Dataprep

Since 1971

DATAPREP HOLDINGS BHD.

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

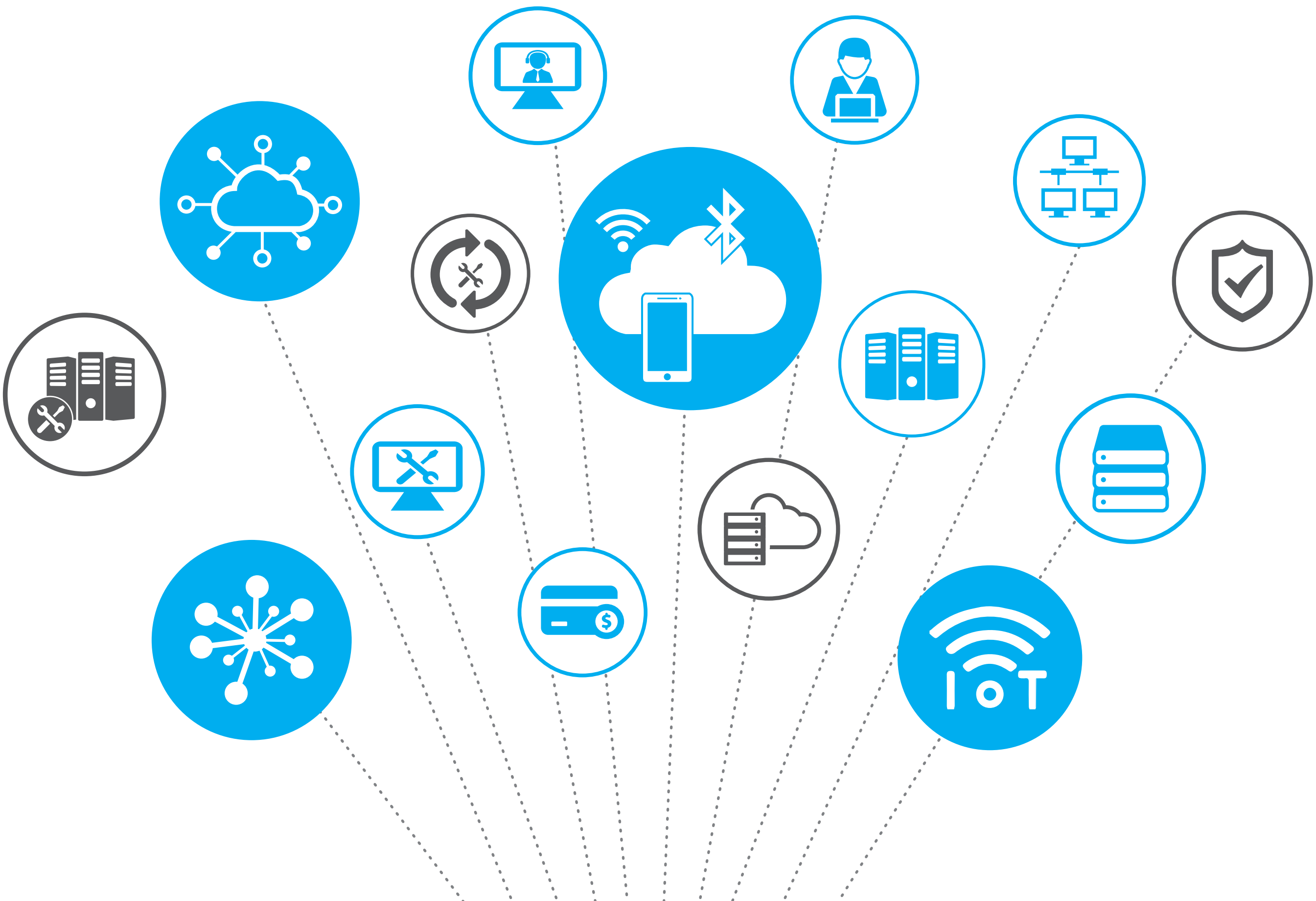
CONTENTS

OUR VISION

To be a leading regional IT service company providing business and technology solutions and services.

OUR MISSION

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



CORPORATE STRUCTURE

Dataprep
Since 1971

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

- 100% SOLSISNET SDN BHD
- 100% INSTANT OFFICE SDN BHD
- 100% DATAPREP (MALAYSIA) SDN BHD
- 100% DP INTERNATIONAL LTD
  - 100% IO Holdings Ltd
  - 100% DP International Pte Ltd
- 55% TAMADUN INTERAKTIF SDN BHD
- 100% 88 DAIMAN SDN BHD
- 51% SOLSIS (M) SDN BHD
- 100% DATAPREP PAYMENT SOLUTIONS SDN BHD
- 100% DATAPREP (HK) LIMITED
  - 100% Dataprep (Beijing) Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-EIGHTH (28TH) ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT DEWAN BERJAYA, BUKIT KIARA RESORT BERHAD, JALAN BUKIT KIARA, OFF JALAN DAMANSARA, 60000 KUALA LUMPUR, ON THURSDAY, 28 SEPTEMBER 2017 AT 10:00 A.M. FOR THE FOLLOWING PURPOSES:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 March 2017 and the Reports of the Directors and Auditors thereon.
   (Please refer to Explanatory Note A)

2. To re-elect Datuk Lim Chee Wah who retires pursuant to Article 98 of the Company's Articles of Association and being eligible, has offered himself for re-election. **(Ordinary Resolution 1)**

3. To re-elect Dato Mohamad Rais Bin Zainuddin who retires pursuant to Article 103 of the Company's Articles of Association and being eligible, has offered himself for re-election. **(Ordinary Resolution 2)**

4. To reappoint Tan Sri Datuk Adzmi Bin Abdul Wahab as a Director of the Company. **(Ordinary Resolution 3)**
   (Please refer to Explanatory Note B)

5. To reappoint Mr. Michael Yee Kim Shing as a Director of the Company. **(Ordinary Resolution 4)**
   (Please refer to Explanatory Note B)

6. To approve the aggregate directors' fees and benefits payable to directors of the Company of RM165,000 for the financial year ended 31 March 2017 and not exceeding the amount of RM300,000 from 1 April 2017 to the next Annual General Meeting of the Company. **(Ordinary Resolution 5)**
   (Please refer to Explanatory Note C)

7. To reappoint Messrs. Folks DFK & Co as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

8. **Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act")** **(Ordinary Resolution 7)**

   "THAT subject to the Act, the Articles of Association of the Company and approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company."
   (Please refer to Explanatory Note D)

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **(Ordinary Resolution 8)**

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements 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 ("Dataprep Group") to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of 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 28 July 2017 AND THAT such approval conferred by the Shareholders' Mandate shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse unless the Authority is renewed by a resolution passed at that Annual General Meeting;

(ii) the expiration of the period within which the next Annual General Meeting after the date is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Act), or

(iii) the revocation or variation of resolution passed by the shareholders in a general meeting,

whichever being the earliest;

AND FURTHER THAT the Directors of the Company and/or any of them be and is/are (as the case may be) hereby authorized to complete and do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorized by this Ordinary Resolution".
(Please refer to Explanatory Note E)

10. **Continuation in office as Independent Non-Executive Director pursuant to Recommendation 3.2 of the Malaysian Code on Corporate Governance 2012**

10.1 "THAT approval be and is hereby given to Dato Mohamad Rais Bin Zainuddin who has served as an Independent Non-Executive Director of the Company, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 9)**
(Please refer to Explanatory Note F)

Continuation in office as Independent Non-Executive Directors pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

10.2 "THAT approval be and is hereby given to Tan Sri Datuk Adzmi Bin Abdul Wahab who has served as an Independent Non-Executive Director of the Company for more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 10)**

10.3 "THAT approval be and is hereby given to Mr. Michael Yee Kim Shing who has served as an Independent Non-Executive Director of the Company for more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 11)**
(Please refer to Explanatory Note G)

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

11. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TEE LEE LENG (MAICSA 7044742)
GENG MUN MOOI (MIA 8365)
Company Secretaries

Petaling Jaya
28 July 2017

NOTES

1. *A member entitled to attend, speak and vote at this 28th Annual General Meeting is entitled to appoint more than one (1) proxy to attend, speak and vote instead of the member at the meeting. A proxy may but need not be a member of the Company.*

2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holding(s) to be represented by each proxy.*

3. *Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

4. *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of the attorney duly authorised.*

5. *The Form of Proxy shall not be treated as valid unless the posted Form is received or the Form is deposited at the registered office of the Company at Suite 5.02, 5th Floor, Wisma Academy, No. 4A, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Forms of Proxy transmitted by fax or email will not be accepted. The Company will not accept any photocopies of the form of proxy in place of the original signed copy.*

6. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 53 of the Articles of Association of the Company, a Record of Depositors as at 20 September 2017 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.*

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

EXPLANATORY NOTES TO ORDINARY RESOLUTIONS AND SPECIAL BUSINESS

Note A: To receive the Audited Financial Statements

The Audited Financial Statements in Agenda 1 had been approved by the Board pursuant to Section 251(1) of the Act. This agenda does not require formal approval of shareholders of the Company under Section 340(1) of the Act.

Note B: Reappointment of Directors
Ordinary Resolutions 3 and 4

There is no age limit to act as directors in a public company pursuant to the Act enforced on 31 January 2017. In this respect, Tan Sri Datuk Adzmi Bin Abdul Wahab and Mr. Michael Yee Kim Shing, both aged above 70 who were reappointed pursuant to Section 129(6) of the Companies Act 1965 at the last Annual General Meeting ("AGM") of the Company, their terms in office will end at the conclusion of the 28th AGM of the Company to be held on 28 September 2017.

The proposed resolutions 3 and 4, if passed, will enable Tan Sri Datuk Adzmi Bin Abdul Wahab and Mr. Michael Yee Kim Shing, who have offered themselves for reappointments to continue to act as directors of the Company and shall be subject to retirement by rotation at a later date.

Note C: To approve the aggregate directors' fees and benefits payable to directors of the Company of RM165,000 for the financial year ended 31 March 2017 and not exceeding the amount of RM300,000 from 1 April 2017 to the next Annual General Meeting of the Company
Ordinary Resolution 5

The fees and meeting allowances are calculated based on the number of scheduled meetings attended.

Note D: Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Act
Ordinary Resolution 7

The proposed Ordinary Resolution 7 is for the purpose of seeking a renewal of the general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to allot and issue ordinary shares of not more than ten percent (10%) of the total number of issued shares of the Company for such purposes as the Directors of the Company consider would be in the interest of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next Annual General Meeting of the Company. This authority will provide flexibility and enable the Directors to make swift decision on allotment of shares for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meeting to approve such issue of shares.

Note E: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Ordinary Resolution 8

The proposed Ordinary Resolution 8, if passed, will enable Dataprep Group to enter into recurrent related party transactions of a revenue or trading nature with the Mandated Related Parties. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

Note F: Continuation in office as Independent Non-Executive Director pursuant to Recommendation 3.2 of the Malaysian Code on Corporate Governance 2012
Ordinary Resolution 9

For proposed Ordinary Resolution 9, the Remuneration, Quality and Nominating ("RQN") Committee has assessed the independence of the Independent Non-Executive Director and recommended to the Board that he continues to act as Independent Non-Executive Director of the Company to which the Board agreed based on the following justifications:

(a) He has fulfilled the criteria under the definition of Independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(b) The RQN Committee and the Board are confident and firmly believe that he can be tasked to discharge his duties and responsibilities independently and objectively;

(c) He has the calibre, qualifications, experiences and personal qualities to consistently challenge management in an effective and constructive manner; and

(d) He monitors and provides objective views on the performance of the Executive Director and management in meeting the agreed goals and objectives.

Note G: Continuation in office as Independent Non-Executive Directors pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012
Ordinary Resolutions 10 and 11

For proposed Ordinary Resolutions 10 and 11, the RQN Committee has assessed the independence of the Independent Non-Executive Directors who have served for more than nine (9) years and recommended to the Board that they continue to act as Independent Non-Executive Directors of the Company to which the Board agreed based on the following justifications:

(a) They have fulfilled the criteria under the definition of Independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(b) Their long tenures with the Company have neither impaired nor compromised their independent judgment. They continue to demonstrate the ability to deliberate the relevant questions and remain objective in their views for the benefits of the Group;

(c) The RQN Committee and the Board are confident and firmly believe that they can be tasked to discharge their duties and responsibilities independently and objectively notwithstanding their tenure on the Board;

(d) They have been with the Company for more than nine years and therefore understand the Company's business operations extensively, enabling them to participate actively and contribute positively during deliberations or discussions at Board and Board's Committees Meetings;

(e) They have contributed sufficient time and effort and attended the Board and Board's Committees Meetings;

(f) They have the calibre, qualifications, experiences and personal qualities to consistently challenge management in an effective and constructive manner; and

(g) They monitor and provide objective views on the performance of the Executive Director and management in meeting the agreed goals and objectives.

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

STATEMENT ACCOMPANYING THE NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2), Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The details and profiles of the Directors who are standing for re-election at the Twenty-Eighth Annual General Meeting of the Company are disclosed on pages 14 to 16 of this Annual Report.

Article 98 of the Articles of Association of the Company
- Datuk Lim Chee Wah

Article 103 of the Articles of Association of the Company
- Dato Mohamad Rais Bin Zainuddin

Reappointments of Directors
- Tan Sri Datuk Adzmi Bin Abdul Wahab
- Mr. Michael Yee Kim Shing

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Independent Non-Executive Director

DIRECTORS

DATUK LIM CHEE WAH
Non-Independent Non-Executive Director

MICHAEL YEE KIM SHING
Independent Non-Executive Director

YEOW SOO HIANG
Non-Independent Non-Executive Director

DATO MOHAMAD RAIS BIN ZAINUDDIN
Independent Non-Executive Director

TAN HOCK CHYE
Non-Independent Executive Director

AUDIT COMMITTEE

CHAIRMAN
Michael Yee Kim Shing
(Independent Non-Executive Director)

MEMBERS
Tan Sri Datuk Adzmi Bin Abdul Wahab
(Independent Non-Executive Director)

Yeow Soo Hiang
(Non-Independent Non-Executive Director)

Dato Mohamad Rais Bin Zainuddin
(Independent Non-Executive Director)

REMUNERATION, QUALITY AND NOMINATING COMMITTEE

CHAIRMAN
Tan Sri Datuk Adzmi Bin Abdul Wahab
(Independent Non-Executive Director)

MEMBERS
Michael Yee Kim Shing
(Independent Non-Executive Director)

Yeow Soo Hiang
(Non-Independent Non-Executive Director)

COMPANY SECRETARIES

Tee Lee Leng *(MAICSA 7044742)*
Geng Mun Mooi *(MIA 8365)*

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Jalan PJU 1A/46
Pusat Dagangan Dana 1
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7841 8000
Fax : (603) 7841 8151

REGISTERED OFFICE

Suite 5.02, 5th Floor
Wisma Academy
No.4A, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7843 1600
Fax : (603) 7956 2324

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad

AUDITORS

Messrs. Folks DFK & Co

WEBSITE

www.dp.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name : DATAPRP
Stock Code : 8338

OUR SOLUTIONS & SERVICES

ENTERPRISE SERVERS & STORAGE CONSOLIDATION AND VIRTUALIZATION

Providing solutions to optimize the total number of physical or logical components of servers and storage in an IT environment, thereby simplifying IT infrastructure and improving manageability – ultimately reducing the Total Cost of Ownership.

