.

Tan Sri Adzmi served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the following areas : Central Procurement and Contract Management in Ministry of Finance; Investment Promotion in Pahang Tenggara Development Authority, Public Enterprise Management in Implementation Coordination Unit (Prime Minister's Department), Regional Planning in Klang Valley Planning Secretariat (Prime Minister's Department).

He was Manager, Corporate Planning Division of HICOM Berhad involved in development of heavy industries projects from 1982 to 1985.

He served PROTON in 1985 to 1992 and his last position in PROTON was Director/Corporate General Manager, Administration and Finance Division, responsible for human resource development, financial management, procurement and vendor development, secretarial and legal and general administration.

He has wide experience of over 20 years serving as chairman and director of HICOM, PROTON and EON Group of Companies involved in automotive (car manufacturing, distribution and component), property development, telecommunication, general trading, life insurance and franchise businesses.

Tan Sri Adzmi also served as Chairman of the Malaysian Franchise Association (MFA) from 1994 to July 2005.

He has no shareholdings in the company.

He also sits on the Board of Magna Prima Berhad.

He has no family relationship with any director and/or major shareholders, or any conflict of interest in the business arrangement involving the company.

He has not been convicted of any offence within the past 10 years, except for traffic offences, if any.



### MR CHEW LIONG KIM

Executive Director/Chief Executive Officer

Mr Chew Liong Kim, a Malaysian aged 51, was appointed to the Board on 26 February 2004. He graduated with a Bachelor of Commerce from Auckland University, New Zealand. He is a Chartered Accountant of the Malaysian Institute of Accountants, an Associate Member of the Institute of Chartered Accountant of New Zealand and the Malaysian Institute of Chartered Secretaries and Administrators.

He was a senior partner of the Andersen Worldwide Societe Cooperative, Switzerland. He has held the positions of Asia Pacific Managing Partner of Andersen Business Consulting and Managing Director of Andersen Business Consulting Malaysia before establishing HRM Business Consulting Sdn Bhd in 2002. He also served as a member of Andersen Worldwide Board Nominating Committee and Chairman of the Advisory Council to the Andersen Worldwide Chief Executive Officer.

Mr Chew was the former Chairman of the Malaysian Bureau of Consultants.

He has more than two decades of management consulting experience covering privatization, strategy, technology and change management for Government, multi-national companies, listed and private enterprises.

He presently sits on the Audit Committee and the Remuneration, Quality and Nominating Committee as Ordinary Member.

He does not hold directorship in other public companies.

He has direct and indirect shareholdings of 65,000 and 166,000 ordinary shares respectively in the Company.

He has attended four meetings out of the total of four Board Meetings held during the financial year ended 31 March 2006.

He has not been convicted of any offence within the past 10 years, except for traffic offences, if at all.

He does not have any family relationship with any director and/or major shareholders of the Company.

Except for certain recurrent related party transaction of a revenue nature which are necessary for day-to-day operations of the Company, for which he is deemed interested there are no other business arrangements with the Company in which he has a personal interest.



# Leadership Profile



## **CHEW LIONG KIM**

Executive Director/Chief Executive Officer

The details of Chew Liong Kim are disclosed under the Directors' profile which appears on page 13 of this Annual Report.



## **DATUK LIM CHEE WAH**

Executive Director/Chief Strategy Officer

The details of Datuk Lim Chee Wah are disclosed under the Directors' profile which appears on page 10 of this Annual Report.



## **AHMAD RIZAN BIN IBRAHIM**

Chief Operating Officer/Head of Consulting and Technology Integration Services

Ahmad Rizan, aged 43 and a Malaysian, has two Bachelor of Science degrees in Computer Science and Management Science, and a Master of Computer Science and MBA from Oregon State University, Corvalli, Oregon.

Ahmad Rizan was a partner with Business Consulting in Arthur Andersen and also the Head of Andersen's ASEAN Enterprise Application Line-of-Business. He also served as the Andersen's Asia Pacific Head of Enterprise Application for two years. He is currently the Vice Chairman of Malaysian Bureau of Consultants. Prior to joining Arthur Andersen, he served as the Consulting Director for Oracle Systems Malaysia Sdn. Bhd.

Ahmad Rizan is the Chief Operating Officer and Head of Consulting and Technology Integration Services Business Unit of the Dataprep Group. He is also the Managing Director of HRM Business Consulting Sdn Bhd and Solsis (M) Sdn Bhd. He has over 19 years of management and consulting experience in ICT Strategic Master Plan, technology design and implementation, package implementation, custom implementation, operations management, eBusiness, project management, and general management for government and manufacturing sectors.



#### **NG KEOK ANG**

Chief Operating Officer/Head of Outsourcing and Managed Services

Ng Keok Ang, aged 50 and a Malaysian, has a Diploma in Electronics and Telecommunication from Singapore Polytechnic and a Diploma in Management from Malaysian Institute of Management.

Currently, he is the Chief Operating Officer and Head of Outsourcing and Managed Services Business Unit for the Dataprep Group. He has over 27 years of management and operational experience in ICT covering service management, business process reengineering and quality system.

He is a member of the Malaysian Institute of Management, a member of the Association for Service Management International and also a member of the Helpdesk Institute.



#### **TAN HOCK CHYE**

Chief Financial Officer/Head of Business Process Outsourcing Services

Tan Hock Chye, aged 46 and a Malaysian, is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom and has a Master of Business Administration (Honors) from Oklahoma City University, Oklahoma, USA.

He has over 24 years of management and financial experience in the private sector involving in nurturing newly start-ups, corporate restructuring and debt reorganization, financial systems implementation, operations and general management for retailing, manufacturing, publishing, trading, transportation, leisure and oil and gas industries.

Currently, he is the Chief Financial Officer and Head of Business Process Outsourcing Services Business Unit for the Dataprep Group. Prior to his current position, he had previously held other senior management positions in multinational and public companies.



#### **AWALAN BIN ABDUL AZIZ**

Group Chief Marketing Officer

Awalan bin Abdul Aziz, aged 39 and a Malaysian, has a Masters of Business Administration from Cambridge Institute of Management, United Kingdom.

He is the Executive Director of Solsis (M) Sdn Bhd and Group Chief Marketing Officer. He has more than 15 years experience in marketing, strategic planning and international business.

Prior to joining the Dataprep Group, he was the General Manager of Perbadanan Nasional Berhad and the Secretary General/Chief Executive of the Malaysian Franchise Association.

He is also currently a member of the Government of Relations Committee of PIKOM.



## Chairman's Statement

"On behalf of the Board of Directors, I am pleased to present the Group's 17th Annual Report together with the Audited Financial Statements for the year ended 31st March 2006."

**Mirzan Mahathir**  
Chairman



## OVERVIEW

Dataprep's Fiscal Year 2006, which ended on 31st March 2006 was a year of consolidation and continuous internal transformation for the Group. Our revenue grew by 5 per cent amidst an industry that continues to undergo tremendous change especially when the boundaries between media, telecommunications, and internet worlds continue to converge. In today's ICT (Information and Communications Technology) environment, customers' expectations have evolved to a more sophisticated level which inadvertently translates into new challenges and exciting opportunities for Dataprep. We are continuously reminded to develop and articulate strategies around our core competencies in providing services in Consulting and Integration, Information Technology Outsourcing and Managed Services and also Payment Solutions to meet these expectations. In addition, in order to change in tandem with our customers' needs, the Solutions Innovation Centre has been set up to specifically provide innovation solutions to our customers.

During the year, we were given due recognition by IDC (International Data Corporation) who identified Dataprep as one of the three Malaysian local heroes in the ICT industry. The selection was based on the analysis of the IT services competitive landscape by profiling three local IT service providers that yielded the highest growth rates in terms of IT services revenue in Malaysia from 2003 to 2005.

## FINANCIAL REVIEW

The Group achieved a revenue of RM74.7 million and a net loss of RM1.8 million as compared to a RM71.3 million revenue and a net profit of RM2.4 million in the previous financial year. Despite the RM3.4 million increase in revenue, the reduced margins coupled with the reversal of deferred tax overstated in the prior years amounting to RM1.2 million were insufficient to achieve a profit.

## CORPORATE DEVELOPMENTS

The Group continues to strive for excellence. During the year we added to our achievements - Huawei Gold Partner status and Huawei Authorized Training Partner status as well as Brother International Authorized Nationwide Service Partner status. This is in addition to our existing Cisco Silver Partner status, Hewlett-Packard Tier 1 Partner status, IBM Tier 1 Partner status, Sun Microcomputers LSP (local service provider) status, Lexmark Authorized Nationwide service Partner status and Novell Platinum Partner status.

During the year, we launched our payment solutions business by incorporating Dataprep Payment Solutions Sdn. Bhd. (a wholly owned subsidiary of Dataprep) which is involved in EDC (electronic draft capture) terminal sales and rental as well as a third party merchant acquirer for financial institutions. This will augur well for the Group as we are already a leader in payment terminal maintenance and support, servicing more than 10,000 POS terminals in Malaysia through our 25 nationwide support service centers which provide 365x24x7 helpdesk and on-site engineering support services.

Dataprep has announced on 8th May 2006 that it is an affected listed issuer pursuant to the Amended Practice Note 17/2005 (Amended PN 17) by virtue of its shareholders' equity amounting to less than 25% of its issued and paid-up capital. At the same time, the Group also announced its Corporate Exercise encompassing a Proposed Capital Reduction, Proposed Share Premium Reduction and a Proposed Rights Issue (all of which shall be inter-conditional) and a Proposed Issuance of ICULS. The rationale for the Proposed Capital Reduction and Proposed Share Premium Reduction is to enable a substantial amount of the accumulated losses of the Group to be written off to a more manageable level which in turn would better reflect the present value of the Group. The justification for the Proposed Rights Issue and Proposed Issuance of ICULS is to ensure that Dataprep will increase its paid-up capital after the Proposed Capital Reduction to meet the minimum paid-up capital requirement of RM40 million for companies to be listed on the Second Board of Bursa Securities. Above all, the restructuring scheme aims to raise funds to achieve profitable growth and help finance the Group's working capital requirements and repay borrowings. Further, the Corporate Exercise would enable Dataprep to regularize its condition and cease to be an affected listed issuer pursuant to the Amended PN 17 Listing Requirements.

## LOOKING AHEAD

In the coming fiscal year 2007, we are confident in our ability to realize long-term growth prospects, increase market share, and we remain committed to leverage on our local capabilities in serving regional clients.

Lastly, the Board of Directors would like to take this opportunity to thank our shareholders for their continued support as well as our employees for their hard work and dedication.

**Mirzan Mahathir**  
Chairman

6 September 2006

# Statement on Internal Control

## INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard the shareholders' investments and the Group's assets. Set out below is the Board of Directors' Statement on Internal Control made in compliance with paragraph 15.27 of the BMSB's (Bursa Malaysia Securities Berhad) Listing Requirements and the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

## RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of internal controls and effective risk management practices in the Group to safeguard the shareholders' investments and the Group's assets. The Board ensures continuously the adequacy and integrity of the overall internal control system for the Group. The Board also recognizes that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In this regard, internal control can provide only reasonable and not absolute assurance against material misstatements or losses.

## RISK MANAGEMENT

The Board has always regarded risk management as an integral part of the Group's system of internal controls. The Group has established a formal and structured Enterprise Risk Management framework. Management is constantly aware of the risks affecting the group and has implemented appropriate controls to manage those risks. These controls have been embedded into the operations such as the review by the Deals Review Committee and the Bid & Contract Management Process to mitigate the project risks.

## MANAGEMENT PROCESSES

A well-defined organisation and management structure and reporting line reinforces the systems of internal control of the Group, which ensure its continued relevance and effectiveness. Some of the management disciplines include a pre-defined chart of responsibility that provides clear lines of delegated authority to the various management levels along functional lines.

The Group also operates a comprehensive integrated information system that provides for transactions to be captured, compiled and reported. The automated information system provides management with dependable data, analyses, variations, exceptions and other inputs relevant to gauging their performance. In addition, a detailed annual budget is prepared at the beginning of the financial year.

In some of the Group's business operations, periodic meetings are held to ensure that progress, exceptions and variations are fully discussed and appropriate actions are taken. This ensures that business objectives are met.

To ensure effectiveness of the internal control and its continuity, the group maintains an established human capital function to ensure that the people driving key operations are sufficiently skilled and exert the required qualities of professionalism and integrity in their conduct. There are continuous education and training programs to enhance the skills of employees and to reinforce such qualities.

The Board is responsible for setting the business direction including a clear Group vision, mission and strategic direction, which is communicated to employees at all levels. The Board also oversees the conduct of the Group's operations through various management reporting mechanisms. Through these mechanisms the Board is informed of all major control issues pertaining to internal control, regulatory compliance and risk management.

The intranet is used as an effective means of communication and knowledge sharing at all levels.

## Statement on Internal Control (Cont'd)

### MONITORING AND REVIEW

The Board has delegated day-to-day functions to the CEO, who is aided by a team of corporate officers to assist with the carrying out of his duties. Part of his role is to drive each of the business operations in a manner that ensures the integrity of the internal control systems and effective risk management practices in place throughout the year.

From a process viewpoint, the CEO presides over regular management meetings in each of the business operations. These meetings review financial performance, business issues including internal control matters and risk management.

The Group has an internal audit function whose primary responsibility is to assure the Board, through the Audit Committee, that the internal control systems function as intended. In providing this assurance, the Internal Audit Unit carries out regular audits to review the adequacy and integrity of the internal control systems and thereafter report of the shortcomings together with appropriate recommendations as are submitted to the Audit Committee. These together with the external auditors' findings arising from the audit of the statutory financial statements provide further assurance of the soundness and effectiveness of the internal control systems. In addition, as part of the requirements of the ISO 9001 certification accredited to two subsidiaries, scheduled audits are conducted internally as well as by the SIRIM auditors. Results of these audits are reported to the Audit Committee.