CLOUD COMPUTING ENABLEMENT

Providing consultation and deployment of Cloud Computing infrastructure and services. Cloud Computing can offer greater levels of automation, reduced operating costs, improved application performance and better utilisation of computing resources. Cloud Services include consumer and business products, services and solutions that are delivered and consumed in real-time over the Internet. It enhances business performance for a sound return of investments.

DATA CENTRE

Providing solutions for customers seeking to design and build secure, resilient and redundant facilities to house mission-critical equipment. The solution covers connectivity services, data and network security, precision air conditioning, uninterruptible power supply, structured cabling, and protection against water leakage, with electrical and mechanical systems engineered with multiple levels of redundancy, and 24 x 7 centralized environmental monitoring.

NETWORK INTEGRATION

Providing solutions to design, upgrade and expand the data communication & Ethernet networks. The solution helps to consolidate and optimize IT network resources, thus improving clients' business productivity by providing high availability, resilient and optimally performing network infrastructure.

IT SECURITY SOLUTIONS

Providing solutions for customers seeking simple, cost effective, practical multi-layer or defence-in-depth approach to security. The solution provides end-to-end security capability that meets clients' business and regulatory requirements while securing IT and data assets, thus minimizing security risks.

PRODUCT LIFECYCLE MANAGEMENT (PLCM)

Providing solutions for customers seeking turnkey solutions to provide, deploy, manage and maintain common IT equipment and infrastructure during its lifecycle or its agreed contract tenure. Maintenance coverage includes corrective, preventive and predictive maintenance.

OUR SOLUTIONS & SERVICES

CONT'D

CUSTOMER PREMISE EQUIPMENT (CPE)

Providing solutions for customers seeking cost-effective, reliable and high performance routers for TM Internet and WAN links.

IT OUTSOURCING SERVICES

With our in-depth experience in managing IT infrastructure, we help our clients to focus on business by working behind the scenes to manage their IT infrastructure seamlessly. By applying ITIL best practices and quality management system in our processes, service performance and quality are consistently maintained.

MULTI-VENDOR SUPPORT

Organisations typically select and procure a combination of hardware and software platforms and applications. Our multi-vendor support addresses the needs of such organisations requiring a single service provider to support such a complex environment by providing an end-to-end service which is measured by service levels and is available all over Malaysia.

IT SERVICE MANAGEMENT

Providing solutions to address a complete IT service lifecycle which will enable companies to deliver higher level of services to customers. It provides a single view of all service transactions and provides companies with a wealth of decision support tools to continuously monitor the quality of service process.

IT SERVICE DESK

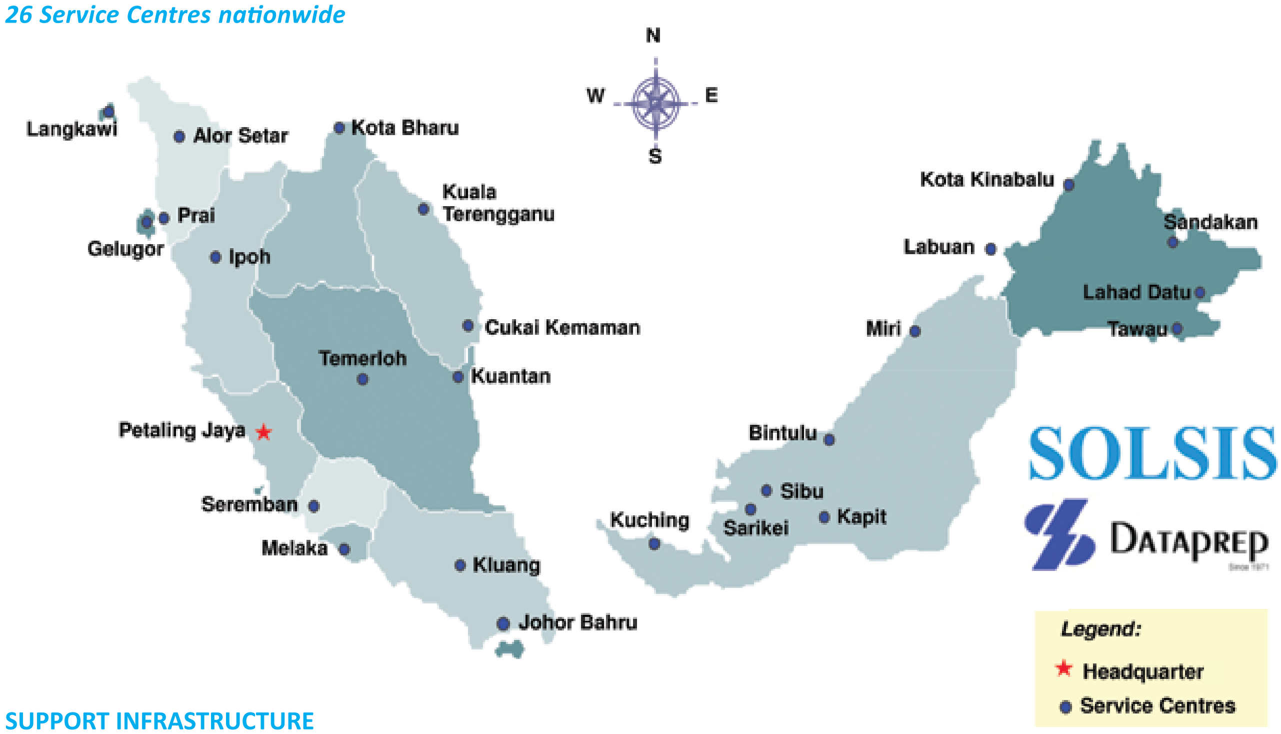
Providing a complete web-based, ITIL-compliant IT Service Desk solution which offers an integrated package with request management (trouble ticketing), asset tracking, purchasing, contract management, self-service portal and knowledge base. The solution enables clients to have a full-IT help desk and a set of productive help desk staff.

PAYMENT SOLUTIONS & SERVICES (PSS)

PSS focus is on payment devices which include the supply and maintenance of POS (Point of Sale) and EDC (Electronic Draft Capture) terminals that support credit/debit cards, as well as other multi-purpose cards. PSS also provides other related offerings such as hardware and software solutions and merchant acquisition services.

OUR SOLUTIONS & SERVICES
CONT'D

Our Capabilities and Track Record
26 Service Centres nationwide



SUPPORT INFRASTRUCTURE

Apart from its 45 years of proven group-wide accumulated IT experience and professional staff with proven capabilities in implementing large-scale ICT projects, Dataprep Group is fully equipped to provide the necessary support and back-up tools for its clients. With 26 locations nationwide to provide a support network, Dataprep Group's call centre offers 24-hour service, 7 days a week. The 26 locations nationwide offer operational and maintenance services.

HEADQUARTER

- Petaling Jaya

NORTHERN REGION

- Langkawi
- Alor Setar
- Gelugor (Bayan Lepas)
- Prai
- Ipoh

SOUTHERN REGION

- Seremban
- Melaka
- Kluang
- Johor Bahru

EASTERN REGION

- Kota Bharu
- Kuala Terengganu
- Cukai Kemaman
- Kuantan
- Temerloh

SABAH

- Kota Kinabalu
- Sandakan
- Tawau
- Lahad Datu

SARAWAK

- Miri
- Bintulu
- Sibu
- Kuching
- Kapit
- Sarikei

WILAYAH PERSEKUTUAN

- Labuan

PROFILE OF DIRECTORS

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Independent Non-Executive Chairman

Tan Sri Datuk Adzmi Bin Abdul Wahab, a Malaysian, aged 74, was appointed to the Board on 29 August 2006. He is also chairman and director of a number of companies involved in property development, construction and information technology.

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

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, United States of America.

Tan Sri Adzmi served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the areas of 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) and Regional Planning in Klang Valley Planning Secretariat (Prime Minister's Department).

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

He served PROTON from 1985 to 1992 with his last position as Director/Corporate General Manager, Administration and Finance Division.

He is presently a member of the Audit Committee and the Chairman of the Remuneration, Quality and Nominating Committee.

He has attended three (3) Board Meetings out of the total of four (4) Board Meetings held during the financial year ended 31 March 2017.

He has direct shareholdings of 203,125 ordinary shares in the company.

He also sits on the Board of Magna Prima Berhad, Lebtech Berhad, Grand-Flo Berhad and LKL International 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 five (5) years.

PROFILE OF DIRECTORS
CONT'D

DATUK LIM CHEE WAH

Non-Independent Non-Executive Director

Datuk Lim Chee Wah, a Malaysian, aged 63, was appointed to the Board on 5 March 2002. He is the founder and President 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 the 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. He has invested in various business ventures in the ICT sector such as video streaming technology and e-commerce business applications.

He has attended three (3) Board Meetings out of the total of four (4) Board Meetings held during the financial year ended 31 March 2017.

He has direct and indirect shareholdings of 1,062,500 and 270,540,800 ordinary shares respectively 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 five (5) years.

MICHAEL YEE KIM SHING

Independent Non-Executive Director

Mr. Michael Yee Kim Shing, a Malaysian, aged 79, was appointed to the Board on 31 May 2002, as an Independent Non-Executive Director. He graduated with a Bachelor of Commerce Degree from the University of Melbourne. He is a member of the Malaysian Institute of Accountants, the Institute of Chartered Accountants 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 also a member of the Remuneration, Quality and Nominating Committee.

He has attended all four (4) Board Meetings held during the financial year ended 31 March 2017.

He has no shareholdings in the Company.

His directorships in other public companies are Pacific & Orient Berhad, Pacific & Orient Insurance Berhad and Datasonic Group Bhd, where he is also the Chairman of the Audit Committee for these respective companies, apart from Pacific & Orient Insurance Berhad.

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 five (5) years.

PROFILE OF DIRECTORS
CONT'D

YEOW SOO HIANG

Non-Independent
Non-Executive Director

Mr. Yeow Soo Hiang, a Malaysian, aged 67, was appointed to the Board on 18 April 2016, as a Non-Independent Non-Executive Director. He graduated from the Institute of Accounting Technicians, United Kingdom and is a fellow member of the Institute of Accounting Technicians, United Kingdom.

He served in various senior management positions with established telecommunications related companies for 15 years prior to founding Trisilco Folec Sdn Bhd in 1990 and became Chief Executive Officer in 1992 until his retirement in 2011. He was instrumental in securing agencies and collaborations with reputable telecommunications companies from United States of America and United Kingdom notably Harris, Nortel, Motorola, ZTE, Hua Wei, Ceragon and CISCO.

He is presently member of the Audit Committee and member of the Remuneration, Quality and Nominating Committee.

He has attended all four (4) Board Meetings held during the financial year ended 31 March 2017.

He has no shareholdings in the company.

He is not a director of any other public company and has no 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 five (5) years.

DATO MOHAMAD RAIS BIN ZAINUDDIN

Independent
Non-Executive Director

Dato Mohamad Rais Bin Zainuddin, a Malaysian, aged 60, was previously appointed to the Board on 28 March 2002 and resigned on 13 May 2004. He was then reappointed to the Board on 17 November 2016.

He holds a Bachelor of Economics degree from University Kebangsaan Malaysia as well as a Bachelor Degree in Law (LLB) from Thames Valley University, United Kingdom.

Dato Rais was formerly with Messrs Daud & Partners (Advocates & Solicitors), Messrs. Mohamad Zawawi Amelda & Partners (Advocates & Solicitors) and Raman Yohevel & Co. (Advocates & Solicitors) as Legal Executive. In 1987, he was appointed as Chairman of Kenderaan Labu Sendayan Berhad, a subsidiary of Mara Holding Groups, where he served until 1995. He was formerly Chairman of Seloga Holdings Berhad and Chairman of Tiara Group of Companies where he was resigned in February 2002. He was a former director in Austral Enterprise Berhad, Lembaga Kemajuan Tanah Persekutuan (FELDA) and Lankhorst Berhad.

He is presently member of the Audit Committee.

He has attended one (1) Board Meeting out of the total of two (2) Board Meetings held during the financial year ended 31 March 2017.

He has no shareholdings in the company.

He is not a director of any other public company and has no 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 five (5) years.

PROFILE OF DIRECTORS
CONT'D

TAN HOCK CHYE

Non-Independent Executive Director

Mr. Tan Hock Chye, a Malaysian, aged 57, was appointed to the Board on 18 April 2016, as a Non-Independent Executive Director. He holds a Master of Business Administration (Honours) from Oklahoma City University (USA) and has attended the Harvard Premier Business Management Program. He is a Fellow of the Chartered Institute of Management Accountants (UK) and a Chartered Accountant with the Malaysian Institute of Accountants.

He has more than 35 years of management and financial experience spanning across several industries including retailing, manufacturing, publishing, offshore marine transportation, fast moving consumer goods, industrial goods and hospitality. Currently, he is the Group Managing Director of the Company. Prior to his current position, he had held other senior management positions in various companies. He is also a Council Member of PIKOM, the National ICT Association of Malaysia.

He has attended all four (4) Board Meetings held during the financial year ended 31 March 2017.

He has direct shareholdings of 322 ordinary shares in the Company.

He is not a director of any other public company and has no 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 five (5) years.

PROFILE OF KEY SENIOR MANAGEMENT

NIK HISHAM BIN NIK IBRAHIM

Managing Director, Solsis (M) Sdn Bhd / Head of Sales & Marketing

Encik Nik Hisham Bin Nik Ibrahim, a Malaysian, aged 46, assumed the role of Head of Sales & Marketing in March 2012. He was then appointed the Managing Director of a subsidiary, Solsis (M) Sdn Bhd on 31 May 2015.

He holds a Bachelor of Science Degree in Computer Science from the University of Kentucky at Lexington, United States of America.