### SUMMARY

The systems of internal control described in this statement are considered appropriate to the business operations as well as the risks taken are at an acceptable level within the context of the business environment throughout the Group. Therefore, the systems of internal control that exist throughout the year provide a level of confidence on which the Board relies for assurance.

This statement is made in accordance with the resolution of the Board of Directors dated 31 May 2006.

# Statement of Corporate Governance

## INTRODUCTION

The Company is fully committed to good corporate governance and the following statement describes the practices adopted by it in compliance with the Principles and Best Practices of Corporate Governance pursuant to Part 1 and 2 of the Malaysian Code on Corporate Governance. In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

## BOARD OF DIRECTORS

The responsibility of the Board includes setting the strategies and succession plans for the Group and overseeing the conduct of the Group's business to ensure that the business is properly managed, taking into consideration the following core values of the Dataprep Group:-

- (i) Enhance/increase enterprise values of the Dataprep Group,
- (ii) Leverage on core competencies of the Dataprep Group,
- (iii) Management of project risks,
- (iv) Enhance the Dataprep Group reputation and brand.

The composition of the Board, which is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"), includes 2 Non-Independent Non-Executive Directors (which includes the Chief Executives Officer), 1 Non-Independent Executive Director and 4 Independent Non-Executive Directors. The Directors are made up of qualified and experienced professionals in the fields of accountancy, computer science, economics and engineering. A brief description of the background of each director is contained in the Directors' Profile section. This composition and combination of different skills ensures an effective Board decision-making process and enables the Board to efficiently lead and control the Company.

The Directors participate actively in the overall management and stewardship of the Company. There were four Board meetings held in Financial Year 2006 where all Directors were provided with a complete set of Board papers prior to the said meetings. The Board papers include a comprehensive write-up on the latest status of the Company's finance, operations and administrative matters, and any significant changes in the key business strategies of operating units. Annual budgets, business plans and strategies were presented to and approved by the Board at these meetings.

The Directors have direct access to the advice and services of the Company Secretary, and they may seek external professional advice if required by them.

All Directors will retire at regular intervals by rotation at least every three years and they shall be eligible for re-election.

To-date, the Board has not found it necessary to identify a senior independent non-executive Director to whom concerns may be conveyed, mainly because the Board operates in an open environment where opinions and information are freely exchanged. In these circumstances, any concerns need not be focused on a single director as all members of the Board fulfill this role collectively.

The Directors consider that, in preparing the financial statements of the Company and of the Group for the financial year ended 31 March 2006, the Company and the Group have used appropriate accounting policies and applied them consistently, reasonably and prudently. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements.

The Directors are responsible to ensure that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965. In addition, the Directors are responsible to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## SHAREHOLDERS

The Board recognizes the importance of effective communication with shareholders and the investing community. Shareholders and the investing community are kept well informed of developments and performances of the Company through disclosures to Bursa Malaysia Securities Berhad ("BMSB") and the press (where appropriate) as well as the Annual Report.

## Statement of Corporate Governance (Cont'd)

Adequate time is given during Annual and Extraordinary General Meetings to allow the shareholders to seek clarifications or ask questions on pertinent and relevant matters.

In addition to the above, the Company is always willing to meet up with institutional investors when the needs arise, to elaborate or further clarify information already disclosed to the other shareholders. Price sensitive and any information that may be regarded as undisclosed material information about the Group is not disclosed until the prescribed announcement to the BMSB has been made.

### ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of the annual audited accounts. The Board took due care and reasonable steps, which include taking cognizance of the Audit Committee's recommendation, to ensure that the accounts and the other financial reports of the Company and of the Group are prepared in accordance with applicable approved accounting standards and the provisions of the Companies Act, 1965.

Quarterly results are only released to the BMSB after scrutiny by the Audit Committee and approved by the Board of Directors. At the end of each financial year, a comprehensive Annual Report is published and sent to all the shareholders at least 21 days before the date of the Annual General Meeting. This report is prepared in accordance with the latest BMSB guidelines and is available to the public.

The Audit Committee plays an active role in helping the Board discharge its governance responsibilities. The Committee works within the purview of the terms of reference, which have been drafted in accordance with the Bursa Malaysia Listing Requirements. The role of the Committee in relation to the external auditors is also embodied under its terms of reference. A separate report on the Audit Committee is contained on pages 26 to 30 of this Annual Report.

The Internal Audit Unit reports directly to the Audit Committee. Their role is to carry out regular visits to the operating units to ensure compliance with the Group's policies, procedures and internal control systems. They have also adopted a risk based approach when carrying out their audits. The findings are all properly documented and presented to the Audit Committee, with copies to the parties concerned, so that timely corrective measures can be taken.

The Internal Audit Unit has also assumed a full participating role as advocated by the Professional Practice Framework in assisting management in the facilitation and enabling of risk management processes for the Group.

The Board acknowledges its overall responsibility for maintaining the system of internal controls to safeguard the shareholders' investment and the Company's assets. The Statement on Internal Control made in pursuance of paragraph 15.27 of the Bursa Malaysia Listing Requirements is separately set out on pages 18 to 19 in this Annual Report.

### COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

The Group was substantially in compliance with the Best Practices of Corporate Governance throughout Financial Year 2006, with the exception of the following:-

- We have not appointed a senior independent non-executive director, to whom concerns can be conveyed. We do not believe there is such a necessity because all our Board members actively and freely participate during Board meetings.
- Currently only an informal briefing is provided to new directors on the group's operations. The briefing will consist of the nature of the business, corporate strategy, current issues affecting the group, the group's expectations of the directors and the general responsibilities of a director and of the Board as a whole.

### OTHER INFORMATION

#### \* Material Contracts with Related Parties

There are no other material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year by the Company and its subsidiaries which involves interests of directors and major shareholders except for those disclosed in note 31 to the financial statements.

## Statement of Corporate Governance (Cont'd)

\* **Sanctions and/or Penalties imposed**

There are no sanctions or material penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

\* **Share buy-backs**

There was no share buy-back by the Company for the financial year.

\* **Options, Warrants or Convertible Securities**

Employee Share Option Scheme

There were no options pursuant to the Employee Share Option Scheme, exercised by the employees during the year.

\* **American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme**

The Company did not sponsor any ADR or GDR programme during the financial year.

\* **Non-audit fees.**

Apart from the audit fees, there is a fee of RM25,100.00 paid to Ernst & Young Tax Consultants Sdn. Bhd. for tax agent services.

\* **Profit Estimate, Forecast, Projection Or Unaudited Results**

The Company did not issue any profit estimate, forecast or projection for the financial year. There is no variance between the audited results for the financial year and the unaudited results previously announced by the Company.

\* **Profit guarantee**

The Company did not give any profit guarantee during the financial year.

\* **Revaluation of landed properties**

The Company does not have a revaluation policy on landed properties.

\* **Utilisation of Proceeds Raised From Corporate Proposals**

On 8 May 2006, the Company announced the following Corporate Proposals:-

- (i) Proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act 1965 involving the cancellation of RM0.75 of the par value of each existing ordinary shares of RM1.00 each of the Company in issue to reduce the accumulated losses in the Company ("Proposed Par Value Reduction");
- (ii) Proposed reduction of the share premium account of the Company up to RM15,738,255 pursuant to Section 64(1) and 60(2) of the Companies Act 1965 to reduce the accumulated losses in the Company (Proposed Share Premium Reduction);
- (iii) Proposed amendment to the Memorandum and Articles of Association of the Company;
- (iv) Proposed renounceable rights issue of up to 85,632,848 new ordinary shares of RM0.25 each on the basis of nine (9) Rights Shares for every eight (8) existing ordinary shares of RM0.25 held after the Proposed Par Value Reduction at an indicative issue price of RM0.25 per Rights Shares ("Proposed Rights Issue"); and
- (v) Proposed issuance of up to RM10,000,000 nominal value of 5% three (3)-year irredeemable convertible unsecured loan stock ("Proposed Issuance of ICULS')

## Statement of Corporate Governance (Cont'd)

On 18 July 2006, the Company announced the following amendments to the above Corporate Proposals.

- (i) the **proposed reduction in the share premium account** of Dataprep pursuant to Sections 64(1) and 60(2) of the Act of up to **RM15,667,287** rather than up to RM15,738,255;
- (ii) the **proposed renounceable rights issue** of up to 85,632,848 Rights Shares on the basis of nine (9) Rights Shares for every eight (8) existing ordinary shares of RM0.25 each held after the Proposed Par Value Reduction will be issued with up to **21,408,212 free detachable warrants ("Warrants")**. The Warrants will be issued on a basis of **one (1) free Warrant for every four (4) Rights Shares**;
- (iii) pursuant to the Proposed Issuance of ICULS, **RM4,480,186 nominal value of ICULS** will be issued to VXL Management to set-off against the outstanding amount as at 31 March 2006 instead of RM4,436,896. The balance of up to RM5,519,814 nominal value of ICULS will be issued to parties to be identified later via private placement and the gross proceeds of up to RM5,519,814 shall be utilised to finance the working capital requirements of the Group; and
- (iv) the expected gross proceeds of RM21,408,212 to be raised from the Proposed Rights Issue of Shares with Warrants will be utilised as follows:

Proposed utilisation	Revised figure RM'000	Figure announced on 8 May 2006 RM'000
Working capital	11,363	10,408
Repayment of borrowings	9,045	10,000
Estimated expenses for the Proposals	1,000	1,000
	*21,408	*21,408

Note:

\* The RM21.408 million excludes the proceeds to be raised from the Proposed Issuance of ICULS as stated in paragraph (iii) above.

\* **Warrants or Convertible Securities**

Save for the conversion of convertible securities, the amount of which is disclosed in note 29 to the Financial Statements, there were no other exercises of convertible securities during the financial year ended 31 March 2006.

During the financial year, the Company did not issue any warrants or convertible securities.

\* **Recurrent Related Party Transaction of a Revenue of Trading Nature**

At the 16th AGM of the Company held on 30th August 2005, the shareholders have granted a mandate for the Company and its subsidiaries to enter into recurrent related party transaction of a revenue or trading nature ("mandated Recurrent Transactions") with persons who are "Related Parties" as defined in Chapter 10 of the Bursa Malaysia Listing Requirements. The breakdown of aggregate value paid/payable for the Mandated Recurrent Transactions during the financial year ended 31 March 2006 are set out below:-

Transaction	RM
Provision of ICT services to the Genting Group	339,000
Provision of consultancy services to Koleksi Sejati Sdn Bhd	100,000
Provision of outsourcing services to VXL Group	24,000



## Statement of Corporate Governance (Cont'd)

## Relationship with related parties

Names of related party	Relationship
Genting Group	Datuk Lim Chee Wah is the brother to Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Genting Group.
Koleksi Sejati Sdn Bhd	Koleksi Sejati Sdn Bhd is a subsidiary of VXL Holdings Sdn Bhd, the holding company of Dataprep Holdings Bhd.
VXL Group	Means VXL Holdings Sdn Bhd and its subsidiary and associated companies. VXL Holdings Sdn Bhd is also the holding company of Dataprep Holdings Bhd.

## REMUNERATION, QUALITY &amp; NOMINATING COMMITTEE

The principal roles of the Remuneration, Quality & Nominating Committee ("RQN") are, inter-alia, as follows:-

- (i) To review and recommend to the Board for approval, the remuneration packages for Executive Directors.
- (ii) To review the remuneration packages for the Operation Leadership Team.
- (iii) To review and recommend the Non-Executive Directors' Fees for the Board's consideration and subsequent recommendation for Shareholders approval.
- (iv) To review and recommend to the Board the formula for the computation of Non-Executive Directors' fees.
- (v) To review and recommend to the Board for approval, the policy and framework for the Performance - Linked Compensation (PLC) Scheme.
- (vi) To review and recommend to the Board, the appointment of new directors and to assess the performance of Directors on an on-going basis.

The RQN comprises of Dato' Pian Bin Sukro, Encik Muhammad Fauzi Bin Abd Ghani, Mr Michael Yee Kim Shing and Mr Chew Liong Kim. The RQN meets as and when necessary and can also make decisions by way of circular resolution. The RQN held one meeting during the financial year ended 31 March 2006. The meeting was attended by Dato' Pian bin Sukro, Mr Michael Yee Kim Shing and Mr Chew Liong Kim

All the Directors will continue to attend and undergo other relevant training programmes to further enhance their skills and knowledge where relevant. The Board of Directors will on a continuous basis, evaluate and determine the training needs of the Directors in the discharge of his duties as a Director.

## BOARD ATTENDANCE

In Financial Year 2006, the composition of the Board, together with the attendance of the respective Directors at Board meetings are as follows:-

Name of Directors	Attendance
Encik Mirzan Bin Mahathir	3/4
Datuk Lim Chee Wah	4/4
Dato' Pian Bin Sukro	4/4
Encik Muhammad Fauzi Bin Abd. Ghani	2/4
Mr Michael Yee Kim Shing	4/4
Mr Chew Liong Kim	4/4

## Statement of Corporate Governance (Cont'd)

### DIRECTORS' REMUNERATION

The RQN, as stated above, is entrusted with the role of reviewing and recommending a suitable policy and framework in respect of the remuneration packages for Executive Directors of the Company. There are only two Executive Directors, namely Mr. Chew Liong Kim and Datuk Lim Chee Wah.

The fees payable to Non-Executive Directors are approved by the shareholders at the Annual General Meeting based on the recommendation of the Board. The fees payable to each of the Non-Executive Directors is determined by the Board as a whole. The Board maintains that the current remuneration for each category of Director commensurate with that adopted by companies of similar standing, and is sufficient to attract and retain directors of high caliber.