Nik Hisham has over 20 years of experience in the Information Technology industry. He started his career in 1994 briefly with Malayan Banking Berhad and subsequently moved to Mesiniaga in the same year, where he gained exposure in services delivery, customer support and systems integration. He headed the Enterprise Server and Storage Solutions business from year 2000 to 2006, a business unit that contributed to more than a third of Mesiniaga's annual revenue. Towards the end of his tenure in Mesiniaga, he also headed the Technology Research & Innovation unit and later the Software Infrastructure Services business before he left for Accenture in early 2011 where he engaged in management consulting for the Public Transport space.

He is not a director of any other public company and has no 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 five (5) years.

GENG MUN MOOI

Chief Financial Officer

Madam Geng Mun Mooi, a Malaysian, aged 53, assumed her current role of Chief Financial Officer on 2 June 2014.

She is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants, CPA Australia and a fellow member of the Chartered Tax Institute of Malaysia.

Mun Mooi has accumulated professional experience of more than 26 years and has held senior financial position with a multinational trading company, oil and gas company and has also worked with one of the Big Four international accountancy firms in Malaysia and United Kingdom.

She is not a director of any other public company and has no family relationship with any director and/or major shareholders, or any conflict of interest in business arrangements involving the Company.

She has not been convicted of any offence within the past five (5) years.

PROFILE OF KEY SENIOR MANAGEMENT
CONT'D

LOKE KIEN WAH

Head of
ICT Solutions & Services

Mr. Loke Kien Wah, a Malaysian, aged 59, assumed his current role of Head of ICT Solutions and Services on 1 March 2017.

He holds a Diploma in Management from Malaysian Institute of Management.

Kien Wah has 36 years of IT experience, mainly in the Financial Services and Telecommunications industry and has extensive experience in managing large scale IT infrastructure projects, including managing a new Tier III Data Centre design and build, consolidating and relocating multiple data centres.

He has no shareholdings in the company.

He is not a director of any other public company and has no 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 five (5) years.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF DATAPREP HOLDINGS BHD, IT GIVES ME GREAT PLEASURE TO PRESENT DATAPREP GROUP'S 28TH ANNUAL REPORT TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017.

CHAIRMAN'S STATEMENT
CONT'D

FINANCIAL AND OPERATIONAL REVIEW

For the financial year ended 31 March 2017 ("FY 2017"), the Group recorded a Loss before Tax ("LBT") of RM3.06 million as compared to LBT of RM2.76 million in the previous financial year ended 31 March 2016 ("FY 2016"). The increase in the losses was primarily due to the decrease in revenue from RM58.53 million to RM45.03 million coupled with a slight decrease in gross margin from 19.1% to 18.6% respectively in FY 2016 and FY 2017.

For FY 2017, the Group's main businesses are:

- Information and Communications Technology ("ICT"), mainly confined to Systems Integration and Managed Services; and
- Payment Solutions and Services.

There are on-going developments as part of our transformation exercise to pursue new opportunities and profitable ventures so as to ensure that the Group can sustain and have a stronger footing in the longer term.

PROSPECTS

The ICT industry is expected to undergo consolidation as new technologies and borderless competition bring forth threats as well as opportunities. Furthermore, the National ICT Association of Malaysia ("PIKOM") has viewed that Malaysia's overall ICT market would experience positive impact on technologies and digital economic growth as it remains on track to achieve a contribution portion of around 20% of the GDP by year 2020. In addition, the recent bilateral and economic relations with China will have a favourable galvanising effect on the Malaysian economy, including the expansion of the ICT industry in the long term. *(Source: http://www.pikom.org.my/ict-strategic-review/)*

We intend to stay on course vis-à-vis the other ventures and opportunities we are pursuing and will focus all our efforts on strengthening the financial position of the Group.

ACKNOWLEDGEMENTS

I take this opportunity to thank my fellow Board members for their contribution and guidance. I welcome Dato' Mohamad Rais Bin Zainuddin who joined the Board on 17 November 2016 as an Independent Non-Executive Director.

Finally, on behalf of the Board, I would also like to thank our shareholders, business partners, customers, management and staff and other stakeholders for their continuing support over the years.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Chairman
28 July 2017

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

DATAPREP HOLDINGS BERHAD ("DATAPREP" OR "THE COMPANY") IS A PUBLIC LISTED COMPANY LISTED ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD IN THE TECHNOLOGY SECTOR. DATAPREP GROUP IS AN INFORMATION, COMMUNICATIONS AND TECHNOLOGY ("ICT") SERVICE PROVIDER WHICH FOCUSES ON SYSTEMS INTEGRATION, MANAGED SERVICES AND PAYMENT SOLUTIONS AND SERVICES.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

IT PRODUCTS AND SERVICES

Our principal activities are Systems Integration ("SI") and Managed Services.

The Group's engagement with customers and partners is primarily through its subsidiary company, Solsis (M) Sdn Bhd ("Solsis"). Solsis is recognised as one of the established ICT service providers and is registered with Ministry of Finance ("MOF"), Construction Industry Development Board ("CIDB") and Petronas so as to participate in government and commercial ICT and ICT-related projects. Solsis serves a broad array of customers across all industries in both public and private sectors including Oil & Gas ("O&G") and Financial Services Industry ("FSI").

The Group has a staff strength of approximately 160 field engineers and technicians directly under its employment, serving customers 24x7 throughout Malaysia supported by its 26 service locations. Our nationwide resources and infrastructure allows us to commit to our customers stringent service levels by way of Service Level Agreement ("SLA") anywhere in Malaysia. The management of the SLAs are transparent and reflect our ability to deliver the highest service quality to our customers. This gives us the competitive advantage to serve customers having nationwide presence. Solsis has some of the industry's best practices such as ISO 9001 : 2008 and ITIL certifications, amongst others.

As Dataprep Group is one of the established ICT players in the industry, our partners and principals have recognised the value of our support resources and infrastructure as well as our role as an SI and provider of Managed Services. Over the years we have and will continue to partner reputable principals such as Hewlett Packard, Dell, Lenovo, Microsoft, Epson, Cisco, Huawei, VMWare, Fortinet and Symantec.

PAYMENT SOLUTIONS AND SERVICES ("PSS")

This business focuses on the deployment of payment devices which include the supply and maintenance of POS (Point of Sale) and EDC (Electronic Data Capture) terminals that support credit/debit cards, as well as other multi-purpose cards to merchants throughout Malaysia.

Dataprep's subsidiary company, Dataprep Payment Solutions Sdn Bhd ("DPS") is an independent payment BPO (business process outsourcing) company that transacts the PSS business. DPS is currently the Master Merchant and Third Party Merchant Acquirer for certain financial institutions.

STRATEGY

In the past, the Group had been focusing on securing SI projects from the Public Sector. Moving forward, we will shift our focus towards Managed Services instead, and be selective in pursuing SI opportunities. Our strategy moving forward involves the following initiatives:

1. To reduce dependency on income from the Public Sector by realigning our focus towards more private sector opportunities and only pursuing selective public sector projects;
2. To focus on revenue from services with recurring income by acquiring more managed services contracts;
3. To develop in-house products and solutions to complement our income from managed services contracts;
4. To continue developing partnerships with principals by representing them in service delivery and nationwide support for their products and services;
5. To expand our customer base via a dedicated in-house sales team in identifying opportunities for new customer organisations;
6. To expand our sales coverage to Northern (Penang, Kedah, Perlis) and Southern (Johor) territories via dedicated sales resources operating out of those territories;
7. To expand PSS business by providing additional service offerings; and
8. To explore other new business ventures and opportunities so as to enhance the Group's revenue and earnings stream.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

REVIEW OF GROUP FINANCIAL PERFORMANCE

Financial Year (FY) Ended 31 March

	2017 RM'000	2016 RM'000
Revenue	45,030	58,525
Gross Profit	8,392	11,172
Other Income	747	975
Operating Expenses	(11,544)	(13,823)
EBITDA	(2,405)	(1,676)
Depreciation	(477)	(511)
Finance Cost	(182)	(569)
Loss Before Tax	(3,064)	(2,756)
Loss After Tax	(3,093)	(2,866)

The Group recorded revenue of RM45.03 million in FY 2017, a decrease of 23.1% as compared to FY 2016 revenue of RM58.53 million.

Revenue from the ICT segment decreased to RM43.42 million in FY 2017 from RM56.40 million in FY 2016. The lower revenue was mainly attributed to the completion of a major hardware supply contract and lesser ICT projects due to the prevailing weak market conditions resulting in lesser demand for ICT products and services as well as fewer high-value projects secured during the financial year.

Revenue from payment solutions and services has also decreased to RM1.61 million in the current financial year from RM2.13 million in the previous financial year due to stiff competition and lower demand for the installation of card payment terminals.

EBITDA recorded a loss from RM1.68 million to a loss of RM2.41 million due to the decrease in revenue, again arising from stiff competition and thin margins from certain projects. Overall, the gross margin decreased slightly from 19.1% to 18.6%. Operating expenses had been reduced i.e. from RM13.82 million in FY 2016 to RM11.64 million in FY 2017. The reduction is operating expenses is due to cost savings in payroll and other expenses from our on-going cost cutting measures.

Arising from the above, the Group recorded a higher loss after tax of RM3.09 million in FY 2017 against a loss after tax of RM2.87 million in FY 2016.

REVIEW OF OPERATING ACTIVITIES

During the financial year under review, the Group revenue for its IT Products and Services and Payment Solutions and Services areas has reduced. The Group is forecasting to make some headway in the Financial Services sector, specifically in securing several new long term contracts in the first half of the new financial year. In light of this favourable development, the Group has invested in an expansion of its Call Centre from 16 seats to 48 seats to cater for this development. This is in line with the Group's strategy of reducing dependency on income from Public Sector while pursuing Private Sector opportunities.

In addition, the Group has also begun to undertake activities towards certifying itself for ISO 9001 : 2015 as well as ISO/IEC 27001, so as to always remain relevant to the needs of its customers.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

The Group's business activities are exposed to various anticipated risk factors (both financial and operational) as follows:-

- Contraction in the Malaysian economy leading to lesser demand in ICT products and services;
- Reduction in ICT spending in both public and private sectors; and
- Exposure to foreign exchange fluctuations risks which may affect the revenue.

In view of the anticipated risks, the Group will continuously review and streamline its services delivery structure with a view of reducing operations costs while maintaining quality of service. In addressing exposures to fluctuations in foreign exchange, steps have been taken to ensure that price validity periods are either shortened or have the back-to-back validity from suppliers.

BUSINESS PROSPECTS

We are intensifying our efforts to increase revenue in the private sector particularly in O&G and FSI.

Our recent engagement with several major principals to provide nationwide fulfilment and after sales support services on a long term contractual basis has resulted in an increasing list of implementation projects and support contracts. Additionally, Solsis will continue to explore the growth of scope of this engagement as well as partnering new principals.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance ("MCCG") 2012 stipulates that the Board of Directors of public listed companies should establish a sound Risk Management Framework ("RMF") and internal control system to safeguard shareholders' investments and the company's assets. The Board of Directors is pleased to provide its Statement On Risk Management & Internal Control ("SORMIC") made in compliance with paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB") and the SORMIC Guidelines for Directors of Listed Issuers.

ROLES AND RESPONSIBILITIES

The Board places importance on, and is committed to maintaining a sound RMF and internal control system in the Company and its subsidiaries (the Group) to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and effectiveness of the Group's corporate governance, risk management and internal control system. The Group's internal control system covers, inter alia, financial, business, operational and compliance controls and helps to ensure compliance with applicable laws, regulations, rules, policies and guidelines.

The management assists the Board in the implementation of the Board's policies and procedures on corporate governance, risk management and internal control by identifying and addressing the risks faced, and implementing appropriate risk management processes and internal controls to mitigate and control these risks. These implementations are subsequently reviewed by conducting follow-ups on the concerned risks' statuses after corrective actions have been undertaken.

Due to limitations that are inherent in any internal control system, the system adopted by the Group is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The internal control system can only provide reasonable but not absolute assurance against any material misstatement of financial reporting.

The Board has received assurance from the Group Managing Director ("GMD") and Chief Financial Officer ("CFO") that, in the course of their management of day-to-day operations in respect of whole business activities of the Group, nothing has come to their attention which indicates that the risk management and internal control system is not operating effectively in all material aspects.

RISK MANAGEMENT

In dealing with its stewardship responsibilities, the Board recognises that RMF is part of good business management practice. The Group has on RMF to govern its risk management initiatives.

The Board entrusts the management with the overall responsibility of overseeing the adequacy and effectiveness of risk management processes of the Group.

Internal Audit Unit ("IAU") selects the auditable areas for audits based on the identified risk areas of the operational activities from an analysis using "Likelihood and Consequences Matrix" as a tool (risk based audit approach).

At this juncture of DHB Group's operations with the priority being striving to achieve a turnaround in profitability with sustainable level of financial wellbeing, having some form of risk management in line with of the best practice could be considered as an interim initiative. In this regard, risk management practice with nominated Risk Facilitators was introduced. The Risk Facilitators are to deal with risk owners for the purpose of gathering significant risks confronting the Group's activities, after which such information of risks would be submitted to Senior Management for tabling periodically to the Board of Directors highlighting critical risks faced by the Group together with related responses in conformity with MCCG 2012.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

RISK MANAGEMENT FRAMEWORK ("RMF")

The primary goals and features of the Group's RMF are to support the overall business objectives of the Group by:

- Providing strategies, policies and organisational structure for the management of risks that the Group assumes in its activities;
- Defining risk management roles and responsibilities within the organisation and outlining procedures to mitigate risks;
- Ensuring consistent and acceptable management of risks throughout the business;
- Defining a reporting framework to ensure the communication of necessary risk management information to senior management and personnel engaged in risk management activities;
- Remaining flexible to accommodate the changing risk management needs of the organisation while maintaining control of the overall risk position;
- Detailing the approved methods for risk assessment; and
- Providing a system to accommodate the central accumulation of risk information, which can form part of each department's operational procedures.

Under the RMF, the Group has relevant policies and guidelines on risk assessment, reporting and disclosure which encompasses the following scope:

- Strategic risk assessment, which involves the identification and evaluation of risks that threaten the achievement of the company's strategic objectives. This is carried out at the senior management level and provides a risk framework for the strategic planning process. Strategic risks are managed at corporate level.; and

- Operational risk assessment, which involves a critical examination of each business unit's processes to identify and evaluate operational risks. This is carried out by the heads of business units with assistance from his/her key personnel.