The aggregate remuneration of the Directors during the year are categorized into appropriate components as follows:-

	Emoluments	Allowance	Fee	Bonuses	Benefits-in-Kind	Total (RM)
Executive Directors	538,000	–	–	–	29,000	567,000
Non-Executive Directors	–	19,000	115,000	–	–	134,000

### Range of remuneration

	Number of Directors	
	Executive Director	Non-Executive Director
Nil	1	–
Below RM50,000	–	4
RM50,001 - RM100,000	–	–
RM100,001 - RM500,000	1	–

### DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required to ensure that financial statements for each financial year are 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 the state of affairs of the Company and the Group as at the financial year end and of the results and cash flows of the Company and the Group for the financial year.

# Audit Committee Report

For the Financial Year ended 31 March 2006

## 1. COMPOSITION

There are four (4) Audit Committee members, of whom three (3) are independent, non-executive directors.

The Members of the Audit Committee are as follows:-

- Chairman** : Mr. Michael Yee Kim Shing\* (Independent, Non-executive Director)
- Members** : En. Muhammad Fauzi bin Abd Ghani\* (Independent, Non-executive Director)  
Dato' Pian Bin Sukro (Independent, Non-executive Director)  
Mr. Chew Liong Kim (Executive Director / Chief Executive Officer)

\* member of MIA

The Secretary to the Audit Committee is Koh Ai Hoon.

## 2. TERMS OF REFERENCE

The Audit Committee's Terms of Reference are as follows:-

### 2.1 Membership

The Audit Committee shall be appointed by the Board of Directors from amongst its numbers, which fulfils the following requirements:-

- a. The Committee must be composed of no fewer than three (3) members;
- b. The majority of the members of the committee must be Independent Directors as prescribed in the Listing Requirement of the Malaysian Stock Exchange Berhad;
- c. At least one person of the Committee must be a member of the Malaysia Institute of Accountants; or who must have at least 3 years working experience and:-
  - (i) have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  - (ii) is a member of one of the Associations specified in Part II of the First Schedule of the Accountants Act, 1967;
- d. No alternate Directors shall be appointed as a member of the Committee;
- e. The members of the Committee shall elect a Chairman from among themselves who shall be an Independent Director;
- f. If a member of the Committee resigns or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three months appoint such number of new members as may be required to make up the minimum of three (3) members; and
- g. All members of the Committee, including the Chairman, will hold office only so long as they serve as Directors of Dataprep Holdings Bhd (the Company). The Board of Directors shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years.

### 2.2 Functions and Duties

- 2.2.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independence, purpose, authority, scope and responsibility of the internal audit unit in the Company and the Group.

## Audit Committee Report (Cont'd)

2.2.2 To review the following and report to the Board:-

- a. With the External Auditors
  - (i) the audit plan and audit report and the extent of assistance rendered by employees of the auditees;
  - (ii) their evaluation of the system of internal controls;
  - (iii) the audit fee and on matters concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as Auditors;
  - (iv) the management letter and management's response; and
  - (v) issues and reservations arising from audits.
- b. With the Internal Audit Unit
  - (i) the adequacy and relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work;
  - (ii) the audit plan of work programme and results of internal audit processes including actions taken on recommendations;
  - (iii) the extent of co-operation and assistance rendered by employees of auditee;
  - (iv) the appraisal of the performance of the internal audit unit including that of the senior staff and any matters concerning their appointment and termination;
  - (v) the ISO 9001 quality audit plan of work programme and results of internal quality audit processes including recommendations on corrective and preventive actions; and
  - (vi) the risk management framework and the processes in place to monitor and manage risk including recommendations on corrective and preventive actions.
- c. The quarterly results and year-end financial statement of accounts prior to the approval by the Board, focusing particularly on
  - (i) changes and implementation of major accounting policies and practices;
  - (ii) significant and unusual accounting issues;
  - (iii) going concern assumptions; and
  - (iv) compliance with the accounting standards, regulatory and other legal requirements.
- d. The major findings of investigations and management responses.
- e. The propriety of any related party transactions and conflict of interest situations that may arise within the Company or the Group including any transactions, procedures or course of conducts that raise questions of management integrity.

2.2.3 To report any breaches of the Listing Requirements which have not been satisfactorily resolved, to the BMSB.

2.2.4 To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:-

- a. The composition of the Committee including the name, designation and directorship of the members;
- b. The terms of reference of the Committee;
- c. The number of meetings held and details of attendance of each member;
- d. A summary of the activities of the Committee in the discharge of its functions and duties; and
- e. A summary of the activities of the Internal Audit Unit.

2.2.5 To review the following for publication in the Company's Annual Report:-

- a. The disclosure statement of the Board on:-
  - (i) the Company's applications of the principles set out in Part I of the Malaysian Code on Corporate Governance; and
  - (ii) the extent of compliance with the best practices set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas.

## Audit Committee Report (Cont'd)

- b. The statement on the Board's responsibility for the preparation of the annual audited financial statement of accounts;
  - c. The disclosure statement on the state of the system of internal controls of the Company and of the Group; and
  - d. Other disclosures forming the contents of annual report spelt out in Part A of the Appendix 9C of the Listing Requirements of the BMSB.
- 2.2.6 To verify the allocation of options as being in compliance with the criteria for allocation pursuant to a share scheme for employees.

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.

### 2.3 Rights and Authority

In carrying out its duties and responsibilities, the Committee will have the following rights:-

- a. Have explicit authority to investigate any matters within its terms of reference;
- b. Have adequate resources required to perform its duties;
- c. Have full and unrestricted access to information, records, properties and personnel of the Company and of the Group;
- d. Have direct communication channels with the internal and the external auditors; and
- e. Be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the Committee's meetings when considered necessary.

### 2.4 Meetings

- a. The Committee shall hold a minimum of at least four (4) meetings in a financial year;
- b. The meeting shall be chaired by the Chairman or in his absence, another member who is an Independent Director nominated by the Committee. The quorum for the meeting shall consist of at least two (2) members, the majority of whom shall be Independent Directors. The Chairman also has the discretion to call for additional meetings as warranted;
- c. The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting;
- d. The Secretary of the Committee shall be entrusted to record all proceeding and minutes of all meetings of the Committee;
- e. The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so;
- f. The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters and the recommendations relating thereto and to follow up on relevant decisions made;
- g. Upon the request of any member of the committee, non-member directors, the internal or the external directors, the chairman shall convene a meeting to consider the matters brought to its attention;
- h. The committee may invite any non-member director or employee of the Company and of the Group, who the committee thinks fit and proper to attend its meeting to assist in its deliberations and resolution of matters raised;

## Audit Committee Report (Cont'd)

- i. The Committee to convene meetings with external auditors without the presence of the Executive Directors, whenever deemed necessary; and
- j. In addition to the availability of the detailed minutes of the meetings to all Board members, the Committee at each Board meeting will report a summary of significant matters and resolutions.

### 2.5 Internal Audit Unit

- a. The Head of the Internal Audit Unit shall have unrestricted access to Committee members and report to the Committee whose scope of responsibility includes overseeing the development and the establishment of the Internal Audit Unit.
- b. In respect of routine administrative matters, the Head of the Internal Audit Unit shall report to the Chief Financial Officer.

### 3. ATTENDANCE AT MEETINGS

The Committee met 4 times during the financial year ended 31 March 2006. The attendance record of the Committee members is as follows:-

Name of Committee Member	Number of Meetings Held	Number of Meetings Attended
Mr. Michael Yee Kim Shing	4	4
En. Muhammad Fauzi bin Abd Ghani	4	2
Dato' Pian Bin Sukro	4	4
Mr. Chew Liong Kim	4	4

### 4. ACTIVITIES OF THE COMMITTEE

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31 March 2006 includes the following:-

- a. Reviewed the adequacy and relevance of the scope, function, resources, risk based audit plan and results of the internal audit processes, with the Internal Audit Unit;
- b. Reviewed the internal audit reports (including management's responses) which covers the review of internal control systems, accounting and information systems and ISO 9001 Internal Quality Report including reports on ad-hoc assignments requested by management;
- c. Appraised the performance of the internal audit unit including that of the head of internal audit and any matters concerning their appointment and termination;
- d. Reviewed with the External Auditors their audit plans (inclusive of system evaluation, audit fees and management letter) prior to the commencement of the annual audit;
- e. Reviewed the year-end audited financial statements, the audit reports, issues and reservations arising from the audit and the management letter together with management's responses, with the External Auditors;
- f. Reviewed the quarterly financial statements and year-end audited financial statements and the quarterly reports for announcement to the BMSB;
- g. Reviewed the disclosure of the related party transactions entered into by the Company and the Group and any conflict of interest situation and questionable transactions which may have an impact on management's integrity;
- h. Reviewed the recurrent related party transactions of the Group in accordance with the guidelines and procedures established by the Group and ensured that the review procedures are operating as intended;
- i. Updated and advised the Board with the latest changes and pronouncements issued by the accountancy, statutory and regulatory bodies;

## Audit Committee Report (Cont'd)

- j. Reported to and updated the Board on significant issues and matters discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board. Minutes of all Committee meetings were made available to all Board members;
- k. Prepared the Audit Committee Report for inclusion in the Company's Annual Report; and
- l. Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance, Board's responsibility for preparing the annual audited accounts and the Statement of Internal Control ("SIC"), the negative assurance in respect of the review on the SIC provided by the External Auditors (Para 15.24 of the Listing Requirements of the BMSB) and other statements in accordance Appendix 9C of the Listing Requirements of the BMSB for publication in the Company's Annual Report.

### 5. INTERNAL AUDIT UNIT

The summary of activities of the Internal Audit Unit for the financial year ended 31 March 2006 is as follows:-

- a. Prepared the annual Audit Plan for the Audit Committee's approval;
- b. Carried out risk based audits of strategic business units of the Group which covers reviews of the internal control system, accounting and management information systems and risk management including ad-hoc assignments requested by the management;
- c. Issued audit reports to the Audit Committee and management identifying weaknesses and providing recommendations for improvement;
- d. Assisted the Audit Committee in the review of the quarterly financial statements and year-end audited financial statements and quarterly reports for announcement to the BMSB;
- e. Assisted the Audit Committee in the review of the disclosure of the related party transactions and any conflict of interest situation and questionable transactions, and report thereon in the audit report;
- f. Assisted the Audit Committee in the review of the recurrent related party transactions of the Group in accordance with the guidelines and procedures established by the Group and ensured that the review procedures are operating as intended;
- g. Assumed a full participating role as advocated by the Professional Practice Framework in assisting management in the facilitation and enabling of risk management processes for the Group;
- h. Followed up on management corrective actions on audit issues raised by the unit and determined whether corrective actions taken had achieved the desired results;
- i. Attended all Audit Committee meetings to table and discuss the audit reports and follow up on matters raised; and
- j. Carried out ISO 9001 internal quality audits of the Group and issued audit reports to the Audit Committee and management that identify weaknesses and provide recommendations for improvement.



# FINANCIAL STATEMENTS

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# 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 2006.

## 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	(1,490)	(5,193)
Minority interest	(323)	–
Net loss for the financial year	(1,813)	(5,193)

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

## DIVIDEND

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

## SIGNIFICANT AND SUBSEQUENT EVENTS

On 8 May 2006, the Company was designated as an affected listed issuer pursuant to the amended Practice Note 17/2005 ("PN 17") whereby the Company's shareholders' equity on consolidated basis is less than twenty five percent (25%) of its issued and paid-up share capital of RM76,118,037.

With the proposed corporate restructuring scheme as mentioned in Note 33 (b), the Company will be able to regularise its condition and cease to be an affected listed issuer pursuant to Practice Note 17/2005 ("PN 17").

Other significant and subsequent events are stated in Notes 32 and 33 to the financial statements.

## SHARE CAPITAL

On 5 August 2005, the Company increased its issued and paid-up share capital from RM64,061,014 to RM76,118,087 by way of issuance of 12,057,073 ordinary shares of RM1.00 each through the mandatory conversion of 18,085,635 units of 4% three (3) year Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM1.00 each. The premium arising from the ICULS conversion of RM4,115,107 has been credited to the Share Premium account.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of RM1.00 each.

**EMPLOYEES SHARE OPTION SCHEME ("ESOS")**

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 on 15 November 2002.
- (4) the subscription price shall be the higher of the following:
  - (a) the weighted average market price of the ordinary shares for the five (5) market days preceding the date of offer of the ESOS with a maximum discount of ten (10) per cent; and
  - (b) the par value of the ordinary shares.
- (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 respects 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.

The movements in the ESOS options of unissued new ordinary shares of RM1.00 each and those that lapsed during the financial year were as follows:

	Number of ordinary shares under option
At 1 April 2005	3,573,800
Add: Granted	–
Less: Exercised	–
Less: Lapsed due to resignations	(592,000)
At 31 March 2006	2,981,800

## Directors' Report (Cont'd)

### EMPLOYEES SHARE OPTION SCHEME ("ESOS") (Cont'd)

	Number of ordinary shares under option
Represented by:	
Total options at an exercise price of RM1.59	1,272,800
Total options at an exercise price of RM1.00	1,709,000
At 31 March 2006	2,981,800

Exemption has been granted by the Companies Commission of Malaysia for the non-disclosure of eligible employees and the full-time Executive Directors who have been granted options below 125,000 units. The name of the eligible employees and the full-time Executive Directors, as of 31 March 2006, who have been granted options of more than 125,000 units are disclosed as follows:

Name	
Datuk Lim Chee Wah (Executive Director)	500,000
Chew Liong Kim (Executive Director)	444,000
Tan Hock Chye	135,000
Ahmad Rizan bin Ibrahim	137,600
	1,216,600

### WARRANTS

The 15,151,515 detachable Warrants which expire on 27 June 2007 have been issued at an issue price of RM0.20 and remained unexercised as at 31 March 2006, as stated in Note 27 to the financial statements.

### DIRECTORS

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

Mirzan bin Mahathir (Chairman)  
 Datuk Lim Chee Wah  
 Chew Liong Kim  
 Michael Yee Kim Shing  
 Muhammad Fauzi bin Abd. Ghani  
 Dato' Pian bin Sukro

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling 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 Group was implemented on 15 November 2002 for a period of 5 years.

**DIRECTORS' BENEFITS (Cont'd)**

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 8 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 in relation to significant related party disclosures.

**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 Each in the Company				At 31.3.2006
	At 1.4.2005	Acquired	Transfer	Disposed	
Mirzan bin Mahathir					
- Direct	1,000	-	500,000	-	501,000
- Indirect	10,487,893	-	(500,000)	-	9,987,893
Datuk Lim Chee Wah					
- Indirect	29,060,440	11,425,630	-	-	40,486,070
Chew Liong Kim					
- Direct	28,000	37,000	-	-	65,000
- Indirect	166,000	-	-	-	166,000
Muhammad Fauzi bin Abd. Ghani					
- Indirect	137,200	-	-	-	137,200

	Number of Warrants of RM0.20 Each in the Company			At 31.3.2006
	At 1.4.2005	Acquired	Disposed	
Datuk Lim Chee Wah				
- Indirect	2,058,175	-	-	2,058,175

	Number of Options over Ordinary Shares of RM1.00 Each in the Company			At 31.3.2006
	At 1.4.2005	Granted	Exercised	
Datuk Lim Chee Wah				
- Direct	500,000	-	-	500,000
Chew Liong Kim				
- Direct	444,000	-	-	444,000

## Directors' Report (Cont'd)

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

	Number of ICULS of RM1.00 Each in the Company			
	At 1.4.2005	Acquired	Converted	At 31.3.2006
Datuk Lim Chee Wah - Indirect	15,549,872	35,561,094	(17,138,446)	33,972,520

	Number of Ordinary Shares of RM1.00 Each in a Subsidiary Company			
	At 1.4.2005	Acquired	Disposed	At 31.3.2006
<b>HRM Business Consulting Sdn. Bhd.</b>				
Chew Liong Kim - Direct	81,600	-	(25,000)	56,600

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.

The other Directors in office did not have 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:

- 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- 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
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- 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
- not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Cont'd)**

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 the income statements and Note 6 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; and
- (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.

**AUDITOR**

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 May 2006.

**MIRZAN BIN MAHATHIR**  
Chairman

Petaling Jaya  
Selangor Darul Ehsan

**CHEW LIONG KIM**  
Chief Executive Officer

# Income Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

	Note	GROUP		COMPANY	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	5	<b>74,657</b>	71,282	<b>2,071</b>	2,402
Cost of sales		<b>(60,276)</b>	(57,207)	-	-
Gross profit		<b>14,381</b>	14,075	<b>2,071</b>	2,402
Other operating income		<b>84</b>	3,988	<b>3</b>	3,063
Selling and distribution costs		<b>(2,138)</b>	(1,891)	-	-
Administrative expenses		<b>(3,993)</b>	(3,403)	<b>(2,285)</b>	(2,284)
Other operating expenses		<b>(7,159)</b>	(9,307)	<b>(4,525)</b>	(1,217)
Profit/(loss) from operations	6	<b>1,175</b>	3,462	<b>(4,736)</b>	1,964
Finance costs (net)	9	<b>(787)</b>	(1,414)	<b>(457)</b>	(713)
Profit/(loss) before taxation		<b>388</b>	2,048	<b>(5,193)</b>	1,251
Taxation		<b>(1,878)</b>	259	-	-
(Loss)/profit after taxation		<b>(1,490)</b>	2,307	<b>(5,193)</b>	1,251
Minority interest		<b>(323)</b>	60	-	-
Net (loss)/profit for the year		<b>(1,813)</b>	2,367	<b>(5,193)</b>	1,251
Basic (loss)/earnings per share (sen)	11	<b>(2.52)</b>	3.70		

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

# Balance Sheets

AS AT 31 MARCH 2006

	Note	GROUP		COMPANY	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	4,805	4,395	1,877	1,717
Subsidiaries	13	-	-	36,425	39,932
Goodwill on consolidation	14	2,856	3,062	-	-
Computer software and development expenditure	15	-	-	-	-
Amounts due from subsidiaries	16	-	-	44,709	45,103
Deferred tax assets (net)	17	2,477	3,700	-	-
		<b>10,138</b>	<b>11,157</b>	<b>83,011</b>	<b>86,752</b>
<b>CURRENT ASSETS</b>					
Inventories	18	1,819	1,832	-	-
Trade receivables	19	26,444	18,064	-	-
Other receivables	20	3,353	3,860	106	176
Cash and bank balances	22	16,669	20,370	684	6,157
		<b>48,285</b>	<b>44,126</b>	<b>790</b>	<b>6,333</b>
<b>CURRENT LIABILITIES</b>					
Trade payables	23	18,024	14,759	-	-
Other payables	24	10,278	10,651	5,755	7,772
Taxation		607	3	-	-
Borrowings	25	14,953	12,243	1,227	768
		<b>43,862</b>	<b>37,656</b>	<b>6,982</b>	<b>8,540</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>					
		<b>4,423</b>	<b>6,470</b>	<b>(6,192)</b>	<b>(2,207)</b>
		<b>14,561</b>	<b>17,627</b>	<b>76,819</b>	<b>84,545</b>



## Balance Sheets (Cont'd)

	Note	GROUP		COMPANY	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>CAPITAL AND RESERVES</b>					
Share capital	26	76,118	64,061	76,118	64,061
Share premium		15,738	11,623	15,738	11,623
Merger deficit		(13,509)	(13,509)	-	-
Warrants	27	3,030	3,030	3,030	3,030
Capital reserve	28	51	51	-	-
Irredeemable convertible unsecured loan stocks - equity component	29	28,566	44,738	28,566	44,738
Accumulated losses		(97,681)	(95,868)	(47,071)	(41,878)
Shareholders' equity		12,313	14,126	76,381	81,574
Minority interest		1,810	1,255	-	-
		14,123	15,381	76,381	81,574
<b>NON-CURRENT LIABILITIES</b>					
Amount due to a subsidiary	16	-	-	-	725
Irredeemable convertible unsecured loan stocks	29	438	2,246	438	2,246
		438	2,246	438	2,971
		14,561	17,627	76,819	84,545

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

# Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

GROUP	Note	Issued and fully paid ordinary shares of		Non-Distributable					ICULS equity component 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	Capital reserve (Note 28) RM'000	ICULS equity component RM'000			
At 1 April 2005		64,061	64,061	11,623	(13,509)	3,030	51	44,738	(95,868)	14,126	
Net loss for the year		-	-	-	-	-	-	-	(1,813)	(1,813)	
Issue of new ordinary shares on conversion of ICULS at RM1.50 each	29	12,057	12,057	4,115	-	-	-	(16,172)	-	-	
<b>At 31 March 2006</b>		<b>76,118</b>	<b>76,118</b>	<b>15,738</b>	<b>(13,509)</b>	<b>3,030</b>	<b>51</b>	<b>28,566</b>	<b>(97,681)</b>	<b>12,313</b>	
At 1 April 2004		64,007	64,007	11,601	(13,509)	3,030	51	44,814	(98,235)	11,759	
Net profit for the year		-	-	-	-	-	-	-	2,367	2,367	
Issue of new ordinary shares on conversion of ICULS at RM1.50 each	29	54	54	22	-	-	-	(76)	-	-	
<b>At 31 March 2005</b>		<b>64,061</b>	<b>64,061</b>	<b>11,623</b>	<b>(13,509)</b>	<b>3,030</b>	<b>51</b>	<b>44,738</b>	<b>(95,868)</b>	<b>14,126</b>	

## Statements of Changes in Equity (Cont'd)

COMPANY	Note	Issued and fully paid ordinary shares of		Non-Distributable				Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Warrants RM'000	ICULS equity component RM'000	Accumulated losses RM'000	
At 1 April 2005		64,061	64,061	11,623	3,030	44,738	(41,878)	81,574
Net loss for the year		-	-	-	-	-	(5,193)	(5,193)
Issue of new ordinary shares on conversion of ICULS at RM1.50 each	29	12,057	12,057	4,115	-	(16,172)	-	-
<b>At 31 March 2006</b>		<b>76,118</b>	<b>76,118</b>	<b>15,738</b>	<b>3,030</b>	<b>28,566</b>	<b>(47,071)</b>	<b>76,381</b>
At 1 April 2004		64,007	64,007	11,601	3,030	44,814	(43,129)	80,323
Net profit for the year		-	-	-	-	-	1,251	1,251
Issue of new ordinary shares on conversion of ICULS at RM1.50 each	29	54	54	22	-	(76)	-	-
<b>At 31 March 2005</b>		<b>64,061</b>	<b>64,061</b>	<b>11,623</b>	<b>3,030</b>	<b>44,738</b>	<b>(41,878)</b>	<b>81,574</b>

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

# Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before taxation	388	2,048	(5,193)	1,251
Adjustments for:				
Depreciation of property, plant and equipment	1,778	2,118	395	185
Amortisation of goodwill	168	170	-	-
(Gain)/loss on disposal of shares in a subsidiary	(34)	-	3,453	-
Gain on conversion of ICULS	-	(5)	-	(5)
(Gain)/loss on disposal of property, plant and equipment	(1)	5	-	-
Property, plant and equipment written off	29	91	-	-
Allowance for doubtful debts	72	40	-	-
Allowance for doubtful debts written back	(29)	(3,753)	-	(3,000)
Unrealised foreign exchange (gain)/loss	(2)	2	-	-
Obsolete inventories written off	324	-	-	-
Reversal of provision for corporate guarantees extended to a former subsidiary	(774)	-	(774)	-
Interest expense	1,141	1,764	590	865
Interest income	(354)	(350)	(133)	(152)
Operating profit/(loss) before working capital changes	2,706	2,130	(1,662)	(856)
Changes in working capital:				
Increase in inventories	(311)	(59)	-	-
(Increase)/decrease in receivables	(6,997)	24,223	70	2,851
Increase/(decrease) in payables	3,369	(17,451)	(893)	(2,487)
(Increase)/decrease in net amounts due from subsidiaries	-	-	(256)	11,551
Cash flow (used in)/generated from operations	(1,233)	8,843	(2,741)	11,059
Tax paid	(325)	(325)	-	-
Interest received	339	350	58	94
Interest paid	(1,036)	(2,791)	(504)	(839)
Net cash flow (used in)/generated from operating activities	(2,255)	6,077	(3,187)	10,314
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(2,217)	(2,284)	(555)	(1,230)
Proceeds from disposal of property, plant and equipment	1	5	-	-
Additional investment in existing subsidiary	-	-	(250)	-
Proceeds from disposal of shares in a subsidiary	273	-	273	-
Net cash flow used in investing activities	(1,943)	(2,279)	(532)	(1,230)

## Cash Flow Statements (Cont'd)

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Decrease/(increase) in restricted deposits	1,796	(944)	1,945	200
Drawdown of borrowings	29,992	23,908	-	-
Repayment of borrowings	(29,942)	(16,966)	-	-
Repayment to a shareholder	-	(4,700)	-	(4,700)
Repayment of liability portion of ICULS	(1,754)	(1,626)	(1,754)	(1,707)
Net cash flow generated from/(used in) financing activities	92	(328)	191	(6,207)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,106)</b>	<b>3,470</b>	<b>(3,528)</b>	<b>2,877</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>10,494</b>	<b>7,024</b>	<b>3,649</b>	<b>772</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 30)</b>	<b>6,388</b>	<b>10,494</b>	<b>121</b>	<b>3,649</b>

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

# Notes to the Financial Statements

31 MARCH 2006

## 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 the Second Board of Bursa Malaysia Securities Berhad.

During the financial year, VXL Holdings Sdn Bhd, a company incorporated in Malaysia, became the holding company of the Company consequent upon the mandatory conversion of 18,085,635 units of 4% three (3) year ICULS, as referred to in Notes 29 and 32.

The number of employees (including Executive Directors) at the end of the financial year were 330 (2005: 284) for the Group and 17 (2005: 21) 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 31 May 2006.

## 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 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 and it is managed through an appropriate mix of fixed or variable interest rates.

### (c) Liquidity 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 are 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 Malaysian Accounting Standard Board ("MASB") approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

### 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 Acquisitions and Mergers" which was the accounting standard prevailing at that time.

With the introduction of MASB Standard 21 (Financial Reporting Standard - FRS 122) on Business Combinations, 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 during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective 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 on a straight-line basis 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 in the consolidated income statement as if the merger had been effected throughout the current financial year and previous financial years. On consolidation, the difference between the carrying value of the investment and the nominal value of shares issued is transferred to a 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.

#### (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 (m).

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### (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 its estimated useful life. The principal annual rates used are as follows:

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

Software in progress is not amortised until it is completed.

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(m).

##### (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.

##### (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 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. Costs incurred on projects expected to be completed within one year are reflected as work in progress. Net realisable value represents the estimated recoverable value less all estimated costs to completion and for selling and distribution.

##### (f) Contracts

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

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

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



## Notes to the Financial Statements (Cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

## (f) Contracts (Cont'd)

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

## (g) Receivables

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

## (h) 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 period 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 at 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:

	2006 RM	2005 RM
1 Pound (British Pound)	6.43	7.12
1 USD (US Dollar)	3.69	3.80
1 SGD (Singapore Dollar)	2.28	–
1 RMB (Renminbi)	–	0.46
1 BND (Brunei Dollar)	–	2.25

## (i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and deposits at call net of outstanding bank overdrafts and pledged deposits.

## (j) Revenue recognition

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

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 contracts is accounted for by the stage of completion method as disclosed in note 4(f).

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### (j) Revenue recognition (Cont'd)

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

Revenue on rental of EDC equipment is recognised on an accrual basis.