In compliance with the RMF, the undertaking of risk management activities are concentrated on areas such as project management, maintenance services, technical support, logistics and warehousing and call centre for customers. Upon completion, further risk management activities will be conducted on other areas, namely sales and marketing, business development, purchasing, payroll and human resource, credit control, payments, accounts and finance and corporate management.

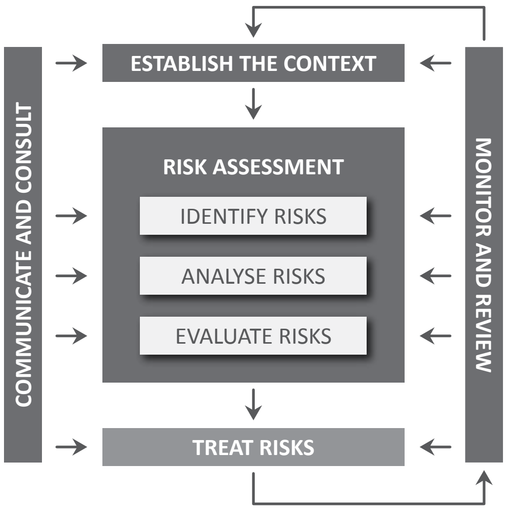
To conduct the exercise at two levels is to adopt a bottom-up and top-down approach in risk identification and management. At the bottom or operational level, risks are identified and assessed where they occur and captured in operational Risk Registers. The collation of such information will allow common themes to emerge but does not of itself identify the strategic/key risks of the Group.

The Senior Management team takes a top-down or strategic view of the Group's risks. Such an assessment would add value by assessing the key risks against the high level objectives of the Group from Senior Management's perspective.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

RISK MANAGEMENT FRAMEWORK ("RMF") *cont'd*

The processes of the RMF and methodology of the Group which focused on identifying, evaluating and managing risks are compliant with and based largely on the Joint Australian/New Zealand Standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines represented in brief, as follows:



- The risk management process occurs within the framework of the Group's strategic, organisational and risk management context. This needs to be established to define the basic parameters within which risks must be managed and to provide guidance for decisions during risk assessment;

- Risk assessment is principally carried out by the risk owners of respective main operation, coupled with the overall process of risk identification, risk analysis and risk evaluation. The Group will consider and assess the risk implications of all actions it undertake in relation to both existing and proposed activities, systems and procedures;

- All risks identified will be evaluated and documented, together with the controls which mitigate those risks, and the person accountable for them. Each inherent risk identified is assessed by considering estimates of both likelihood and impact in the context of existing control measures, in order to arrive at residual risks where more stringent control measures are put in place;

- Risk evaluation involves comparing the level of risk found during the analysis process with previously established risk criteria/priorities. The priority types of risks that should be dealt with quickly and efficiently are highlighted for timely attention;

- All the Group's managers are primarily responsible for the treatment of risk exposures within the business operations. Risk treatment involves identifying the range of options for treating risk, assessing those options, preparing risk treatment plans and implementing those plans;

- It is necessary to monitor risks and the effectiveness of the risk treatment plan implemented to mitigate the risks. Risks and the effectiveness of control measures need to be monitored to ensure changing circumstances do not alter risk priorities; and

- Communication and consultation will be carried out at each stage of the risk management process with all the relevant parties. Strong communication and consultation allows buy-in from senior management and ownership of risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

WHISTLEBLOWING POLICY

The Group has established a Whistleblowing Policy since year 2012. Its objective is to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate manner.

The Audit Committee is responsible for the interpretation and supervision of the enforcement of this policy. It is committed to investigate and address all causes of reported misconduct.

INTERNAL CONTROL PROCESSES

The Board is committed to maintaining strong features of control structure and environment for the proper conduct of the Group's business operations. The Board has the following internal control processes in place:

- Company's vision and mission and standard operating procedures for all major operations monitoring. The Group has in place a well-established and documented business processes;
- A formal organisational structure with delineated lines of authority, responsibility and accountability within the Group. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. This organisational structure is aligned with its business and operational requirements;
- Group's vision, mission and strategic directions are communicated to employees at all levels. The intranet is used as an effective means of communication and knowledge sharing at all levels;
- In most of the Group's business operations, periodic meetings are held to ensure that progress of business plans, exceptions and variations are fully discussed and appropriate actions taken. This ensures that business objectives are met. Adequate reports/meeting minutes are generated for reviews on various business/operating units of the Group;
- The Board oversees the conduct of the Group's operations through various management reporting channels. Proper records are maintained, and the Board is informed of all major issues pertaining to financial and operational matters, internal control, regulatory compliance and risk management processes to ensure that it maintains full and effective supervision;
- The Group performs a comprehensive annual budgeting and forecasting exercise at the beginning of the financial year. Actual performance and significant variances against budget are monitored on an ongoing basis;
- Key result areas and key performance indicators are established and aligned with strategic business objectives and are monitored on an ongoing basis; and
- Comprehensive management reports and accounts are prepared on a monthly basis for review by the senior management for effective monitoring and decision-making. Such management reports and accounts are also submitted on a quarterly basis to the Audit Committee/Board for review. The Group also operates a comprehensive automated Management Information System ("MIS") that provides for transactions to be captured, compiled and reported. Management also uses the data and analysis provided by this automated information system to monitor their performance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

MONITORING AND REVIEW

The Board delegates the day-to-day management functions to the Group Managing Director ("GMD"), who is aided by a team of senior corporate officers to assist in the carrying out of the duties. The role of the management is to drive each of the business operations in a manner that ensures the integrity of the internal control system and effective risk management processes are in place throughout the year.

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

The Group has an in-house Internal Audit function whose primary responsibility is to assure the Board, through the Audit Committee, that the internal control system is functioning as intended. The Audit Committee receives feedback from the head of internal audit on the adequacy and effectiveness of internal control every quarter based on the audit assignments undertaken by the Internal Audit Unit. The Head of Internal Audit has the relevant qualification and is responsible for providing assurance to the Audit Committee/Board that internal controls are adequate and operating effectively. The internal auditors carry out their functions according to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors ("IIA"), USA. This is with compliance to the International Professional Practices Framework ("IPPF") authoritative guidance on the internal audit profession that has been promulgated by IIA. The IPPF presents current, relevant, internationally consistent information that is required by internal audit professionals worldwide.

The internal auditors conduct reviews and appraisals of the adequacy and effectiveness of the internal control processes within the Group. Reports of deficiencies together with recommendations as appropriate are tabled at Audit Committee meetings which are held at least once every quarter.

These, together with the External Auditors' findings arising from the conduct of audit of the statutory financial statements, provide further assurance of the adequacy and effectiveness of the internal control system.

Control deficiencies and issues highlighted are addressed or rectified by management. There were no control deficiencies noted during the financial year under review which have material impact on the Group's financial performance, operations, and reliability and integrity of financial information.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors, Folks DFK & Co. have reviewed this SORMIC for inclusion in the Annual Report of the Group for the financial year ended 31 March 2017. Their limited assurance review was performed in accordance with Recommended Practice Guide 5 (Revised) ["RPG 5 (Revised)"], Guidance for Auditors on Engagements to Report on the SORMIC, issued by the Malaysian Institute of Accountants ("MIA").

RPG 5 (Revised) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard shareholders' investment and Group's assets which is considered appropriate to the business operations presently. It has received reasonable assurance from GMD and CFO that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively.

Also, the risks taken are at acceptable levels within the business environment throughout the Group. It should be noted that such arrangements do not eliminate the possibility of collusion or deliberate circumvention of procedures by employees. Human error and/or other unforeseen circumstances can result in poor judgment. However, the risk management and internal control system that existed throughout the year provides a level of confidence on which the Board relies for assurance.

This statement is made in accordance with the SORMIC – Guidelines for Directors of Listed Issuers (Guidelines) issued on 31 December 2012, which is in line with the requirements of Paragraph 15.26 (b) of the MMLR of Bursa Malaysia Securities Berhad and Principle 6 of the Malaysian Code of Corporate Governance 2012 issued by Securities Commission Malaysia.

It is reported in the minutes of the Board of Directors dated 30 May 2017 and has been duly reviewed by the External Auditors.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors recognises the importance of practising acceptable standards of Corporate Governance throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance and financial position of the Company and of the Group. With this in mind, measures and efforts have been and shall be taken to ensure as far as practicable the adoption and implementation of the Principles set out in the Malaysian Code on Corporate Governance 2012 ("the Code") and in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board of Directors has complied with the Code throughout the financial year ended 31 March 2017.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions reserved for the Board and those delegated to Management

The respective roles and responsibilities of the Board and Management are clearly set out and understood by both parties to ensure accountability.

The Board is responsible for the overall oversight and management of the Group. The Board's functions on the principle that all significant matters are addressed by the Board as it is accountable under the applicable laws and regulations for the Group's activities, strategies, financial position and performance.

The Board delegates certain functions to the Board Committees, the Group Managing Director and the Management.

Key matters reserved for the Board's approval are specified in the Board Charter and the approved Terms of Reference ("TOR") of the respective Board Committees. These include the Group's goals and strategies, financial plans and forecast, quarterly financial statements, public announcements and matters concerning the appointment or re-appointment of External Auditors.

1.2 Clear roles and responsibilities

The Board's primary responsibilities include giving strategic direction to the Company, identifying key risk areas and key performance indicators of the Company's business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of management and executive management against business plans, budgets and industry standards.

Strategic Planning Committee ("SPC") was formed in March 2011 as an advisory committee to the Board with the main purpose of setting and maintaining the strategic direction of the Company. Its responsibilities are:

a. Maintain an environmental watch on Information and Communications Technology ("ICT") developments and initiatives with a view to identifying emerging trends, risks and opportunities in the delivery and fulfilment of long-term ICT projects for the Group;

b. Oversee the development of the Company's vision and mission statement, core values and operating philosophy;

c. Oversee the development of a Strategic Plan to cover at least a five-year planning period including:

   (i) strategic directions and key strategies for fulfilling its mission over the planning period;

   (ii) establishment of measurable goals and objectives to assess progress in fulfilling those strategic directions; and

d. Conduct Strategic Assessment and to appoint external advisors and subject-matter experts, where appropriate in relation to ICT matters confining to broad-based ICT strategies and direction.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

1.2 Clear roles and responsibilities *cont'd*

The Board is also guided by the Board Charter which sets out the roles and responsibilities of the Board inter-alia as listed below:

a. Reviewing and adopting a strategic plan for the Company including monitoring the implementation of the strategic plan by management;

b. Overseeing the conduct of the Company's business and the performance of management to determine whether the business is properly managed in accordance with the strategies and policies;

c. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures which effectively monitor and manage these risks;

d. Establishing succession planning and ensuring that all candidates appointed to senior management positions are of sufficient calibre;

e. Overseeing the development and implementation of a shareholder communications policy for the Company to enable effective communication with its shareholders and other stakeholders; and

f. Reviewing the adequacy and the integrity of the management information and internal control systems of the Company.

The Board delegates the day-to-day management of the Group to the Group Managing Director who further cascades the delegation to the management team. Both the Group Managing Director and management are accountable to the Board for the authority delegated to them and brief the Board on the operational progress and financial results on a quarterly basis.

To ensure the conduct of business is properly executed, the following procedures are stated clearly in the Board Charter and are adhered to by the Company:

a. The conduct of Board members will be consistent with their duties and responsibilities to the Company and thus to the shareholders;

b. The Directors would always act within limitations imposed by the Board on their activities;

c. Directors' responsibilities and limitations are primarily set out in the Company's Articles of Association (also known as Company's Constitution), MMLR of BMSB, the Board and/or shareholders' resolutions and other relevant legislations, where applicable;

d. The Board shall be disciplined in carrying out its role, with the emphasis on strategic issues and policies;

e. The Board's discussion will be open and constructive. The Chairman will seek a consensus in the Board but may, where considered necessary, call for a vote. Discussions and records will remain confidential unless a specific direction from the Board to the contrary;

f. The Board members are entitled to have access, at reasonable times, to all relevant company information and to senior management to assist them in the discharge of their duties and responsibilities to enable them to make informed decisions;

g. The Board members are expected to strictly observe the provisions of the legislations/regulations applicable to the use and shall preserve the confidentiality of confidential material given or presented to the Board; and

h. The Board or a Board member for the furtherance of their or his/her duties may take independent professional advice (if necessary) at the Company's expense, subject to the prior approval of the Chairman.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

1.2 Clear roles and responsibilities *cont'd*

Significant matters reserved for the consideration of the Board include the following:

- Approval of the audited financial statements and quarterly financial results of the Group;
- Approval of annual budget;
- Approval for the appointment and remuneration of Directors;
- Proposed corporate exercise; and
- Borrowings from financial institutions.

As for the succession planning, the Board is responsible in reviewing candidates for the appointment of Director and ensuring that orderly succession of executive director and senior management positions are being filled. Remuneration, Quality and Nominating ("RQN") Committee was delegated by the Board to review succession plans and remuneration packages for the Directors.

1.3 Code of Conduct and Ethics

The Group is committed to promoting and maintaining high standards of transparency, accountability and ethics in the conduct of its business and operations.

The Group's Employee Handbook governs the terms and conditions of employment and the standards of ethics and good conduct expected of the Group Managing Director and employees.

The Board has established the Code of Conduct and Ethics for Directors (Executive and Non-Executive Directors) which describes the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company or when representing the Company.

In addition, the Whistleblowing Policy and Procedures established by the Board apply to the Directors and employees of the Group and are designed to provide them with proper internal reporting channels and guidance to disclose any wrongdoing or improper conduct relating to unlawful conduct, inappropriate behaviour, malpractices, violation of established written policies and procedures within the Group or any action that is or could be harmful to the reputation of the Group and/or compromises the interests of the shareholders, clients and the public without fear of reprisal, victimisation, harassment or subsequent discrimination.

The Code of Conduct and Ethics for Directors and the Whistleblowing Policy and Procedures are made available for reference on the Company's website at *www.dp.com.my*.

1.4 Sustainability of Business

The Group recognises the importance of sustainability and its increasing impact to the business and is committed to understanding and implementing sustainable practices. The Group will set long term and short term targets for its sustainability efforts in order to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success. The Group acknowledges its corporate social responsibility in the community and will continue to support worthy causes.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

1.5 Access to Information and Advice

To ensure effective conduct of Board meetings, a structured formal agenda and Board meeting papers relating to the agenda including progress reports on operations, periodic financial management reports, quarterly results of the Group and the Company, financial and corporate proposals, business strategy matters, minutes of the Board Committees and Directors' Circular Resolutions are circulated to all Directors prior to Board meetings. The Directors are given sufficient time to peruse the matters that will be tabled at the Board meetings to enable them to request for additional materials and conduct independent evaluation/analysis, where necessary and to participate in the deliberations of the issues to be raised and to make informed decisions.