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

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

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

##### (k) 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 period in which termination takes place.

##### (l) 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 issuance of the ICULS. The fair value for the liability component, included in the current and 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 borrowing 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.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (l) Financial instruments (Cont'd)

##### (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 expenses 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.

##### (m) 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, impairment is measured by comparing the carrying value of the assets with their recoverable amount. 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 value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment loss is recognised as an expense in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

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

##### (n) 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.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### (o) 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 profits for the year and is measured using the tax rates that have been enacted at the balance sheet date.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on rates that have been 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 in 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.

##### (p) Employee benefits

###### (i) Short term benefits

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

###### (ii) Defined contribution plans

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

###### (iii) Equity compensation benefits

The Dataprep Holdings Berhad ESOS allows the Group's eligible employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

## Notes to the Financial Statements (Cont'd)

## 5. REVENUE

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Consulting & Integration Services	14,204	16,314	-	-
Outsourcing & Managed Services	60,453	54,968	18	15
Management Services	-	-	2,053	2,387
	<b>74,657</b>	<b>71,282</b>	<b>2,071</b>	<b>2,402</b>

## 6. PROFIT/(LOSS) FROM OPERATIONS

The following items have been charged/(credited):

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Exceptional charges:				
- write back of allowance for doubtful debts due from a former director	-	(3,000)	-	(3,000)
- (gain)/loss on disposal of shares in a subsidiary	(34)	-	3,453	-
Amortisation of goodwill	168	170	-	-
Auditors' remuneration				
- statutory audit	60	60	9	9
- special audit	63	62	9	9
Allowance for doubtful debts	72	40	-	-
Allowance for doubtful debts written back	(29)	(753)	-	-
Bad debts recovered	(20)	(188)	-	(50)
Foreign exchange (gain)/loss				
- realised	(2)	5	-	-
- unrealised	(2)	2	-	-
Non-executive directors' remuneration (Note 8)	130	142	130	142
Obsolete inventories written off	324	-	-	-
Property, plant and equipment:				
- depreciation	1,778	2,118	395	185
- write off (net)	29	91	-	-
- (Gain)/loss on disposal	(1)	5	-	-
Rental of:				
- premises	1,481	1,686	280	262
- equipment	19	36	-	2
Reversal of provision for corporate guarantee extended to a former subsidiary	(774)	-	(774)	-
Staff costs (Note 7)	18,560	18,147	2,285	2,284
Gain on conversion of liability component of ICULS (Note 29)	-	(5)	-	(5)

## Notes to the Financial Statements (Cont'd)

## 7. STAFF COSTS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Wages and salaries	15,979	15,346	1,942	1,925
Social security cost	158	106	11	9
Short term staff compensated absences	16	216	8	17
Pension costs - defined contribution plan	1,836	1,810	235	229
Other staff related expenses	571	669	89	104
	<b>18,560</b>	<b>18,147</b>	<b>2,285</b>	<b>2,284</b>

Included in staff costs are executive directors' remuneration (excluding benefits-in-kind) amounting to RM1,495,000 (2005: RM1,365,000) and RM538,000 (2005: RM473,000) of the Group and of the Company respectively as disclosed in Note 8.

## 8. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Directors of the Company</b>				
<b>Executive:</b>				
- salaries, commission and incentives	480	422	480	422
- pension costs - defined contribution plan	58	51	58	51
- benefits-in-kind	29	-	29	-
	<b>567</b>	<b>473</b>	<b>567</b>	<b>473</b>
<b>Non-executive:</b>				
- fees	111	115	111	115
- allowances	19	27	19	27
	<b>130</b>	<b>142</b>	<b>130</b>	<b>142</b>
	<b>697</b>	<b>615</b>	<b>697</b>	<b>615</b>
<b>Directors of Subsidiaries</b>				
<b>Executive:</b>				
- salaries, commission and incentives	920	810	-	-
- social security cost	1	-	-	-
- pension costs - defined contribution plan	110	82	-	-
- benefits-in-kind	18	-	-	-
	<b>1,049</b>	<b>892</b>	<b>-</b>	<b>-</b>
<b>Total directors' remuneration</b>	<b>1,746</b>	<b>1,507</b>	<b>697</b>	<b>615</b>

## Notes to the Financial Statements (Cont'd)

## 8. DIRECTORS' REMUNERATION (Cont'd)

Summary of directors' remuneration excluding benefits-in-kind is as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Total executive directors' remuneration excluding benefits-in-kind	1,569	1,365	538	473
Total non-executive directors remuneration (Note 6)	130	142	130	142
<b>Total directors' remuneration excluding benefits-in-kind</b>	<b>1,699</b>	<b>1,507</b>	<b>668</b>	<b>615</b>

The number of directors of the Company whose total remuneration during the financial year is analysed within the following bands:

	Number of Directors	
	2006	2005
Executive directors:		
Nil *	1	1
RM450,001 to RM500,000	-	1
RM500,001 to RM550,000	1	-
Non-executive directors:		
Below RM50,000	4	3
RM50,001 to RM100,000	-	1

\* In accordance with an arrangement pursuant to a letter of appointment of Datuk Lim Chee Wah, no remuneration would be accorded to him for his services provided to the Group except for reimbursable claims in respect of business expenses.

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

	GROUP AND COMPANY	
	2006 RM'000	2005 RM'000
At 1 April 2005/4	944	544
Granted during the year	-	400
Exercised	-	-
<b>At 31 March</b>	<b>944</b>	<b>944</b>

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

## Notes to the Financial Statements (Cont'd)

## 9. FINANCE COSTS, NET

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest expense:				
- ICULS interest on liability component	263	325	263	325
- term loan	663	598	-	-
- trust receipts	-	9	-	-
- bankers acceptances	221	256	-	-
- bank overdraft	213	36	-	-
- advance from a shareholder	108	540	108	540
- advance from a fellow subsidiary	219	-	219	-
	<b>1,687</b>	<b>1,764</b>	<b>590</b>	<b>865</b>
Less: Term loan interest capitalised in costs of contracts (Note 21)	(546)	-	-	-
	<b>1,141</b>	<b>1,764</b>	<b>590</b>	<b>865</b>
Interest income				
- deposits	(354)	(350)	(58)	(94)
- advance to a subsidiary company	-	-	(75)	(58)
	<b>(354)</b>	<b>(350)</b>	<b>(133)</b>	<b>(152)</b>
	<b>787</b>	<b>1,414</b>	<b>457</b>	<b>713</b>

## 10. TAXATION

	GROUP	
	2006 RM'000	2005 RM'000
Income tax:		
Malaysian income tax	607	3
Under/(over) provision in prior year	48	(377)
	<b>655</b>	<b>(374)</b>
Deferred tax (Note 17):		
Relating to origination and reversal of temporary differences	58	415
Under/(over) provision in prior years	1,165	(300)
	<b>1,223</b>	<b>115</b>
	<b>1,878</b>	<b>(259)</b>



## Notes to the Financial Statements (Cont'd)

## 10. TAXATION (Cont'd)

The taxation charge for the Group is in respect of subsidiaries which have taxable income. There is no taxable income for the Company.

Malaysian income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year.

With effect from Year of Assessment 2004, the corporate tax rate for companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for the Year of Assessment are as follows:

Chargeable Income	Rate
First RM500,000 (2005: RM500,000)	20%
Amount exceeding RM500,000 (2005: RM500,000)	28%

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

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit/(loss) before taxation	388	2,048	(5,193)	1,251
Taxation at statutory tax rate of 28% (2005: 28%)	109	573	(1,454)	350
Tax incentive obtained from a differential tax rate of 20%	37	37	-	-
Expenses not deductible for taxation purposes	427	284	1,103	57
Income not subject to taxation	-	(1,340)	-	(855)
Utilisation of current year capital allowance	(230)	-	-	-
Utilisation of previously unrecognised unabsorbed capital allowances and unutilised tax losses brought forward	(662)	(190)	-	-
Deferred tax asset not recognised during the year	984	1,054	351	448
Under/(over) provision of tax expense in respect of prior years	48	(377)	-	-
Under/(over) provision of deferred tax in prior years	1,165	(300)	-	-
Tax expense/(income) for the financial year	1,878	(259)	-	-

	GROUP	
	2006 RM'000	2005 RM'000
Tax savings recognised during the year arising from:		
Utilisation of previously unrecognised tax losses	295	13
Utilisation of current year capital allowances	230	-
Utilisation of previously unrecognised unabsorbed capital allowances	367	177

## Notes to the Financial Statements (Cont'd)

## 11. BASIC EARNINGS/(LOSS) PER SHARE

## (a) Basic (loss)/earnings per share

Basic (loss)/earnings per share of the Group is calculated by dividing the net (loss)/profit for the financial year by the weighted average number of shares in issue during the financial year.

	GROUP	
	2006 RM'000	2005 RM'000
Net (loss)/profit for the year	(1,813)	2,367
Weighted average number of ordinary shares in issue	71,923	64,039
(Loss)/earnings per share (sen)	(2.52)	3.70

## (b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share of the Group is calculated by dividing the net (loss)/profit for the current and corresponding financial years by the adjusted weighted average number of ordinary shares in issue during the 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)/earnings per share is anti-dilutive, no disclosure is required in the income statement.

## 12. PROPERTY, PLANT AND EQUIPMENT

GROUP	Computer equipment and software* RM'000	Furniture, fittings, office and EDC equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>					
At 1 April 2005	8,957	3,824	299	740	13,820
Reclassification	1,333	(1,333)	–	–	–
Additions	1,183	834	–	200	2,217
Write-off	–	–	–	(96)	(96)
Disposals	(4)	–	–	–	(4)
At 31 March 2006	11,469	3,325	299	844	15,937
<b>Accumulated Depreciation</b>					
At 1 April 2005	(5,789)	(3,279)	(34)	(323)	(9,425)
Depreciation charge for the year	(1,351)	(167)	(60)	(200)	(1,778)
Reclassification	(1,096)	1,096	–	–	–
Write-off	–	–	–	67	67
Disposals	4	–	–	–	4
At 31 March 2006	(8,232)	(2,350)	(94)	(456)	(11,132)

## Notes to the Financial Statements (Cont'd)

## 12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP	Computer equipment and software* RM'000	Furniture, fittings, office and EDC equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>Net Book Value</b>					
At 31 March 2006	3,237	975	205	388	4,805
At 31 March 2005	3,168	545	265	417	4,395
<b>Cost at 1 April 2004</b>	7,346	4,335	42	743	12,466
<b>Accumulated Depreciation as at 1 April 2004</b>	(4,629)	(3,282)	(25)	(198)	(8,134)
<b>Depreciation charge for previous financial year</b>	1,415	546	9	148	2,118
<b>COMPANY</b>					
<b>Cost</b>					
At 1 April 2005	1,371	146	257	252	2,026
Additions	555	-	-	-	555
At 31 March 2006	1,926	146	257	252	2,581
<b>Accumulated Depreciation</b>					
At 1 April 2005	(179)	(35)	-	(95)	(309)
Depreciation charge for the year	(264)	(51)	(29)	(51)	(395)
At 31 March 2006	(443)	(86)	(29)	(146)	(704)
<b>Net Book Value</b>					
At 31 March 2006	1,483	60	228	106	1,877
At 31 March 2005	1,192	111	257	157	1,717
<b>Cost at 1 April 2004</b>	454	120	-	222	796
<b>Accumulated Depreciation as at 1 April 2004</b>	(67)	(9)	-	(48)	(124)
<b>Depreciation charge for previous financial year</b>	112	26	-	47	185

\* Includes the costs of software in progress amounting to RM502,000 (2005:RM151,000) and RM331,000 (2005:RM331,000) of the Group and of the Company respectively.

## Notes to the Financial Statements (Cont'd)

**12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

Included in property, plant and equipment of the Group are fully depreciated assets, which are still in use costing approximately RM7,309,864 (2005: RM3,974,732).

Property, plant and equipment of a subsidiary at net book value amounting to RM184,000 (2005: RM315,000) are pledged as securities for the term loans, as disclosed in Note 25.

**13. SUBSIDIARIES**

	COMPANY	
	2006 RM'000	2005 RM'000
Unquoted shares, at cost	59,530	59,530
Additional investment in existing subsidiary	250	–
Disposal of shares in a subsidiary	(3,719)	–
Reduction in cost of a subsidiary	(38)	–
Less: Allowance for impairment losses	(19,598)	(19,598)
	<b>36,425</b>	<b>39,932</b>

Details of the subsidiaries are as follows:

Name	Country of incorporation	Company's effective interest		Principal Activities
		2006 %	2005 %	
Dataprep (Malaysia) Sendirian Berhad	Malaysia	100	100	Provision of IT outsourcing and managed services.
Solsis (M) Sdn. Bhd.	Malaysia	60	70	Provision of computer hardware, network services, applications and contact centre.
Solsisnet Sdn. Bhd.	Malaysia	100	100	Provision of networking equipment, services and training.
Instant Office Sdn. Bhd.	Malaysia	100	100	Provision of internet application service.
HRM Business Consulting Sdn. Bhd.	Malaysia	51	51	Provision of consultancy and integration services.
Dataprep Distribution Sdn. Bhd.	Malaysia	100	100	Under court winding up.
Dataprep Payment Solutions Sdn. Bhd.	Malaysia	100	–	Provision of information technology services and secured payment solutions.
Tamadun Interaktif Sdn. Bhd.	Malaysia	60	60	Dormant.

## Notes to the Financial Statements (Cont'd)

## 13. SUBSIDIARIES (Cont'd)

Name	Country of incorporation	Company's effective interest		Principal Activities
		2006 %	2005 %	
DP International Ltd.	British Virgin Islands	100	100	Provision of consultancy and integration services.
IO Holdings Ltd.	British Virgin Islands	100	100	Dormant.

## (a) Acquisition of subsidiary

On 5 August 2005, the Company acquired a 100% equity interest in Dataprep Payment Solutions Sdn. Bhd. for a cash consideration of RM2.