At the Board meetings, the Group Managing Director explains in detail the significant issues arising from the queries of the Board members whilst the Chief Financial Officer presents the financials of the Group. Key Senior Management and external advisor are invited to attend Board meetings to furnish additional insights and professional views on specific items to be tabled for the Board's consideration.

Minutes of the Board and Board Committee meetings are circulated to Directors for their perusal prior to confirmation of the minutes at the following Board and Board Committee meetings respectively. The Directors may request for further clarification or raise comments or corrections on the minutes prior to confirmation of the minutes at the respective Board and Board Committee meetings as the correct records of the proceedings. All matters arising from Board and Board Committee meetings are attended to by the Management and the Board is updated with the progress and/or outcome of the matters at the next meeting, or via email circulation if deemed urgent.

In exercising the Directors' duties, the Board has access to all information within the Company, the advice and services of the Company Secretaries and independent professional advice where necessary, at the Company's expense.

In addition to the quarterly reports, the Board makes public releases through BMSB and is kept informed of various requirements and updates issued by various regulatory authorities.

1.6 Qualified and competent Company Secretaries

The Company Secretaries play an advisory role in supporting the Board in carrying out its role and responsibilities. The primary responsibilities of the Company Secretaries include:

a. Assisting the Board as a whole and the Board members individually, as to how their responsibilities should be properly discharged in the best interests of the Group;
b. Providing full assistance to the Board and its committees on issues of compliance with rules and procedures and statutory regulations;
c. Circulating relevant news articles, guidelines and updates on statutory requirements from time to time for the Board members' reference on these updates at the Board meetings; and
d. Ensuring that all meetings of the Board and its committees are properly convened and that deliberations, proceedings and decisions thereof are properly minuted and documented.

1.7 Board Charter

The Board has established the Board Charter which provides guidance and clarity for the Board and the Management regarding the role of the Board and the Board Committees, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

1.7 Board Charter *cont'd*

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

The Board Charter was reviewed by the Board in 2014. It is made available for reference at the Company's website *www.dp.com.my*.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

2.1 Remuneration, Quality and Nominating ("RQN") Committee

The RQN Committee was established in 2003 and consists exclusively of Non-Executive Directors, a majority of whom are independent.

The presence of the Independent Non-Executive Directors ensures that independent views and objectivity are brought into the Board's deliberations and decision making processes.

The Independent Non-Executive Directors are not involved in the day-to-day management of the Company and are not full-time salaried employees. They contribute independent views to matters under consideration, provide wide and unfettered perspective on issues and bring to the Board integrity and a strong sense of ethics.

The Committee currently consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:

Tan Sri Datuk Adzmi Bin Abdul Wahab *(Chairman)*	*Independent Non-Executive Director*
Mr. Michael Yee Kim Shing	*Independent Non-Executive Director*
Mr. Yeow Soo Hiang	*Non-Independent Non-Executive Director*

The objective of the RQN Committee is to assist the Board to implement procedures for selection of directors and assessing the effectiveness of the Board, Board Committees and contributions and performance of individual directors. Further, the RQN is to establish a framework on remuneration of the Board members and Key Senior Management, recommending the remuneration packages, in line with the business strategy, responsibilities, expertise and long-term objectives of the Group.

The terms of reference of the RQN is made available for reference at the Company's website at *www.dp.com.my*.

The principal roles of the RQN are, inter-alia as follows:

a. To review and recommend to the Board for approval, the remuneration structure and policy for Executive Director and Key Senior Management;

b. To review the remuneration packages of the Key Senior Management;

c. To review and recommend to the Board for approval, the policy and framework for the Performance - Linked Compensation ("PLC") Scheme (if any);

d. To review and recommend to the Board, the appointment of new Executive Directors and to assess the performances of Executive Directors on an on-going basis;

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 2 – STRENGTHEN COMPOSITION *cont'd*

2.1 Remuneration, Quality and Nominating ("RQN") Committee *cont'd*

e. To review and recommend to the Board, the appointment of new Executive Directors and Group Managing Director; and

f. To review the Board's succession plans and training programmes for Board members.

The RQN and Board concluded that the length of service of all the Independent Directors on the Board do not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Group and they had continued to possess the following qualities:

- They have the ability to analyse issues, challenge viewpoints of the management with intelligent questioning and debate rigorously in the decision making process; and

- They remain capable of exercising unbiased, objective and independent view, advice and judgement in the decision making process.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The appointment of new Directors is under the purview of the RQN Committee which is responsible to perform a thorough assessment of the candidates and to deliberate on the assessment prior to recommending the candidates to the Board for its approval.

The RQN Committee reviewed the required mix of skills and experiences and other qualities, including core competencies which Directors should bring to the Board.

During the financial year, in review, the RQN considered the appointments of Mr. Yeow Soo Hiang, Mr. Tan Hock Chye and Dato Mohamad Rais Bin Zainuddin to the Board.

The RQN Committee, recommended the appointments to the Board for approval after having given consideration to the following:

- Their abilities to act objectively and constructively in exercising their duties as Directors;
- Their demonstration of professional ethical standards and integrity as Directors; and
- Their critical analytical skills and judgements.

After having undertaken an evaluation on the suitability, qualifications and experiences of Mr. Yeow Soo Hiang, Mr. Tan Hock Chye and Dato Mohamad Rais Bin Zainuddin, the RQN Committee recommended to the Board for their appointments.

The Board appointed Mr. Yeow Soo Hiang and Mr. Tan Hock Chye as Non-Independent Non-Executive Director and Non-Independent Executive Director respectively on 18 April 2016 and appointed Dato Mohamad Rais Bin Zainuddin as Independent Non-Executive Director on 17 November 2016.

The RQN Committee has carried out an evaluation of the effectiveness of the Board, Board Committees and individual Directors. This includes the roles and responsibilities of the Board; the Board composition; information to the Board; conduct of Board Meetings; performance evaluations on Board, Board Committees and Directors' self-assessments. The RQN Committee reviewed the outcome of the evaluation exercise and areas for continuous improvements.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 2 – STRENGTHEN COMPOSITION *cont'd*

2.2 Develop, Maintain and review Criteria for Recruitment and Annual Assessment of Directors *cont'd*

The Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation. This includes the selection of Board members. In addition, the Group believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders. In 2017, all the Directors of the Company are male and the racial composition is 33.33% Malay and 66.67% Chinese.

The Company recognises the recommendation of the Code, the Gender Diversity Policy is established and adopted by the board in May 2017. The policy is made available at the Company's website www.dp.com.my.

2.3 Remuneration policies and procedures

The RQN Committee has remuneration policies and procedures to guide its decision-making process. The RQN Committee meets as and when necessary and can also make decisions by way of circular resolutions.

The RQN Committee, 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 Director and key management personnel of the Company.

The fees and/or any increase, payable to Non-Executive Directors are approved by the shareholders at the Annual General Meeting based on the recommendation of the Board. The Board maintains that the current remuneration for each category of Director commensurate with that adopted by companies of similar operations and is sufficient to attract and retain directors of high calibre. For the year under review, the total fees and allowances to be paid to Non-Executive Directors amounted to RM165,000, and it was within the maximum annual fees of RM400,000 as conferred by the shareholders.

The remuneration of the Executive Director is based on his performance and contributions to the Group. On the other hand, the remuneration to the Non-Executive Directors are based on their respective experiences, qualifications and level of responsibilities undertaken by them.

Non-Executive Directors are paid with the fees for their serving to the Board and Board Committees. The meeting allowances and Director's fees are based on the number of meetings attended by the Non-Executive Directors as follows:

(a) Aggregate remuneration of Directors are categorised into the following components:

Company

Board of Directors	Emoluments (A) (RM)	Allowances (B) (RM)	Fees (C) (RM)	Total Directors' Remuneration Excluding Benefits-in-Kind (D)=(A+B+C) (RM)	Benefits-in-Kind (E) (RM)
Executive Director	536,045	46,533	-	582,578	21,247
Non-Executive Directors	-	23,250	141,750	165,000	-

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 2 – STRENGTHEN COMPOSITION *cont'd*

2.3 Remuneration policies and procedures *cont'd*

(a) Aggregate remuneration of Directors are categorised into the following components:

Group

Board of Directors	Emoluments (A) (RM)	Allowances (B) (RM)	Fees (C) (RM)	Total Directors' Remuneration Excluding Benefits-in-Kind (D)=(A+B+C) (RM)	Benefits-in-Kind (E) (RM)
Executive Directors	816,983	75,733	-	892,716	21,488
Non-Executive Directors	-	23,250	141,750	165,000	-

(b) Aggregate remuneration of Directors are categorised into the following components:

	Company				Group	
	Executive Director		Non-Executive Directors		Executive Directors	
Range of Remuneration	2017	2016	2017	2016	2017	2016
RM1 to RM50,000	0	0	5	4	0	0
RM200,001 to RM250,000	0	1	0	0	0	1
RM250,001 to RM300,000	0	0	0	0	0	1
RM300,001 to RM350,000	0	0	0	0	1	0
RM500,001 to RM550,000	0	0	0	0	0	1
RM550,001 to RM600,000	1	0	0	0	1	0

The Board is mindful on the disclosure of details in relation to the remuneration of Directors. The Company complies with the disclosure requirements under the MMLR of BMSB. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the above disclosure.

PRINCIPLE 3 – REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

All Independent Non-Executive Directors are independent of management and are free from any business or other relationships that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interests of the Group, as well as shareholders and stakeholders, employees and customers.

With regard to the Independent Directors who are eligible to stand for re-election at the forthcoming 28th Annual General Meeting, the RQN is satisfied that they are independent of management and free from any business or other relationships which could interfere with their exercise of independent judgement, objectivity or ability to act in the best interests of the Company.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 3 – REINFORCE INDEPENDENCE *cont'd*

3.2 Tenure of Independent Directors

One of the recommendations of the Code states that the tenure of independent directors should not exceed a cumulative term of nine years. Upon completion of the nine years, independent directors may continue to serve on the Board subject to the directors' re-designation as non-independent directors. However, the Board may seek shareholders' approval to retain them as independent directors in the next Annual General Meeting if the Board is satisfied, after assessment and upon recommendations of the RQN supported by personal declarations of independence of the concerned directors, that they continue to bring independent and objective judgement to the Board and that they can be tasked to discharge their duties and responsibilities independently notwithstanding their tenure on the Board.

The RQN and the Board have upon their annual assessment, concluded that Tan Sri Datuk Adzmi Bin Abdul Wahab and Mr. Michael Yee Kim Shing continue to demonstrate conduct and behaviour that are essential indicators of independence and that they continue to fulfil the definition of independence as set out in the MMLR. The length of their services on the Board do not in any way interfere with their exercise of independent judgements and ability to act in the best interests of the Group.

3.3 Separation of positions of the Chairman and Group Managing Director

Although the Chairman has some influence over the role of the Group Managing Director/Executive Director and the strategic business direction of the Group, the role of Chairman is separate from the role of Group Managing Director/Executive Director and his responsibilities are clearly defined to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board while the Group Managing Director/Executive Director is responsible for the overall operations of the business and the implementation of Board strategies.

The Board appreciates the distinct roles and responsibilities of the Chairman of the Board and the Group Managing Director. This division ensures that there is a clear and proper balance of power and authority. As such, the role of the Chairman and the Group Managing Director is separate. The Chairman's main responsibility is to ensure effective conduct of the Board through the execution of the following key roles:

(a) Building a high performance Board by leading the evaluation of the Board's performance and ensuring that succession planning is considered on an on-going basis;

(b) Managing Board meetings to ensure robust decision making by ensuring the provision of accurate, timely and clear information to all Directors. The Chairman encourages participation and deliberation by Board members to tap the wisdom of all the Board members and to promote consensus building as much as possible;

(c) Facilitating the Board and Management interface by acting as the conduit between the two parties; and

(d) Acting as a spokesperson for the Board and the Company.

The Chairman has never assumed an executive position in the Company, the Group Managing Director has overall responsibilities over the Group's operational and business units, organizational effectiveness and implementation of Board policies, directives, strategies and decision. In addition, the Group Managing Director by virtue of his position as a Board member, also functions as the intermediary between the Board and management.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 3 – REINFORCE INDEPENDENCE *cont'd*

3.4 Composition of the Board

The composition of the Board consists of members with a wide range of skills and experiences from the financial and business background to lead and control the Group.

The Board continues to give due consideration to its size, composition and spread of experience and expertise. No individual or group of individuals dominates the Board's decision-making ability. The Board has the appropriate number of Directors in terms of the complexity and size of the Group. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account the long-term interests of shareholders and stakeholders of the Group.

The current Board has six (6) members comprising three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and one (1) Non-Independent Executive Director.

The composition of the Board is in compliance with Paragraph 15.02 of the MMLR of BMSB which requires that at least two (2) directors or 1/3 of the Board of Directors, whichever is the higher, to be independent.

The Directors contribute greatly to the Company through their business acumen, wide range of knowledge and skills from their vast experiences. They are made up of qualified and experienced professionals in the fields of accountancy, finance, computer science, economics and management. 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 Group.

3.5 Board to be majority Independent Directors

The Board noted the recommendation of the Code where the Chairman of the Board is not an independent director, the Board must comprise a majority of independent directors. The current composition of the Board is in compliance with the requirements set out under the MMLR of BMSB.

PRINCIPLE 4 – FOSTER COMMITMENT

4.1 Time Commitment

The Board requires all members to devote sufficient time and effort to carry out their responsibilities. Each Director is expected to commit time as and when required to effectively discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Board meetings and Board Committee meetings are scheduled in advance of the new financial year to facilitate the Directors in planning their meeting schedule for the year.

In order for the Board meetings to be more effective and in depth deliberations of matters are achieved, the meeting agenda at Board meetings are sequenced in such a way taking into consideration the complexity of the proposal and/or whether there are items for approval, discussion or notation by the Board.

Key senior management and an external advisor are also invited to attend board meetings to provide further clarity on agenda items being discussed to enable the Board and/or Board Committees to arrive at a considered and informed decision.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 4 – FOSTER COMMITMENT *cont'd*

4.1 Time Commitment *cont'd*

During the financial year under review, the Board met four (4) times to review the Group's operations, strategy, business plans, review and approve the quarterly financial results, annual financial statements and other matters requiring the Board's approval. All Directors had attended the board meetings held during the financial year and have complied with the minimum requirement of 50% attendance at board meetings as stipulated in the MMLR of BMSB.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. There were four (4) Board Meetings held in the financial year 2017.

The details of their attendance of meeting during the financial year are as follows:

Name of Directors	Attendance	Percentage
Tan Sri Datuk Adzmi Bin Abdul Wahab	3/4	75
Datuk Lim Chee Wah	3/4	75
Mr. Michael Yee Kim Shing	4/4	100
Mr. Yeow Soo Hiang	4/4	100
Dato Mohamad Rais Bin Zainuddin	1/2	50
Mr. Tan Hock Chye	4/4	100

4.2 Directors' Training

All directors have attended and successfully completed the Mandatory Accreditation Programme accredited by BMSB. In addition, seminars and conferences organised by BMSB, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board has identified training needs and enrolled themselves for the training programmes, as and when required. Directors may also request to attend additional training to keep abreast of their individual requirements.

The Directors are also updated by the Company Secretaries on any changes to legal and governance practices of the Group and which affect themselves as Directors at every Audit Committee and Board meeting.

During the financial year ended 31 March 2017, the Directors had attended training covering a broad range of areas such as Companies Act 2016, corporate governance and statutory regulations. In addition, the Directors continuously receive briefings and updates on the developments in business environment, new regulations and statutory requirements.

All Directors have attended relevant training programmes to further enhance their skills and knowledge. The Board of Directors will on a continuous basis, evaluate and determine the training needs of the Directors to discharge their professional duties as Directors.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board aims to provide balance and meaningful assessment of the Group's financial performance and position at the end of each financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders and the Chairman's Statement in the Annual Report. This is to comply with Principle 5 of the Code that emphasises the role of Audit Committee in ensuring that financial statements are reliable.

The Board is assisted by the Audit Committee in overseeing and governing the Group's financial reporting processes and the quality of its financial reporting.

The Audit Committee performs inter-alia the following functions:

a. Review with the Group's External Auditors their audit report and the planned corrective actions that need to be taken arising from their audit findings;

b. Review the quarterly and annual financial statements of the Group and the Company before submission to the Board, focusing in particular on significant changes and adjustments in the preparation and presentation of the financial statements, material fluctuations in the financial position and results as reflected in the financial statements and compliance with accounting standards, regulatory and other legal requirements. This includes assurance that is provided by the Chief Financial Officer to the Audit Committee that the financial statements had been prepared as per statutory requirements;

c. Review matters concerning the suitability for appointment or reappointment of External Auditors and matters relating to their resignation;

d. Review any related party transactions entered into by companies within the Group and any conflict of interest situation that may arise within the Group; and

e. Review with the Internal Audit Department their evaluation of the system of internal controls, which include amongst other matters, the financial and operational controls.

Details of the activities and disclosure on how Audit Committee discharged its oversight role for the financial year under review are set out separately in Audit Committee Report.

5.2 Assessment of Suitability and Independence of External Auditors

The Company through the Audit Committee has an appropriate and transparent relationship with the External Auditors. The Audit Committee reviews issues of accounting policies and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the External Auditors. The Audit Committee has full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairman of the Audit Committee.

As one of its functions stated above, the Audit Committee undertakes an annual assessment of the External Auditors to gauge their performance, suitability and independence. Based on the results of this assessment, the Audit Committee shall make a recommendation to the Board for their re-appointment or termination.

In this regard, the Audit Committee had on 26 May 2017 assessed the performance and independence of Messrs. Folks DFK & Co. as External Auditors of the Company for services provided by them during the financial year under review and had recommended their re-appointment.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING *cont'd*

5.2 Assessment of Suitability and Independence of External Auditors *cont'd*

The details of the assessment process on suitability and independence of External Auditors are set out separately in Audit Committee Report.

The External Auditors Assessment Policy is established and adopted by the Board in May 2017. The policy is made available at the Company's website www.dp.com.my for reference.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities.

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems.

The Board has received assurance from the Group Managing Director ("GMD") and Chief Financial Officer ("CFO") that, in the course of their management of day-to-day operations in respect of whole business activities of the Group, nothing has come to their attention which indicates that the risk management and internal control system is not operating effectively in all material aspects.

In addition, the External Auditors, Messrs Folks DFK & Co. have reviewed and assessed in ensuring that the Board of Directors and its committee on reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

Directors and Principal Officers of the Group are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties. However, the Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

The Statement on Risk Management and Internal Control ("SORMIC") made pursuant to Paragraph 15.26(b) of the MMLR of BMSB is separately set out in this Annual Report.

6.2 Internal Audit Function

The Board has established an Internal Audit function within the Company which is led by the Senior Manager, Internal Audit Unit ("IAU") who reports directly to the Audit Committee.

The in-house Internal Audit function whose primary responsibility is to assure the Board, through the Audit Committee, that the internal control system is functioning as intended. The Audit Committee receives feedback from the Head of Internal Audit on the adequacy and effectiveness of internal control every quarter based on the audit assignments undertaken by the Internal Audit Unit.

Details of the key elements of the Group's internal controls system are set out separately in the SORMIC and the Audit Committee Report sections of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Appropriate Corporate Disclosure Policies and Procedures

The Group has put in place appropriate controls on the confidentiality of information where all Executive Directors and employees of the Company are required to sign a Confidentiality Agreement before appointment. This is to ensure that confidential information is properly handled to avoid leakage and improper use of such information. The Group upholds strict standards on confidentiality with regards to the undisclosed material information and to ensure that the dissemination of information to the shareholders and general public is done in a timely and fair manner. The Board is mindful that information which is expected to be material must be announced immediately.

In addition, the Board has established the Corporate Disclosure Policies and Procedures which applies to all Directors, management and employees of the Group. It outlines the Company's approach toward the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained and restrictions on insider trading. It also provides guidelines in order to achieve consistent disclosure practices across the Company.

The Corporate Disclosure Policy and Procedures is made available on the Company's website at *www.dp.com.my*.

7.2 Leverage on information technology for effective dissemination of information

The Company's website incorporates the corporate information of the Company and is accessible to the public. The website also incorporates an Investor Relations section which provides all relevant information on the Company's shares, financial information, announcements made by the Company to BMSB as well as the latest media news on the Company. The Company has continuously leveraged on information technology for effective dissemination of information to the shareholders and to the public.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

The Notice of General Meetings together with a copy of the Company's Annual Report and/or Circular to Shareholders will be despatched to the shareholders within the prescribed notice period prior to the scheduled general meetings in order to provide sufficient time to the shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations and more importantly, it provides an avenue for the shareholders to make enquiries on the resolutions being proposed and to seek clarification on the business and performance of the Group.

8.2 Poll Voting

The Board ensures poll voting at general meetings in case of substantive resolutions which require shareholders' approval. In previous general meetings held, the Chairman had notified the shareholders of their rights to demand a poll vote at the commencement of the general meetings. Resolutions set out in the Notice of any General Meeting or any Notice of Resolution which may properly be moved at any general meeting is voted by poll. The poll voting process at the General Meeting will be conducted in accordance with the provisions of the Articles of Association of the Company.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS *cont'd*

8.3 Effective Communication and Proactive Engagement

The Company recognises the importance of providing adequate information to the shareholders on a timely basis. The shareholders are kept well informed of the developments and performance of the Company through timely announcements and disclosures made to BMSB including the release of financial results on a quarterly basis. Additionally, the Annual General Meeting is the principal forum for dialogue and interaction with all shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group.

In addition to the above, the Company is always willing to meet up with institutional investors whenever the need arises, to elaborate or to further clarify the information which has been disclosed to the shareholders.

The Shareholders and Investors Communication Policy is established and adopted by the Board in May 2017. The policy and up-to-date information are made available at the Company's website *www.dp.com.my* for reference.

9. CORPORATE SOCIAL RESPONSIBILITY

The Company acknowledges the fact that any form of support for the social well-being and/or growth of the community would indirectly contribute to the social interests and advancement of the Malaysian society.

On 1-3 October 2016, the Company had organised a trip to Kuantan for team building and some outdoor activities. The objectives of the team building were to enhance communications, interactions between teams, encourage trust and clarity of leadership role within the teams to achieve their goals.

As part of the Group's efforts to enhance its corporate image and in keeping with its Corporate Social Responsibility, the Group had organised two blood donation campaigns held on 20 September 2016 and 28 April 2017 respectively to assist the needs of and to support the nation's blood bank.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. Utilisation of proceeds raised from Corporate Proposals

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

i) Proposed reduction of the Share Premium Account of the Company amounting to RM5,488,032 pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 ("Act") ("Proposed Share Premium Reduction");

ii) Proposed reduction of the issued and paid up share capital of the Company pursuant to Section 64(1) of the Act, involving cancellation of RM0.15 from the par value of every existing ordinary share of RM0.25 each in the Company ("Proposed Par Value Reduction");

iii) Proposed private placement of up to 38,308,719 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing up to 10% of the issued and paid up share capital of the Company after the Proposed Share Premium Reduction and Proposed Par Value Reduction ("Proposed Private Placement"); and

iv) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Par Value Reduction ("Proposed M & A Amendments").

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

On 4 May 2016, the Company lodged the sealed order of the High Court of Malaya, Kuala Lumpur dated 25 April 2016 sanctioning the Proposed Share Premium Reduction and Proposed Par Value Reduction with the Companies Commission of Malaysia and as such, these proposals were deemed completed on 4 May 2016.

On 23 May 2016, the Proposals had been completed following the listing and quotation of 38,308,632 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad based on the issue price of RM0.145 per Placement Share.

The proceeds raised of RM5,554,751 was utilised as follows:

	RM
Repayment of bank borrowings	4,967,751
Working capital requirements	287,000
Settlement of estimated expenses for the corporate exercise	300,000
Total proceeds	**5,554,751**

ADDITIONAL COMPLIANCE INFORMATION
CONT'D

2. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors, Messrs Folk DFK & Co and a corporation affiliated to Messrs Folk DFK & Co by the Group and the Company for the financial year 2017 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees paid or payable to:		
- Messrs Folks DFK & Co	125	50
Non-audit fees paid or payable to:		
- Messrs Folks DFK & Co	10	10
- Corporation affiliated to Messrs Folks DFK & Co	27	5
	37	**15**

3. Material Contracts involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either subsisting as at 31 March 2017 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

There is no related party transactions during the financial year ended 31 March 2017.

AUDIT COMMITTEE REPORT

The Audit Committee of Dataprep Holdings Bhd ("the Company") is pleased to present the Audit Committee Report for the financial year ended 31 March 2017 which provides insight into the manner in which the Audit Committee discharged its functions, roles and responsibilities for the company during the financial year under review:

1. COMPOSITION OF AUDIT COMMITTEE

There are four (4) Audit Committee members, all of whom are non-executive directors, with a majority of them being independent directors.

The Members of the Audit Committee are as follows:

Chairman: Mr. Michael Yee Kim Shing *(Independent Non-Executive Director)*

Members: Tan Sri Datuk Adzmi bin Abdul Wahab *(Independent Non-Executive Director)*
Mr. Yeow Soo Hiang *(Non-Independent Non-Executive Director)*
Dato' Mohammad Rais Bin Zainuddin *(Independent Non-Executive Director – appointed on 17 November 2016)*

The Chairman of the Audit Committee is a member of The Malaysian Institute of Accountants, The Institute of Chartered Accountants of Australia and The Institute of Certified Public Accountants of Singapore which further complies with paragraph 15.09 1(c)(i) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB").

The Secretaries to the Audit Committee are Ms. Joanne Tee and Ms. Geng Mun Mooi.

2. ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Committee met 4 times during the financial year ended 31 March 2017. The attendance records of the respective Committee members and dates of the meetings are as follows:

	Meetings				Attendance (√)	
Name of Member	**26/05/16**	**12/08/16**	**18/11/16**	**16/02/17**	**Held**	**Attended**
Mr. Michael Yee Kim Shing	√	√	√	√	4	4
Tan Sri Datuk Adzmi bin Abdul Wahab	√	√	-	√	4	3
Mr. Yeow Soo Hiang	√	√	√	√	4	4
Dato' Mohamad Rais Bin Zainuddin	-	-	√	√	4	2

Upon invitation, the Audit Committee Meetings were attended by the Group Managing Director, representatives of the External Auditors, Chief Financial Officer, Head of Internal Audit and relevant members of the management to facilitate direct communication and provide clarification on audit issues, Group's operations as well as other matters within the Terms of Reference of the Audit Committee, where applicable. Minutes of each Audit Committee Meeting were recorded and tabled for confirmation and adoption at the following Audit Committee Meeting and subsequently presented to the Board for notation. The minutes of the Audit Committee Meeting which include record of deliberations, decisions and resolutions on matters brought up in the meetings were properly maintained by the Company Secretary.

The Audit Committee may also invite any employee of the company to attend its meetings if appropriate, has accessed to any form of independent advice from professionals, information and views and services of the Company Secretary as when warranted in carrying out its duties and functions.

AUDIT COMMITTEE REPORT
CONT'D

2. ATTENDANCE AT AUDIT COMMITTEE MEETINGS *cont'd*

The Audit Committee Chairman reports to the Board on a quarterly basis on all significant matters discussed, deliberated upon and dealt with at the Audit Committee Meetings. Amongst others, it contains the Audit Committee's recommendations to approve the quarterly management reports and accounts, the quarterly consolidated financial results released to Bursa Malaysia, the annual financial statement of accounts, key disclosure statements in the Annual Report as well as significant audit issues raised by the External Auditors and Internal Auditors. The Audit Committee continuously reviews and updates its Terms of Reference to reflect the updated internal procedures of the management and current requirements as promulgated by the authorities.

The Terms of Reference is available on the Company's website *www.dp.com.my*.

3. ACTIVITIES OF THE AUDIT COMMITTEE

The summary of the activities carried out by the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31 March 2017 is as follows:

(i) Financial Reporting

a. Reviewed the audited financial statements of the Group and of the Company for inclusion in the Annual Report as well as the statutory auditors' report thereon prior to the submission to the Board for their consideration and approval, upon being satisfied that, inter alia, they were drawn up in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act 2016 in Malaysia;

b. Reviewed and discussed the Quarterly Management Report and Accounts of the Company and of the Group as well as the unaudited quarterly financial results including the announcements pertaining thereto before recommending the same to the Board for approval and release to Bursa Malaysia;

   To uphold the integrity of information, the Chief Financial Officer attended all Audit Committee Meetings held throughout the financial year and the management provided assurance to the Audit Committee that appropriate accounting policies had been adopted and applied consistently and matters such as prudent judgement and estimates had been made in accordance with the requirements as stipulated in the relevant accounting standards;

c. When reviewing the financial reports, the Audit Committee had obtained reasonable assurances that the financial performance and financial position as reflected in the Statement of Accounts had been prepared in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS") in all aspects; and

d. Reviewed the assurance provided by the Group Managing Director and the Chief Financial Officer on the scope and performance of the internal control systems established by the Group. The assurance provided by the Senior Management was corroborated by independent confirmation received from the Internal Audit Unit based on the undertaking of audits in accordance with the Audit Planning Memorandum that had been approved by the Audit Committee.