The effects of the acquisition of the subsidiary on the financial results of the Group from the date of acquisition to 31 March 2006 was as follows:

	RM'000
Revenue	1
Operating and finance costs	(883)
Net loss for the year	(882)

The effects of the acquisition of the subsidiary on the financial position of the Group as at 31 March 2006 was as follows:

	RM'000
Property, plant and equipment	1,050
Inventories	165
Receivables	22
Cash and bank balance	162
Payables	(476)
Due to holding company	(1,149)
Due to fellow subsidiaries	(406)
Group's share of net assets	(632)

The fair value of the assets and liabilities assumed from the acquisition of the subsidiary was RM2.

## (b) Disposal of shares in a subsidiary

On 5 September 2005, the Company disposed off 1,692,000 ordinary shares, representing a 10% equity interest in its subsidiary, Solsis (M) Sdn Bhd for a cash consideration of RM272,900 which was fully settled during the financial year.

The disposal had resulted in a gain of RM34,000 to the Group and a loss of RM3,453,000 to the Company as disclosed in Notes 6 and 32.

## Notes to the Financial Statements (Cont'd)

## 13. SUBSIDIARIES (Cont'd)

## (c) Winding up of a subsidiary

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. To date, the winding-up of DDSB has yet to be completed.

## 14. GOODWILL ON CONSOLIDATION

	GROUP	
	2006 RM'000	2005 RM'000
At 1 April 2005/2004	3,062	3,232
Reduction in cost of a subsidiary	(38)	-
Less : Goodwill amortisation	(168)	(170)
At 31 March	2,856	3,062

## 15. COMPUTER SOFTWARE AND DEVELOPMENT EXPENDITURE

	GROUP	
	2006 RM'000	2005 RM'000
Cost		
At 1 April 2005/2004	3,892	3,892
Write-off	(3,892)	-
At 31 March	-	3,892
Accumulated Amortisation		
At 1 April 2005/2004	3,892	3,892
Write-off	(3,892)	-
At 31 March	-	3,892
Net Book Value	-	-

## Notes to the Financial Statements (Cont'd)

## 16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2006 RM'000	2005 RM'000
Amounts due from subsidiaries - Trade	3,391	1,891
- Non-trade	45,494	47,388
Allowance for doubtful debts	48,885 (4,176)	49,279 (4,176)
	44,709	45,103
Amount due to a subsidiary - Non-trade	-	(725)

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 (2005: RM1,000,000) due from a subsidiary which bears interest of 7.5% per annum (2005: 7.5% 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 they 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.

## 17. DEFERRED TAX ASSETS, NET

	GROUP	
	2006 RM'000	2005 RM'000
At 1 April 2005/2004	3,700	3,815
Transfer to income statement (Note 10)	(1,223)	(115)
At 31 March	2,477	3,700
Presented after appropriate offsetting as follows:		
Deferred tax assets	2,478	4,016
Deferred tax liabilities	(1)	(316)
	2,477	3,700

## Notes to the Financial Statements (Cont'd)

## 17. DEFERRED TAX ASSETS, NET (Cont'd)

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:

	Interest Prepayment RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 April 2005	258	58	316
Recognised in the income statement	(258)	(57)	(315)
At 31 March 2006	-	1	1
At 1 April 2004	-	445	445
Recognised in the income statement	258	(387)	(129)
At 31 March 2005	258	58	316

## Deferred Tax Assets of the Group:

	Tax Losses and Unabsorbed Capital Allowances RM'000	Provision for Staff Compensated Absences RM'000	Other Payables RM'000	Total RM'000
At 1 April 2005	3,752	11	253	4,016
Recognised in the income statement	(1,528)	3	(13)	(1,538)
At 31 March 2006	2,224	14	240	2,478
At 1 April 2004	4,260	-	-	4,260
Recognised in the income statement	(508)	11	253	(244)
At 31 March 2005	3,752	11	253	4,016



## Notes to the Financial Statements (Cont'd)

## 17. DEFERRED TAX ASSETS, NET (Cont'd)

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

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unutilised tax losses	54,093	28,546	11,389	10,535
Unabsorbed capital allowances	2,957	3,246	1,929	1,371
Other payables	398	207	24	17
	<b>57,448</b>	31,999	<b>13,342</b>	11,923

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries are subject to no substantial changes in shareholdings of the subsidiaries under Section 44(5A) & (5B) of Income Tax Act, 1967. 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.

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

## 18. INVENTORIES

	GROUP	
	2006 RM'000	2005 RM'000
<b>At cost</b>		
Computer equipment, spares and supplies	1,474	1,805
EDC equipment and thermal roll paper	165	–
Work in progress	504	27
	<b>2,143</b>	1,832
<b>Write offs</b>		
Slow moving and obsolete items	(324)	–
	<b>1,819</b>	1,832

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM1,553,151 (2005: RM1,405,271).

## Notes to the Financial Statements (Cont'd)

## 19. TRADE RECEIVABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables	26,362	25,110	-	-
Due from customers on contracts (Note 21)	265	1,055	-	-
	26,627	26,165	-	-
Allowance for doubtful debts	(183)	(8,101)	-	-
	26,444	18,064	-	-

The currency exposure profile of trade receivables was as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- Ringgit Malaysia	25,803	18,057	-	-
- Singapore Dollars	641	-	-	-
- US Dollars	-	7	-	-
	26,444	18,064	-	-

The Group's policy requires trade receivables to be paid within 90 days (2005:90 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 or group of customers.

## 20. OTHER RECEIVABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Due from a minority shareholder of a subsidiary	-	5,076	-	5,076
Allowance for doubtful debts	-	(5,076)	-	(5,076)
Prepayments	1,835	2,408	48	122
Deposits	610	723	26	18
Advances to employees	29	71	1	-
Club memberships	161	161	-	-
Tax recoverable	613	375	-	-
Interest income receivables	15	-	-	-
Sundries	90	122	31	36
	3,353	3,860	106	176

The other receivables are denominated in Ringgit Malaysia.

The Group has no significant exposure to any individual or group of debtors.

## Notes to the Financial Statements (Cont'd)

## 21. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	GROUP	
	2006 RM'000	2005 RM'000
Contract costs incurred to date	92,501	83,942
Attributable profits	21,884	14,747
	<b>114,385</b>	<b>98,689</b>
Less: Progress billings	(119,118)	(102,014)
	<b>(4,733)</b>	<b>(3,325)</b>
Due from customers on contracts (Note 19)	265	1,055
Due to customers on contracts (Note 23)	(4,998)	(4,380)
	<b>(4,733)</b>	<b>(3,325)</b>
Advance received on contract, included in trade payables (Note 23)	-	57

The costs incurred to-date on contracts include interest expenses for the financial year of RM546,000 (2005: Nil).

## 22. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with:				
- licensed banks (Note 30)	13,313	15,071	563	2,508
- other financial institution	-	3,200	-	3,200
Cash and bank balances (Note 30)	3,356	2,099	121	449
	<b>16,669</b>	<b>20,370</b>	<b>684</b>	<b>6,157</b>

The deposits of RM7,606,000 (2005: RM9,402,000) for the Group and RM563,000 (2005: RM2,508,000) for the Company are pledged as securities for credit facilities granted to the Group.

## Notes to the Financial Statements (Cont'd)

## 22. CASH AND BANK BALANCES (Cont'd)

The weighted average effective interest rates of deposits as at the end of the financial year were as follows:

	GROUP		COMPANY	
	2006 %	2005 %	2006 %	2005 %
Licensed banks	2.42	2.24	3.10	2.79
Other financial institution	-	2.60	-	2.60

The average maturities of deposits as at the end of the financial year were as follows:

	GROUP		COMPANY	
	2006 Days	2005 Days	2006 Days	2005 Days
Licensed banks	147	128	27	15
Other financial institution	-	1	-	1

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

The carrying amount of the deposits approximate their fair value due to the relatively short term maturity.

## 23. TRADE PAYABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade payables	13,026	10,322	-	-
Due to customers on contracts (Note 21)	4,998	4,380	-	-
Advance received on contract (Note 21)	-	57	-	-
	18,024	14,759	-	-

The currency exposure profile of trade payables was as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ringgit Malaysia	17,358	14,458	-	-
US Dollars	666	301	-	-
	18,024	14,759	-	-

The credit terms of the Group and of the Company's trade payables range from 60 days to 90 days (2005: 60 days to 90 days). The carrying value of the balances approximate their fair value.

## Notes to the Financial Statements (Cont'd)

## 24. OTHER PAYABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest on ICULS	887	1,358	887	1,358
Corporate guarantees extended to a former subsidiary	–	774	–	774
Amount due to minority shareholders of a subsidiary, HRM Business Consulting Sdn. Bhd.	–	800	–	800
Advance from a director and shareholder *	–	4,300	–	4,300
Advance from a fellow subsidiary (Note 31)	4,300	–	4,300	–
Interest on advance from a director and shareholder	–	28	–	28
Interest on advance from a fellow subsidiary	181	–	181	–
Accrued staff cost	648	765	–	46
Accrued short term accumulating compensated benefits	230	216	24	17
Accrued professional and legal fees	98	228	–	156
Service tax payable	250	86	–	–
Deferred income	1,962	790	–	–
Sundry payables and accruals	1,722	1,306	363	293
	<b>10,278</b>	<b>10,651</b>	<b>5,755</b>	<b>7,772</b>

\* During the financial year, the advance from a director and shareholder was assigned to VXL Management Sdn Bhd, a fellow subsidiary of the Company.

The other payables are denominated in Ringgit Malaysia.

The credit terms of the Group and of the Company's other payables range from 60 days to 90 days (2005: 60 days to 90 days). The carrying value of the balance approximates their fair value.

## 25. BORROWINGS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Short term borrowings:</b>				
Secured:				
Term loan	6,000	6,034	–	–
Unsecured:				
Bankers acceptances	2,680	4,967	–	–
Trust receipts	2,371	–	–	–
Bank overdrafts (Note 30)	2,675	474	–	–
Irredeemable convertible unsecured loan stocks ("ICULS") (Note 29)	1,227	768	1,227	768
	<b>14,953</b>	<b>12,243</b>	<b>1,227</b>	<b>768</b>

## Notes to the Financial Statements (Cont'd)

## 25. BORROWINGS (Cont'd)

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Long term borrowings:</b>				
Unsecured:				
ICULS (Note 29)	438	2,246	438	2,246
	438	2,246	438	2,246
	15,391	14,489	1,665	3,014
<b>Maturity of borrowings:</b>				
Within 1 year	14,953	12,243	1,227	768
More than one year and less than two years	438	2,246	438	2,246
	15,391	14,489	1,665	3,014

The rates of interest during the financial year were as follows:

	2006 %	2005 %
Bank overdrafts	7.3 to 8.0	7.0 to 7.5
Bankers' acceptances	2.9 to 3.9	1.2 to 3.0
Trust receipts	7.5 to 7.8	7.0
Term loans	6.3 to 6.5	6.5

During the financial year, a subsidiary was granted a short term loan of RM14 million to finance the costs of its term contract undertaken, of which RM8 million was repaid during the financial year.

During the previous financial year, the subsidiary was granted a term loan of RM23 million to finance the costs of certain long-term contracts undertaken. This term loan was fully settled during the financial year.

The term loans are secured by debentures incorporating a first fixed and floating charge over all present and future assets and undertakings of the subsidiary, assignment of contract proceeds and corporate guarantees from the Company.

## Notes to the Financial Statements (Cont'd)

## 26. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of Ordinary Shares of RM1 Each		Amount	
	2006 '000	2005 '000	2006 RM'000	2005 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:				
- As at beginning and end of financial year	64,061	64,007	64,061	64,007
- Conversion of ICULS (Note 29)	12,057	54	12,057	54
- At end of financial year	76,118	64,061	76,118	64,061

## 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 issued on 28 June 2002 and listed on the Bursa Malaysia Securities Berhad on 28 October 2002. The exercise period commenced one market day after the issuance 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 period 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 prior year's retained earnings of the said subsidiary.

## 29. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

The ICULS is recognised in the balance sheet as follows:

	GROUP AND COMPANY	
	2006 RM'000	2005 RM'000
Face value of ICULS at 1 April	52,083	52,164
Conversion to shares during the year	(16,172)	(81)
Face value of ICULS at 31 March	35,911	52,083
Deemed repayment of ICULS liability component	(5,680)	(4,331)
Total equity and liability component	30,231	47,752
Equity conversion component	(28,566)	(44,738)
Liability component	1,665	3,014

## Notes to the Financial Statements (Cont'd)

## 29. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (Cont'd)

	GROUP AND COMPANY	
	2006 RM'000	2005 RM'000
Due within 12 months (Note 25)	1,227	768
Due after 12 months (Note 25)	438	2,246
	<b>1,665</b>	<b>3,014</b>
Issue of shares on conversion of ICULS		
- issued and fully paid ordinary shares of RM1.00 each (Note 26)	12,057	54
- share premium	4,115	22
- recognised as gain upon conversion (Note 6)	-	5
ICULS converted to shares of RM1.00 each during the year	<b>16,172</b>	<b>81</b>

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

- (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.

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
- five year 4% ICULS	34,062	28,622	5,440
	<b>64,062</b>	<b>55,529</b>	<b>8,533</b>
Conversion of ICULS	(11,979)	(10,541)	(1,438)
Repayment of liability component	(4,331)	-	(4,331)
Reclassification	-	(250)	250
At 1 April 2005	<b>47,752</b>	<b>44,738</b>	<b>3,014</b>
Conversion of ICULS	(16,172)	(16,172)	-
Repayment of liability component	(1,349)	-	(1,349)
At 31 March 2006	<b>30,231</b>	<b>28,566</b>	<b>1,665</b>



## Notes to the Financial Statements (Cont'd)

## 29. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (Cont'd)

(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 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 that the last interest payment 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; and
- (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.

(d) On 5 August 2005, the Company increased its issued and paid up share capital from RM64,061,014 to RM76,118,087 by way of issuance of 12,057,073 ordinary shares of RM1.00 each through the mandatory conversion of 18,085,635 units of 4% three (3) year ICULS of RM1.00 each. The premium arising from the ICULS conversion of RM4,115,107 has been credited to the Share Premium account.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of RM1.00 each.

(e) The balance of ICULS as at 31 March 2006 of RM30,231,000 relates to the five year 4% ICULS of RM1.00 each.

## 30. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with licensed banks (Note 22)	13,313	15,071	563	2,508
Deposits with other financial institution	–	3,200	–	3,200
Cash and bank balances (Note 22)	3,356	2,099	121	449
	<b>16,669</b>	20,370	<b>684</b>	6,157
Less:				
Pledged deposits with licensed banks (Note 22)	(7,606)	(9,402)	(563)	(2,508)
Short term borrowings				
- overdraft (Note 25)	(2,675)	(474)	–	–
	<b>6,388</b>	10,494	<b>121</b>	3,649

## Notes to the Financial Statements (Cont'd)

**31. SIGNIFICANT RELATED PARTY DISCLOSURES**

The significant outstanding balances as at 31 March 2006 due from/(owing to) the companies in which a director, Datuk Lim Chee Wah has or had interests are set out below:

	GROUP	
	2006 RM'000	2005 RM'000
e-Genting Sdn Bhd	200	108
VXL Holdings Sdn Bhd, holding company	-	33
VXL Management Sdn Bhd*		
- Advance	(4,300)	-
- Interest on advance	(181)	-
VXL Capital Ltd	24	-
Kien Huat Development Sdn Bhd*	-	9
Resorts World Berhad	12	17
	(4,245)	167
Advance from Datuk Lim Chee Wah (Note 24)	-	(4,300)
Accrued interest on advances from a director	-	(28)

The significant outstanding balances as at 31 March 2006 due from a company in which a director, Mirzan bin Mahathir has or had interests are set out below:

	GROUP	
	2006 RM'000	2005 RM'000
Konsortium Logistik Berhad	904	-

\* These companies are fellow subsidiaries of the Company.

The amounts due from/(to) the director related companies are unsecured, interest free and have no fixed terms of repayment except for the advance from VXL Management Sdn Bhd, a fellow subsidiary, which bears an interest of 7.5% per annum and repayable within 12 months.

## Notes to the Financial Statements (Cont'd)

## 31. SIGNIFICANT RELATED PARTY DISCLOSURES (Cont'd)

Significant related party transactions during the financial year are as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Transaction with a director, Datuk Lim Chee Wah: - Interest charged for advance	108	540	-	-
Transactions with companies in which a director, Datuk Lim Chee Wah has interests:				
(a) Interest charged by VXL Management Sdn Bhd, a fellow subsidiary	219	-	219	-
(b) Reimbursement of expenses by VXL Holdings Sdn Bhd, holding company	(78)	(68)	(78)	(68)
(c) Consultancy fees billed to Koleksi Sejati Sdn Bhd, a fellow subsidiary	(100)	-	-	-
(d) Discounts received from fellow subsidiaries: - VXL Management Sdn Bhd - Kien Huat Development Sdn Bhd	- -	(71) (40)	- -	(71) (40)
	-	(111)	-	(111)
(e) Consultancy fees billed to Lingkaran Ehsan Sdn Bhd #	-	(20)	-	-
(f) Managed service fees billed to - e-Genting Sdn Bhd - Resorts World Bhd	(32) (14)	(189) -	- -	- -
	(46)	(189)	-	-
(g) Outsourcing fee and reimbursement billed to: - VXL Capital Ltd	(24)	-	(24)	-
(h) Products sales to: - e-Genting Sdn Bhd	(293)	-	-	-
Transactions with a company in which a director, Mirzan bin Mahathir has interests:				
(a) Product sales to: - Konsortium Logistik Berhad	(755)	-	-	-
(b) Outsourcing and managed service fee billed to: - Konsortium Logistik Berhad	(149)	-	-	-

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.

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

**32. SIGNIFICANT EVENTS****(a) Private placement**

On 30 June 2004, the Board of Directors approved a proposed private placement involving the issuance of up to 6,400,000 new ordinary shares of RM1.00 each ranking pari passu in all respects with the existing ordinary shares. On 3 August 2004, the Securities Commission approved the Private Placement of up to 6,400,000 new ordinary shares to be completed by 27 January 2005 and this was approved by Bursa Malaysia on 5 October 2004. Subsequently, this placement was extended to 27 July 2005 by the Securities Commission. However, on 15 August 2005, the Company decided not to proceed with the proposed private placement upon the Securities Commission's rejection of its application for further extension of time to complete the proposed private placement beyond 27 July 2005.

**(b) Holding Company**

Consequent upon the mandatory conversion of 18,085,635 units of 4% three (3) year ICULS on 5 August 2005, VXL Holdings Sdn Bhd's shareholding in the Company increased to 53.19%, and thereby becoming a holding company of the Company.

**(c) Acquisition of a subsidiary**

On 5 August 2005, the Company acquired a 100% equity interest in Dataprep Payment Solutions Sdn Bhd for a cash consideration of RM2.

**(d) Disposal of shares in a subsidiary**

On 5 September 2005, the Company disposed off 1,692,000 ordinary shares, representing a 10% equity interest in its subsidiary, Solsis (M) Sdn Bhd for cash consideration of RM272,900.

The disposal had resulted in a gain of RM34,000 to the Group and a loss of RM3,453,000 to the Company as disclosed in Notes 6 and 13.

**33. SUBSEQUENT EVENTS****(a) Affected listed issuer pursuant to amended Practice Note No. 17/2005**

On 8 May 2006, the Company was designated as an affected listed issuer pursuant to the amended PN 17 whereby the Company's shareholders' equity on consolidated basis is less than twenty five percent (25%) of its issued and paid-up share capital of RM76,118,037.

With the proposed corporate restructuring scheme as mentioned in the paragraph 33(b) below, the Company will be able to regularise its conditions and cease to be an affected listed issuer pursuant to PN 17.

**(b) Proposed corporate restructuring scheme**

On 8 May 2006, the Company proposed to implement the following restructuring scheme:

- (i) Reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act 1965 involving the cancellation of RM0.75 of the par value of each existing ordinary shares of RM1.00 each of the Company in issue to reduce the accumulated losses in the Company ("Proposed Par Value Reduction") and relevant Amendments to the Memorandum and Articles of Association of the Company;

## Notes to the Financial Statements (Cont'd)

## 33. SUBSEQUENT EVENTS (Cont'd)

## (b) Proposed corporate restructuring scheme (Cont'd)

- (ii) Reduction of the share premium account of the Company of up to RM15,738,255 pursuant to Section 64(1) and 60(2) of the Companies Act 1965 to reduce the accumulated losses in the Company;
- (iii) Renounceable rights issue of up to 85,632,848 new ordinary shares of RM0.25 each ("Rights Shares") on the basis of nine (9) Rights Shares for every eight (8) existing ordinary shares of RM0.25 each held after the Proposed Par Value Reduction at an indicative issue price of RM0.25 per Rights Share; and
- (iv) Issuance of up to RM10,000,000 nominal value of 5% three (3)-year irredeemable convertible unsecured loan stock.

The above proposals are pending the approvals by the relevant authorities and the shareholders of the Company.

## 34. OPERATING LEASE COMMITMENTS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Future minimum rental payable:				
Not later than 1 year	1,191	1,352	322	551
Later than 1 year and not later than 5 years	548	1,300	-	322
	1,739	2,652	322	873

## 35. CONTINGENT LIABILITIES (UNSECURED)

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Corporate Guarantee given to financial institutions:				
- for credit facilities of subsidiaries	1,331	-	13,033	11,475
- for performance guarantees given to third parties	4,826	5,931	4,826	5,931
Corporate guarantees given to suppliers of subsidiaries	-	-	2,352	548

## 36. SEGMENTAL ANALYSIS

The Group is providing the following services:

- (i) Consulting and Integration Services
- (ii) Outsourcing and Managed Services
- (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 to the system integration, application content provider and provision of management services on commercial terms basis.

## Notes to the Financial Statements (Cont'd)

## 36. SEGMENTAL ANALYSIS (Cont'd)

The segmental analysis by services are as follows:

2006

	Consulting & Integration Services RM'000	Outsourcing & Managed Services RM'000	Management Services RM'000	Elimination RM'000	Group RM'000
<b>SALES</b>					
External sales	14,204	60,453	-	-	74,657
Intersegment sales	4,630	143	2,053	(6,826)	-
<b>Total sales</b>	<b>18,834</b>	<b>60,596</b>	<b>2,053</b>	<b>(6,826)</b>	<b>74,657</b>
<b>RESULTS</b>					
Segment profit/(loss)	841	5,196	(6,235)	1,413	1,215
Unallocated expenses					(40)
Profit from operations					1,175
Interest Income					354
Interest Expense					(1,141)
Profit from ordinary activities before tax					388
Taxation					(1,878)
Loss from ordinary activities after tax					(1,490)
Minority Interest					(323)
<b>Net loss for the financial year</b>					<b>(1,813)</b>
<b>OTHER INFORMATION</b>					
Segment assets	15,366	33,325	7,255	-	55,946
Unallocated assets					2,477
					58,423
Segment liabilities	13,629	22,636	5,764	-	42,029
Unallocated liabilities					2,271
					44,300
Capital expenditure	74	497	1,629	17	2,217
Depreciation and amortisation	162	1,228	586	(30)	1,946
Property, plant and equipment written off	29	-	-	-	29
Allowance for doubtful debts written-back	-	29	-	-	29
Allowance for doubtful debts	48	24	-	-	72

## Notes to the Financial Statements (Cont'd)

## 36. SEGMENTAL ANALYSIS (Cont'd)

2005

	Consulting & Integration Services RM'000	Outsourcing & Managed Services RM'000	Management Services RM'000	Elimination RM'000	Group RM'000
<b>SALES</b>					
External sales	16,314	54,968	–	–	71,282
Intersegment sales	8,692	4,362	2,387	(15,441)	–
<b>Total sales</b>	<b>25,006</b>	<b>59,330</b>	<b>2,387</b>	<b>(15,441)</b>	<b>71,282</b>
<b>RESULTS</b>					
Segment (loss)/profit	(1,896)	2,195	2,385	762	3,446
Unallocated income					16
Profit from operations					3,462
Interest Income					350
Interest Expense					(1,764)
Profit from ordinary activities before tax					2,048
Taxation					259
Profit from ordinary activities after tax					2,307
Minority Interest					60
<b>Net profit for the financial year</b>					<b>2,367</b>
<b>OTHER INFORMATION</b>					
Segment assets	3,625	37,137	10,821	–	51,583
Unallocated assets					3,700
					55,283
Segment liabilities	1,258	27,842	7,785	–	36,885
Unallocated liabilities					3,017
					39,902
Capital expenditure	–	1,359	925	–	2,284
Depreciation and amortisation	840	1,103	345	–	2,288
Property, plant and equipment written off	89	2	–	–	91
Writeback of doubtful debts	7	746	3,000	–	3,753
Allowance for doubtful debts	–	40	–	–	40

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 ICULS.

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

# 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 38 to 78 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 2006 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 MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 May 2006.

**MIRZAN BIN MAHATHIR**  
Chairman

**CHEW LIONG KIM**  
Chief Executive Officer

# Statutory Declaration

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

I, Tan Hock Chye, the officer primarily responsible for the financial management of Dataprep Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 38 to 78 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 31 May 2006.

Before me,

COMMISSIONER FOR OATHS



# Report of the Auditors

TO THE MEMBERS OF DATAPREP HOLDINGS BHD. (Incorporated in Malaysia)

We have audited the financial statements set out on pages 38 to 78. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 MASB 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 2006 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.1056/03/07(J/PH)  
Partner

Kuala Lumpur, Malaysia  
31 May 2006

# Shareholdings Statistics

## Perangkaan Pegangan Saham

### List of Thirty (30) Largest Shareholdings as at 15 August 2006

*Senarai Tiga Puluh (30) Pemegang-pemegang Saham yang terbesar pada 15 Ogos 2006*

Nos	Names Nama	Shareholdings Jumlah Pegangan Saham	%
1	VXL Holdings Sdn Bhd	40,486,070	53.19
2	Sabit Sdn Bhd	7,255,233	9.53
3	Rumpun Damai Sdn Bhd	2,732,660	3.59
4	Lau Chow Fow	1,900,000	2.50
5	M & S Food Industries Sdn Bhd	1,058,900	1.39
6	Seberang Jati Sdn Bhd	951,900	1.25
7	Mayban Nominees (Tempatan) Sdn Bhd (A/C for Chung Chuan Shen)	656,000	0.86
8	ABB Nominee (Tempatan) Sdn Bhd (A/C for Affin Bank Berhad)	571,202	0.75
9	Mayban Nominees (Tempatan) Sdn Bhd (A/C for Tan Kok Ping)	525,000	0.69
10	Mirzan bin Mahathir	501,000	0.66
11	Khoo Teng Bin	459,776	0.60
12	Dataprep (Holdings) Limited	322,030	0.42
13	Leong Yoke Kwen	300,000	0.39
14	Lee Yoke Wan	261,500	0.34
15	HDM Nominees (Tempatan) Sdn Bhd (A/C for Quah Ti Di)	246,500	0.32
16	HDM Nominees (Tempatan) Sdn Bhd (A/C for Teh Kee Hong)	220,000	0.29
17	TA Nominees (Tempatan) Sdn Bhd (A/C for Chung Chuan Shen)	200,000	0.26
18	Tan Chee Chin	166,000	0.22
19	HSBC Nominees (Asing) Sdn Bhd (A/C for Credit Suisse)	160,000	0.21
20	Chan Cheng Mun	142,700	0.19
21	Ke-Zan Nominees (Tempatan) Sdn Bhd (A/C for Muhammad Fauzi bin Abd Ghani)	137,200	0.18
22	Mayban Securities Nominees (Tempatan) Sdn Bhd (A/C for Che Noran Binti Mohd Jelas)	120,500	0.16
23	Cheah Chen Voon	110,000	0.14
24	ECM Libra Securities Nominees (Tempatan) Sdn Bhd (A/C for Ong Choo Hoon)	102,500	0.13
25	A.A. Assets Nominees (Tempatan) Sdn Bhd (A/C for Tan Yoke Chun)	100,700	0.13
26	Tan Hung Chew	100,000	0.13
27	Kenanga Nominees (Tempatan) Sdn Bhd (A/C for Beh Gueh Hong)	100,000	0.13
28	Teoh Mei Chen	95,000	0.12
29	Super Harvest Plantations Sdn Bhd	86,500	0.11
30	Teh Eng Seng	83,000	0.11