(ii) External Auditors

a. In February 2017, reviewed and discussed the Audit Planning Memorandum of the External Auditors for financial year ended 31 March 2017. This covers the audit approach, significant events, key areas of audit emphasis, proposed audit fees and non-audit fees and updates of accounting standards as well as other regulatory updates, as appropriate;

AUDIT COMMITTEE REPORT
CONT'D

3. **ACTIVITIES OF THE AUDIT COMMITTEE** *cont'd*

(ii) External Auditors *cont'd*

b. In May 2017, reviewed and discussed the Audit Review Memorandum issued by the External Auditors upon completion of the annual audit, covering significant audit findings, deficiencies in internal controls via management letter, status of audit, professional independence, communication with Audit Committee, summary of unadjusted differences and expected auditor's opinion. The External Auditors had expressed an opinion that the Group's financial statements were prepared in compliance with the MFRS and confirmed that the accounting records, other records and registers are properly kept in accordance with the provisions of the Companies Act 2016;

c. In May 2017, assessed and evaluated the performance of the External Auditors focussing on the question of professional independence and suitability for its reappointment as External Auditors of the company in conjunction with the Group Managing Director and Chief Financial Officer;

In this regard, the Board has officially confirmed and endorsed that the External Auditors are fully independent and suitable with the assessment process and evaluation being performed as per the Group's External Auditors Assessment Policy *(refer to the Company's website at www.dp.com.my)* which covered the following areas:

(i) Independence

(a) The Audit Committee had reviewed and discussed on the status of independence of the External Auditors for the financial year ended 31 March 2017. The External Auditors had provided written assurance presented in their Audit Planning Memorandum confirming their continuous compliance with the relevant ethical requirements concerning independence with respect to the audit of the group in accordance with the International Federation of Accountants code of ethics for professional accountants and the Malaysian Institute of Accountants by laws (on professional ethics, conduct and practice); and

(b) The Audit Committee had reviewed and discussed the summary of non-audit services rendered to the Group as presented in their Audit Review Memorandum. The non-audit services provided by the External Auditors for the financial year ended 31 March 2017 were in respect of tax compliance services, review of the Statement of Risk Management and Internal Controls ("SORMIC") and the review of the Statement of Realised/Unrealised Retained Profits. The total fee of which amounted to RM36,420.

The nature of the non-audit services rendered were looked into together with the related terms wherein it was concluded that the fees were reasonable and realistic in line with the complexity and magnitude of the services coupled with the types of assignments undertaken which would not impair the independence and objectivity of the External Auditors. To this end, the Audit Committee is guided specifically by the by-laws (on professional, ethics, conduct and practice) of the Malaysian Institute of Accountants ("MIA") and International Ethics Standards Board for Accountant ("IESBA") code of ethics for use by professional accountants.

AUDIT COMMITTEE REPORT
CONT'D

3. ACTIVITIES OF THE AUDIT COMMITTEE *cont'd*

(ii) External Auditors *cont'd*

(ii) Suitability and Performance

(a) In May 2017, the Audit Committee had assessed and evaluated the performance of the External Auditors based on the following guidelines:

- Calibre of the external audit firm of international status;
- Quality of audit processes and performance based on International Auditing Standards of Practice;
- Competent, qualified and experienced audit engagement team, with experience to IT Industry and familiar with Dataprep Holdings Bhd's core business and operations;
- Audit scope and planning in line with best practice;
- Fairness and reasonableness of audit fee; and
- Audit communication.

Additionally, the Audit Committee also had taken the following criteria into consideration in assessing and evaluating on the performance of the External Auditors:

- Competencies;
- Conduct of audit;
- Engagement partners involvement;
- Concurring partners involvement; and
- Professional working relationship between the management and the External Auditors.

(b) The management had confirmed that the External Auditors had provided full cooperation had extended relevant advise, suggestions and clarifications related to the accounting treatments and presentations of the financial and operational transactions to the management, maintained active engagement and communication during the audit processes and the audit fee proposed was competitive and reasonable based on the complexities and size of the audit and time spent on the audit undertakings. The outcome of the performance assessment supports the Audit Committee recommendation to the Board for the reappointment of Folks DFK & Co. as the External Auditors of the company for the ensuring year;

(c) The Board at its meeting in May 2017 approved the Audit Committee recommendations to reappoint Folks DFK & Co., subject to the shareholders' approval to be sought at the forthcoming Annual General Meeting;

(d) Reviewed and discussed the opinion issued by the External Auditors from their review on SORMIC for the financial year ended 31 March 2017 which was effected in accordance with SORMIC - Guidelines for Directors of Listed Issuers;

(e) In February 2017 and May 2017, the Audit Committee had two private meetings with the External Auditors without the presence of the Group Managing Director and management. Generally, there were no significant unfavourable matters raised by the External Auditors; and

(f) The AC shall conduct a review of the External Auditors as per the External Auditors Assessment Policy periodically to ensure that it continues to remain relevant and appropriate.

AUDIT COMMITTEE REPORT
CONT'D

3. **ACTIVITIES OF THE AUDIT COMMITTEE** *cont'd*

(iii) Internal Auditors

(a) Reviewed and approved the Audit Planning Memorandum of the Internal Auditors for the working period from June 2016 to May 2017. In respect of the financial year ended 31 March 2017 to ensure adequate scope of work, functions, resources, coverage on the activities of the Group, taking into consideration the assessment of key risk areas;

(b) Reviewed and discussed the Internal Audit reports issued by the Internal Audit Unit which incorporate the findings, recommendations and corrective actions committed by the management to ensure that all key risks are adequately addressed on timely basis and that effective controls are put in-place;

There were 8 Internal Audit reports issued by the Internal Audit Unit during the financial year ended 31 March 2017 which aligned to the approved Audit Planning Memorandum. All Internal Audit reports were discussed and matters of disputable findings were resolved with recommendations of corrective measures made to the management. The Internal Audit reports covered the operational transactions in the auditable areas of Sales, Marketing & Solutions, ICT Solutions & Services, Dataprep Payment Solution Services and Group Corporate Services;

(c) Reviewed the progress of action plans committed by the management for key findings highlighted in previous Internal Audit reports until the recommendations thereto had been fully rectified and that the preventive and corrective measures were put in-place; and

(d) Reviewed the progress and activities of Internal Audit Unit on a quarterly basis which covered the following aspects:

(i) The status of completion of the planned audit assignments as per the approved Audit Planning Memorandum for the financial year ended 31 March 2017;

(ii) Any request for modification to the approved Audit Planning Memorandum to cater for ad-hoc audit assignments initiated by the Group Managing Director and Senior Management or significant changes in the business and corporate development as applicable;

(iii) Adequacy of resources and competencies in regard to the Internal Audit management; and

(iv) Significant matters, issues and challenges faced in the conduct of audit work.

(iv) Corporate Governance and Compliance

(a) Reviewed the published Annual Report of the company which encompasses relevant disclosure statements a set out in part (a) of Appendix 9(c) of the MMLR;

(b) Reviewed the recurrent related part 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;

(c) Reviewed with the assistance of the Internal Audit Unit on a quarterly basis to determine the presence of any recurrent related party transaction to ensure full compliance with the relevant MMLR of Bursa Malaysia and the related internal procedures; and

(d) Discussed and noted the updates on regulatory, statutory and professional body and relevant business news articles published by the mass media.

AUDIT COMMITTEE REPORT
CONT'D

3. ACTIVITIES OF THE AUDIT COMMITTEE *cont'd*

(v) Risk Management

(i) Reviewed and guided the interim initiative to resume with the risk management activities for time being by having some form of risk management short of the best practice is being introduced; and

(ii) Risk Facilitators are nominated and they deal with risk owners for purposes of gathering significant risks confronting the Group's activities, after which to submit such information of risks to the Senior Management for tabling periodically to the Board of Directors, highlighting critical risks faced by the Group together with related responses in conformity with MCCG 2012.

4. INTERNAL AUDIT UNIT

The Internal Audit Unit is lead by the Head of Internal Audit who reports functionally to the Audit Committee in accordance of the paragraph 15.27 of the MMLR and administratively to the Group Managing Director.

The main objective of the Internal Audit function is to assist the Board and management in discharging their responsibilities by providing an independent and reasonable assurance on the adequacy and effectiveness of system of internal control, risk management and corporate governance processes of the Group.

The purpose, authority and responsibility as well as the scope of the Internal Audit functions are articulated in the approved Internal Audit Charter. Specifically, the key responsibilities of the Internal Audit Unit include the followings:

(i) Developing an annual risk based audit plan to be submitted to the Audit Committee for approval;

(ii) Executing the approved audit plan using a risk based methodology, as well as any special task or project initiated by the Board, Audit Committee and Senior Management;

(iii) Issuing periodic audit reports with detailed findings, recommendations and corrective actions committed by the management and thereafter tabled to the Audit Committee for review and approval;

(iv) Reporting on a timely basis to the Audit Committee any suspected fraud with appropriate details; and

(v) Undertaking investigation work as instructed and presenting the result thereof to the Audit Committee.

The Internal Audit activities for the financial year ended 31 March 2017 were carried out in accordance with the Audit Planning Memorandum which had been approved by the Audit Committee. The planned audit assignments were identified taking into consideration of all existing and potential risk factors of the Group compiled from the following sources:

(i) Observations and risks identified from previous Internal Audit assignments;

(ii) Observations and risks highlighted by the Audit Committee;

(iii) Discussions with Group Managing Director, key management personnel and Heads of Department;

(iv) Review the Minutes of Meetings, relevant reports and matters deliberated and discussed in key meetings held throughout the working period by the Senior Management; and

(v) Review on the recent strategic business exercises and activities.

AUDIT COMMITTEE REPORT
CONT'D

4. INTERNAL AUDIT UNIT *cont'd*

Internal Audit has performed a high level assessment on the risk factors based on the likelihood and consequences ratings for each risk assigned and populated into the Likelihood and Consequences Matrix to identify the significant auditee and auditable areas selected for audit purposes. The identified key audit areas for the financial year ended 31 March 2017 which constituted the subject matters of the audit work conducted by the Internal Audit were as follows:

(i) Sales, Marketing & Solutions
Audited Areas:
- Business Development, Key Account Manager, Sales Administration & Tenders;

(ii) ICT Solutions & Services
Audited Areas:
- Project Management Office – Project Planning, Project Management, Contract Management & Administration; and
- Logistics & Warehousing;

(iii) Dataprep Payment Solution Services
Audited Areas:
- Sales & Marketing, Sales Administration, Billings & Collections; and

(iv) Group Corporate Services
Audited Areas:
- Management Information System – IT Services, Safeguarding/Tracking of IT Assets, Backup & Recovery;
- Management of Fixed Assets (IT); and
- Accounts Receivable & Credit Controls.

The total costs incurred by the Internal Audit function in discharging its functions and responsibilities for the working period set for financial year ended 31 March 2017 were approximately RM245,519.

AUDITED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit herewith their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Loss net of tax	(3,093)	(4,326)
Attributable to:		
Owners of the Company	(2,537)	(4,326)
Non-controlling interests	(556)	-
	(3,093)	(4,326)

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

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

DIVIDEND

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

SHARE CAPITAL

Pursuant to a capital reduction and a private placement of new shares exercise for the financial year as detailed in Note 35 to the financial statements, the Company reduced its issued and paid-up share capital from RM95,771,798 comprising 383,087,192 ordinary shares of RM0.25 each to RM38,308,719 comprising 383,087,192 ordinary shares of RM0.10 each and thereafter, increased its issued and paid-up share capital to RM42,139,582 comprising 421,395,824 ordinary shares of RM0.10 each by way of a private placement of 38,308,632 new ordinary shares of RM0.10 each at the issue price of RM0.145 per share for a total cash subscription of RM5,554,751 to repay bank borrowings and for working capital. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares. The private placement of new shares resulted in a share premium of RM1,723,888.

DIRECTORS' REPORT
CONT'D

SHARE CAPITAL *cont'd*

Upon the commencement of the Companies Act, 2016 on 31 January 2017 which abolished the concept of authorised share capital and par value of share capital, the share premium of RM1,723,888 became part of the Company's share capital as of that date pursuant to the transitional provision set out in Section 618(2) of the new Act. Consequently, the share capital of the Company amounted to RM43,863,470 comprising 421,395,824 ordinary shares as at 31 January 2017.

DIRECTORS

The names of the Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Datuk Adzmi Bin Abdul Wahab (Chairman)
Datuk Lim Chee Wah
Michael Yee Kim Shing
Yeow Soo Hiang
Dato Mohamad Rais Bin Zainuddin (appointed on 17 November 2016)
Tan Hock Chye

With the Companies Act 2016 which came into operation on 31 January 2017, there is no age limit to act as Directors in a public listed company.

Tan Sri Datuk Adzmi Bin Abdul Wahab and Michael Yee Kim Shing who were over the age of 70 years old, were re-appointed to the Board pursuant to Section 129(6) of Companies Act 1965 at the 27th Annual General Meeting will hold office until the conclusion of the 28th Annual General Meeting, and being eligible, offer themselves for re-appointment on the forthcoming Annual General Meeting.

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

In accordance with Article 103 of the Company's Articles of Association, Dato Mohamad Rais Bin Zainuddin retires from the Board at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the private placement of new shares in the Company to the holding company, VXL Holdings Sdn Bhd of which Datuk Lim Chee Wah, a Director of the Company is a substantial shareholder pursuant to the corporate exercise as detailed in Note 35 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements and through the private placement of new shares in the Company as referred to in the preceding paragraph, at an issue price which represented a discount from the quoted market price as detailed in Note 35 to the financial statements.