**Analysis by Size of Shareholdings as at 15 August 2006****Analisis Saiz Pegangan Saham pada 15 Ogos 2006**

Size of Shareholding Saiz Pemegang Saham	No. of Shareholders Jumlah Pemegang Saham	%	No. of Shares Held Jumlah Saham Dipegang	%
Less than/ <i>Kurang dari</i> 100	18	0.35	388	0.00
100 - 1,000	2,860	56.10	1,995,407	2.62
1,001 - 10,000	1,912	37.51	7,208,864	9.47
10,001 - 100,000	283	5.55	7,226,290	9.49
100,001 to less than/ <i>kurang dari</i> 5%	23	0.45	11,946,068	15.70
5% and above/ <i>dan ke atas</i>	2	0.04	47,741,070	62.72
<b>Total/Jumlah</b>	<b>5,098</b>	<b>100.00</b>	<b>76,118,087</b>	<b>100.00</b>

**List of Directors' Shareholdings as at 15 August 2006****Senarai Pegangan Saham Para Pengarah pada 15 Ogos 2006**

Nos	Names	Direct Shareholdings	%	Indirect Shareholdings	%
1	Mirzan bin Mahathir <sup>(1)</sup>	501,000	0.66	7,255,233	9.53
2	Datuk Lim Chee Wah <sup>(2)</sup>	–	–	40,487,070	53.19
3	Muhammad Fauzi bin Abd Ghani <sup>(3)</sup> <i>Share held through Ke-Zan Nominees (Tempatan) Sdn Bhd</i>	137,200	0.18	–	–
4	Michael Yee Kim Shing	–	–	–	–
5	Chew Liong Kim <sup>(4)</sup>	65,000	0.09	166,000	0.22
6	Dato' Pian bin Sukro	–	–	–	–

**Notes:**

(1) Deemed interest via Sabit Sdn Bhd.

(2) Deemed interest via VXL Holdings Sdn Bhd.

(3) Shares held through Ke-Zan Nominees (Tempatan) Sdn Bhd.

(4) Deemed interest via spouse.

**List of Substantial Shareholdings (5% and above) as at 15 August 2006****Senarai Pemegang Saham Utama (5% dan ke atas) pada 15 Ogos 2006**

Nos	Names	Direct Shares	%	Indirect Shares	%
1	VXL Holdings Sdn Bhd	40,486,070	53.19	–	–
2	Sabit Sdn Bhd	7,255,233	9.53	–	–

# Warrant Statistics

## Perangkaan Warrant

### List of Thirty (30) Largest Warrantholders as at 15 August 2006

*Senarai Tiga Puluh (30) Pemegang-pemegang Warrant yang terbesar pada 15 Ogos 2006*

Nos	Names <i>Nama</i>	Warrant Holdings <i>Jumlah Pegangan Warrant</i>	%
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	Choa Seong Yee	241,300	1.59
4	HDM Nominees (Tempatan) Sdn Bhd (A/C for Quah Ti Di)	222,500	1.47
5	Tan Saw Ling @ Tan Sau Ling	193,000	1.27
6	Chung Poh Kwan	190,400	1.26
7	CIMSEC Nominees (Tempatan) Sdn Bhd (A/C for Tee Chin Teck)	180,000	1.19
8	HSBC Nominees (Asing) Sdn Bhd (A/C for Credit Suisse)	160,000	1.06
9	Yong Lee Yin	150,000	0.99
10	Liew Siew Yun	130,500	0.86
11	Lim Yong Hiang	122,000	0.81
12	HDM Nominees (Asing) Sdn Bhd (A/C for Low Chor Ngee)	120,000	0.79
13	Lim Ah Ber	120,000	0.79
14	Trade Pioneer Limited	115,200	0.76
15	Chew Kien Min	113,500	0.75
16	CIMSEC Nominees (Tempatan) Sdn Bhd (A/C for Lim Ewe Cheng)	112,200	0.74
17	Lee Yun Fong	112,000	0.74
18	Cheok Hui Wan	104,500	0.69
19	RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Teo Tiew)	100,000	0.66
20	Tan Peng Ong	100,000	0.66
21	CIMSEC Nominees (Tempatan) Sdn Bhd (A/C for CIMB-GK Securities Pte Ltd)	100,000	0.66
22	Public Nominees (Tempatan) Sdn Bhd (A/C for Tan Wei Leang)	99,900	0.66
23	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd (A/C for Peng Yew Mun)	95,100	0.63
24	Chen Kwong Hann	90,000	0.59
25	Super Harvest Plantations Sdn Bhd	87,000	0.57
26	Ho Siong San	85,000	0.56
27	Yong Chee Foong	80,000	0.53
28	Woo Ther Chuan	77,000	0.51
29	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C for Pang Teng Lee)	70,100	0.46
30	Tang Hean Choy	70,000	0.46

## Warrant Statistics (Cont'd)/Perangkaan Warrant (Samb)

**Analysis by Size of Warrantholdings as at 15 August 2006****Analisis Saiz Pegangan Warrant pada 15 Ogos 2006**

<b>Size of Warrantholdings Saiz Pemegang Warrant</b>	<b>No. of Warrantholders Jumlah Pemegang Warrant</b>	<b>%</b>	<b>No. of Warrant Held Jumlah Warrant Dipegang</b>	<b>%</b>
Less than/ <i>Kurang dari</i> 100	–	–	–	–
100 - 1,000	776	39.02	708,040	4.67
1,001 - 10,000	1,002	50.38	3,975,800	26.24
10,001 - 100,000	193	9.70	5,728,500	37.81
100,001 to less than/ <i>kurang dari</i> 5%	17	0.85	2,681,000	17.70
5% and above/ <i>dan ke atas</i>	1	0.05	2,058,175	13.58
<b>Total/Jumlah</b>	<b>1,989</b>	<b>100.00</b>	<b>15,151,515</b>	<b>100.00</b>

**List of Directors' Warrantholdings as at 15 August 2006****Senarai Pegangan Warrant Para Pengarah pada 15 Ogos 2006**

<b>Nos</b>	<b>Names</b>	<b>Direct Warrantholdings</b>	<b>%</b>	<b>Indirect Warrantholdings</b>	<b>%</b>
1	Mirzan bin Mahathir	–	–	–	–
2	Datuk Lim Chee Wah*	–	–	2,058,175	13.58
3	Muhammad Fauzi bin Abd Ghani	–	–	–	–
4	Michael Yee Kim Shing	–	–	–	–
5	Chew Liong Kim	–	–	–	–
6	Dato' Pian bin Sukro	–	–	–	–

**Note:**

\* Deemed interest via VXL Holdings Sdn Bhd.

**List of Substantial Warrantholders (5% and above) as at 15 August 2006****Senarai Pemegang Warrant Utama (5% dan ke atas) pada 15 Ogos 2006**

<b>Nos</b>	<b>Names</b>	<b>Direct Warrantholdings</b>	<b>%</b>	<b>Indirect Warrantholdings</b>	<b>%</b>
1	VXL Holdings Sdn Bhd	2,038,175	13.58	–	–

# ICULS-5 Statistics

## Perangkaan ICULS-5

### List of Twenty Two (22) Largest ICULS-5 Holdings as at 15 August 2006

*Senarai Dua Puluh Dua (22) Pemegang-pemegang ICULS-5 yang terbesar pada 15 Ogos 2006*

Nos	Names <i>Nama</i>	ICULS Holdings <i>Jumlah Pegangan ICULS</i>	%
1	VXL Holdings Sdn Bhd	33,972,520	99.93
2	Mayban Nominees (Tempatan) Sdn Bhd (A/C for Mak Kin Wah)	4,400	0.01
3	Chan Ai Sim	2,400	0.01
4	Tan Kim Siw	2,000	0.01
5	Cheah Chong Sing	1,000	0.00
6	Chen Seong Lee	1,000	0.00
7	Yeoh Cheaw Tau		
8	Stephen Ng Khin Vui	1,000	0.00
9	Ang Tuan Heng	1,000	0.00
10	Chim Ake @ Lim Lian Huat	1,000	0.00
11	Hod bin Fariman @ Parman	1,000	0.00
12	Koh Sooi Kwang	1,000	0.00
13	Chiam Ewe Hoon	1,000	0.00
14	Choo Lee	1,000	0.00
15	Tan Hock Ghee	1,000	0.00
16	Tan Suan Yem	1,000	0.00
17	Liew Hon Kong	1,000	0.00
18	Tan Chew Kiang @ Chin Siew Kong Joseph	1,000	0.00
19	Lee Ing Cheong	1,000	0.00
20	Yap Kham Sang	1,000	0.00
21	M. Nanthakumaran a/l Manickam	100	0.00
22	Lam Ah Lin @ Lam Siew Yoke	100	0.00

## ICULS-5 Statistics (Cont'd)/Perangkaan ICULS-5 (Samb)

**Analysis by Size of ICULS-5 Holdings as at 15 August 2006****Analisis Saiz Pegangan ICULS-5 pada 15 Ogos 2006**

<b>Size of ICULS-5 Holdings</b> <i>Saiz Pemegang ICULS-5</i>	<b>No. of ICULS-5 Holders</b> <i>Jumlah Pemegang ICULS-5</i>	<b>%</b>	<b>No. of ICULS-5 Held</b> <i>Jumlah ICULS-5 Dipegang</i>	<b>%</b>
Less than/ <i>Kurang dari</i> 100	–	–	–	–
100 - 1,000	18	81.82	16,200	0.05
1,001 - 10,000	3	13.64	8,800	0.02
10,001 - 100,000	–	–	–	–
100,001 to less than/ <i>kurang dari</i> 5%	–	–	–	–
5% and above/ <i>dan ke atas</i>	1	4.54	33,972,520	99.93
<b>Total/Jumlah</b>	<b>22</b>	<b>100.00</b>	<b>33,997,520</b>	<b>100.00</b>

**List of Directors' ICULS-5 Holdings as at 15 August 2006****Senarai Pegangan ICULS-5 Para Pengarah pada 15 Ogos 2006**

<b>Nos</b>	<b>Names</b>	<b>Direct</b> <b>ICULS-5 Holdings</b>	<b>%</b>	<b>Indirect</b> <b>ICULS-5 Holdings</b>	<b>%</b>
1	Mirzan bin Mahathir	–	–	–	–
2	Muhammad Fauzi bin Abd Ghani	–	–	–	–
3	Datuk Lim Chee Wah*	–	–	33,972,520	99.93
4	Michael Yee Kim Shing	–	–	–	–
5	Chew Liong Kim	–	–	–	–
6	Dato' Pian bin Sukro	–	–	–	–

**Note:**

\* Deemed interest via VXL Holdings Sdn Bhd.

**List of Substantial ICULS-5 Holdings (5% and above) as at 15 August 2006****Senarai Pemegang ICULS-5 Utama (5% dan ke atas) pada 15 Ogos 2006**

<b>Nos</b>	<b>Names</b>	<b>Direct</b> <b>ICULS-5 Holdings</b>	<b>%</b>	<b>Indirect</b> <b>ICULS-5 Holdings</b>	<b>%</b>
1	VXL Holdings Sdn Bhd	33,972,520	99.93	–	–

# Proxy Form

**DATAPREP HOLDINGS BHD**  
 (Incorporated in Malaysia) (Company No.: 183059-H)

<b>No. of Shares Held</b>

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 Seventeenth Annual General Meeting of the Company to be held at Greens II, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 28 September 2006 at 3.00pm 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 2006 and the Reports of the Directors and Auditors thereon. (RESOLUTION 1)		
2 To re-elect the following Directors: 2.1 Datuk Lim Chee Wah, retires by rotation pursuant to Article 98 of the Company's Articles of Association. (RESOLUTION 2)		
2.2 Encik Muhammad Fauzi bin Abdul Ghani retires pursuant to Article 98 of the Company's Articles of Association. (RESOLUTION 3)		
2.3 Tan Sri Datuk Adzmi bin Abdul Wahab retires by rotation pursuant to Article 103 of the Company's Articles of Association and being eligible, offers himself for re-election. (RESOLUTION 4)		
3 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)		
4 Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (RESOLUTION 6)		
5 Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature. (RESOLUTION 7)		
6 Proposed additional shareholders' mandate for recurrent related party transactions of a revenue or trading nature. (RESOLUTION 8)		
7 To consider any other business of which due notice shall have been given.		

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

Signed this \_\_\_\_\_ day of September 2006.

Signature: \_\_\_\_\_

**Note:**

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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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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## **DATAPREP HOLDINGS BHD**

(Incorporated in Malaysia) (Company No.: 183059-H)

11th Floor, Menara Luxor, 6B Persiaran Tropicana  
Tropicana Golf & Country Resort  
47410 Petaling Jaya, Selangor  
Malaysia

[www.dataprepgroup.com](http://www.dataprepgroup.com)