DIRECTORS' REPORT
CONT'D

DIRECTORS' BENEFITS *cont'd*

The amount of liability indemnity insurance effected by the Company for the Company's Directors and officers acting in supervisory capacities is up to a limit of RM3,000,000 for the financial year.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.4.2016	**Acquired**	**Disposed**	**At 31.3.2017**
The Company				
Tan Sri Datuk Adzmi bin Abdul Wahab				
- Direct	203,125	-	-	203,125
Datuk Lim Chee Wah				
- Direct	1,062,500	-	-	1,062,500
- Indirect	232,232,168	38,308,632	-	270,540,800
Tan Hock Chye	322	-	-	322

	Number of Ordinary Shares			
	At 1.4.2016	**Acquired**	**Disposed**	**At 31.3.2017**
Holding Company				
- VXL Holdings Sdn. Bhd.				
Datuk Lim Chee Wah				
- Indirect	1,000,000	-	-	1,000,000

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

Except as disclosed above, the other Directors in office did not have any interest in shares of the Company and its related corporations for the financial year.

DIRECTORS' REPORT
CONT'D

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

(f) In the opinion of the Directors:

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

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

HOLDING COMPANY

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

DIRECTORS' REPORT
CONT'D

SIGNIFICANT EVENT DURING THE YEAR

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

AUDITORS

(a) Details of auditors' remuneration for the Group and for the Company are disclosed in Note 8 to the financial statements.

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 May 2017.

Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

Tan Hock Chye
Director

Date: 30 May 2017

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	4	45,030	58,525	5,370	5,844
Cost of sales		(36,638)	(47,353)	-	-
Gross profit		8,392	11,172	5,370	5,844
Other income	5	747	975	298	574
Selling and distribution costs		(1,908)	(1,694)	-	-
Administrative expenses		(6,339)	(8,480)	(3,706)	(3,964)
Other expenses	6	(3,774)	(4,160)	(6,279)	(5,558)
Operating loss		(2,882)	(2,187)	(4,317)	(3,104)
Finance costs	7	(182)	(569)	(9)	(10)
Loss before taxation	8	(3,064)	(2,756)	(4,326)	(3,114)
Taxation	11	(29)	(110)	-	-
Loss for the financial year		(3,093)	(2,866)	(4,326)	(3,114)
Other comprehensive (loss)/income					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation (loss)/gain		(22)	40	-	-
Other comprehensive (loss)/income for the year, net of tax		(22)	40	-	-
Total comprehensive loss for the year		(3,115)	(2,826)	(4,326)	(3,114)
Loss for the financial year attributable to:					
Owners of the Company		(2,537)	(2,736)	(4,326)	(3,114)
Non-controlling interests		(556)	(130)	-	-
		(3,093)	(2,866)	(4,326)	(3,114)
Total comprehensive loss for the year attributable to:					
Owners of the Company		(2,559)	(2,696)	(4,326)	(3,114)
Non-controlling interests		(556)	(130)	-	-
		(3,115)	(2,826)	(4,326)	(3,114)
Loss per share attributable to owners of the Company (sen):					
Basic	12	(0.61)	(0.71)		

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

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Plant and equipment	13	1,136	1,342	165	265
Intangible assets	14	68	144	91	156
Investment in subsidiaries	15	-	-	15,595	16,307
Other investments	16	75	91	-	-
		1,279	1,577	15,851	16,728
Current assets					
Inventories	19	497	638	-	-
Trade receivables	20	22,449	16,036	-	-
Other receivables	21	1,207	1,180	80	176
Amounts due from subsidiaries	17	-	-	16,628	11,249
Tax recoverable		155	62	-	-
Cash and bank balances	23	25,050	23,684	7,956	10,802
		49,358	41,600	24,664	22,227
TOTAL ASSETS		50,637	43,177	40,515	38,955

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2017

CONT'D

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	24	43,863	95,772	43,863	95,772
Share premium		-	5,488	-	5,488
Merger deficit		(13,509)	(13,509)	-	-
Foreign exchange reserve		120	142	-	-
Retained profit/(Accumulated losses)		438	(58,429)	(4,234)	(62,859)
		30,912	29,464	39,629	38,401
Non-controlling interests		1,368	(109)	-	-
Total equity		32,280	29,355	39,629	38,401
Non-current liabilities					
Long term borrowings	25	152	178	152	178
Current liabilities					
Trade payables	26	8,880	3,041	-	-
Other payables	27	4,393	3,939	486	350
Amount due to a subsidiary	17	-	-	222	-
Short term borrowings	25	4,930	6,651	26	26
Provision for taxation		2	13	-	-
		18,205	13,644	734	376
Total liabilities		18,357	13,822	886	554
TOTAL EQUITY AND LIABILITIES		50,637	43,177	40,515	38,955

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2017

		Attributable to the Owners of the Company							
			Non-Distributable						
Group	Note	Share capital (Note 24) RM'000	Share premium RM'000	Merger deficit RM'000	Foreign exchange reserve RM'000	Retained profit/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2016		95,772	5,488	(13,509)	142	(58,429)	29,464	(109)	29,355
Loss for the financial year		-	-	-	-	(2,537)	(2,537)	(556)	(3,093)
Foreign currency translation loss of foreign operations		-	-	-	(22)	-	(22)	-	(22)
Total comprehensive loss for the year		-	-	-	(22)	(2,537)	(2,559)	(556)	(3,115)
Transactions with owners :									
Share premium reduction	35	-	(5,488)	-	-	5,488	-	-	-
Share capital reduction	35	(57,463)	-	-	-	57,463	-	-	-
Private placement of ordinary shares	35	3,830	1,724	-	-	-	5,554	-	5,554
Disposal of shares in a subsidiary to non-controlling interest	15	-	-	-	-	(1,547)	(1,547)	2,033	486
Total transactions with owners		(53,633)	(3,764)	-	-	61,404	4,007	2,033	6,040
Effect of change to no par value shares on 31 January 2017	24(b)	1,724	(1,724)	-	-	-	-	-	-
At 31 March 2017		43,863	-	(13,509)	120	438	30,912	1,368	32,280
At 1 April 2015		95,772	5,488	(13,509)	102	(57,407)	30,446	1,953	32,399
Loss for the financial year		-	-	-	-	(2,736)	(2,736)	(130)	(2,866)
Foreign currency translation gain of foreign operations		-	-	-	40	-	40	-	40
Total comprehensive loss for the year		-	-	-	40	(2,736)	(2,696)	(130)	(2,826)
Transactions with owners :									
Disposal of shares in a subsidiary to non-controlling interest	15	-	-	-	-	-	-	256	256
Acquisition of non-controlling interest in a subsidiary	15	-	-	-	-	1,714	1,714	(2,188)	(474)
Total transactions with owners		-	-	-	-	1,714	1,714	(1,932)	(218)
At 31 March 2016		95,772	5,488	(13,509)	142	(58,429)	29,464	(109)	29,355

COMPANY STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2017

		Attributable to the Owners of the Company			
			Non-Distributable		
	Note	Share capital (Note 24) RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
Company					
At 1 April 2016		95,772	5,488	(62,859)	38,401
Loss for the financial year representing total comprehensive loss for the year				(4,326)	(4,326)
		95,772	5,488	(67,185)	34,075
Transactions with owners:					
Share premium reduction	35	-	(5,488)	5,488	-
Share capital reduction	35	(57,463)	-	57,463	-
Private placement of ordinary shares	35	3,830	1,724	-	5,554
		(53,633)	(3,764)	62,951	5,554
Effect of change to no par value shares on 31 January 2017	24(b)	1,724	(1,724)	-	-
At 31 March 2017		43,863	-	(4,234)	39,629
At 1 April 2015		95,772	5,488	(59,745)	41,515
Loss for the financial year representing total comprehensive loss for the year		-	-	(3,114)	(3,114)
At 31 March 2016		95,772	5,488	(62,859)	38,401

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash Flows from Operating Activities				
Loss before taxation	(3,064)	(2,756)	(4,326)	(3,114)
Adjustments for:				
Depreciation of plant and equipment	404	418	100	105
Amortisation of intangible assets	73	93	61	81
Gain on disposal of plant and equipment	-	(37)	-	(65)
Plant and equipment written off	42	14	2	2
Intangible assets written off	3	-	4	-
Loss/(Gain) on disposal of shares in a subsidiary	-	-	226	(136)
Net write-back of allowance for impairment losses on receivables	(103)	(321)	-	-
Allowance for impairment loss on investment in a subsidiary	-	-	-	2,121
Allowance for impairment losses on amounts due from subsidiaries, net of write-back	-	-	4,817	2,000
Net (write-back of allowance)/allowance for obsolete inventories	(54)	76	-	-
Allowance for impairment loss on investment in a club membership	16	-	-	-
Bad debts written off	19	167	-	-
Inventories written off	9	-	-	-
Unrealised foreign exchange gain	-	(28)	-	(5)
Interest expense	140	435	9	10
Interest income	(669)	(792)	(290)	(352)
Operating (loss)/profit before working capital changes	(3,184)	(2,731)	603	647
Decrease/(Increase) in inventories	186	(171)	-	-
(Increase)/Decrease in receivables	(6,356)	11,629	96	(91)
Increase/(Decrease) in payables	6,293	(9,126)	136	29
Increase in net amounts due from subsidiaries	-	-	(9,974)	(365)
Cash (used in)/generated from operations	(3,061)	(399)	(9,139)	220
Tax paid	(133)	(178)	-	-
Interest received	669	792	290	352
Interest paid	(140)	(435)	(9)	(10)
Net cash (used in)/from operating activities	(2,665)	(220)	(8,858)	562

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2017
CONT'D

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Investing Activities				
Purchase of plant and equipment (Note 13)	(240)	(679)	(2)	-
Purchase of intangible assets (Note 14)	-	(11)	-	-
Proceeds from disposal of plant and equipment	-	90	-	65
Proceeds from private placement of new shares	5,554	-	5,554	-
Net proceeds from disposal of shares in a subsidiary to non-controlling interest	486	256	486	256
Acquisition of additional shares in a subsidiary from non-controlling interest	-	(474)	-	(474)
Net cash from/(used in) investing activities	5,800	(818)	6,038	(153)
Cash Flows from Financing Activities				
Repayment of borrowings	(1,721)	(1,821)	-	-
Repayment of hire purchase liabilities	(26)	(32)	(26)	(32)
Net cash used in financing activities	(1,747)	(1,853)	(26)	(32)
Net increase/(decrease) in cash and cash equivalents	1,388	(2,891)	(2,846)	377
Effect of exchange rate fluctuations	(22)	40	-	-
Cash and cash equivalents at beginning of year	23,684	26,535	10,802	10,425
Cash and cash equivalents at end of year (Note 23)	25,050	23,684	7,956	10,802

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

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

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

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 2016 in Malaysia.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Application of Amendments to MFRSs

During the financial year, the Group has applied the following amendments to MFRSs which are effective for accounting period of the Group beginning on or after 1 April 2016:-

Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 - Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127 - Equity Method in Separate Financial Statements
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"

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

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

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

Effective for annual periods beginning on or after 1 January 2017
Amendments to MFRS 107 - Disclosure Initiative
Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12 - Disclosure of Interests in Other Entities Classified as "Annual Improvements to MFRSs 2014 - 2016 Cycle"

Effective for annual periods beginning on or after 1 January 2018
MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)
MFRS 15 - Revenue from Contracts with Customers
Clarifications to MFRS 15, Revenue from Contracts with Customers
Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 128 - Investments in Associates and Joint Ventures Classified as "Annual Improvements to MFRSs 2014 - 2016 Cycle"
Amendments to MFRS 140 - Transfers of Investment Property
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019
MFRS 16 - Leases

Effective for annual periods beginning on or after a date to be determined by MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 New MFRSs, Interpretation and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted *cont'd*

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

(a) MFRS 15, Revenue from Contracts with Customers

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

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

Step 1 Identify the contract(s) with a customer

Step 2 Identify the performance obligations in the contract

Step 3 Determine the transaction price

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

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

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

(b) Clarifications to MFRS 15, Revenue from Contracts with Customers

The Amendments clarify how certain principles should be applied in:-

(i) Identifying whether performance obligations are distinct;

(ii) Determining whether an entity is a principal or an agent; and

(iii) Assessing whether revenue from a licence of intellectual property is recognised over time or at a point in time.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 New MFRSs, Interpretation and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted *cont'd*

(c) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014) *cont'd*

The key enhancements of MFRS 9 are:-

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

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

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

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

(d) MFRS 16, Leases

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 New MFRSs, Interpretation and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted *cont'd*

(d) MFRS 16, Leases *cont'd*

The initial application of MFRS 9 and MFRS 16 may have an impact on the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. The initial application of other new MFRSs, interpretation and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and of the Company.

2.4 Basis of Consolidation

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Basis of Consolidation *cont'd*

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

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

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

2.5 Subsidiaries

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.6 Intangible Assets

(a) Goodwill

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

(b) Other Intangible Assets

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

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

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

2.7 Plant and Equipment, and Depreciation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.7 Plant and Equipment, and Depreciation *cont'd*

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

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

2.8 Contracts

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

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

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

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

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

2.9 Impairment of Non-financial Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.9 Impairment of Non-financial Assets *cont'd*

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

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

2.10 Financial Assets

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

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

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

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

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

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

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

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

2.11 Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

NOTES TO THE FINANCIAL STATEMENTS

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CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.11 Impairment of Financial Assets *cont'd*

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 Inventories

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

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

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

2.13 Cash and Cash Equivalents

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

2.14 Financial Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.14 Financial Liabilities *cont'd*

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

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

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

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

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

2.15 Borrowing Costs

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

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

2.16 Share Capital

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

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

2.17 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.18 Hire-Purchase and Finance Lease Arrangements and Operating Leases

(a) Classification

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

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

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

(b) Finance leases - the Group as lessee

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

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

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

(c) Operating leases - the Group as lessee

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

2.19 Income Tax

(a) Current tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.19 Income Tax *cont'd*

(b) Deferred tax

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

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

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

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

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.20 Employee Benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

2.21 Foreign Currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.21 Foreign Currencies *cont'd*

(c) Foreign operations

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

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

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

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

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

2.22 Revenue Recognition

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

(a) Sale of goods

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

(b) Rendering of services

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

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

(c) Contracts

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

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

(d) Rental income

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.22 Revenue Recognition *cont'd*

(e) Management fees

Management fees are recognised when services are performed.

(f) Interest income

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

(g) Dividend income

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

2.23 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of any treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outsanding, net of any treasury shares held, for the effects of all dilutive potential ordinary shares.

2.24 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed by chief operating decision maker i.e. the Group Managing Director who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *cont'd*

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

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

(b) Key sources of estimation uncertainty

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

(i) Impairment assessment for non-financial assets

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

(ii) Useful lives of plant and equipment

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

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group and of the Company are RM729,000 and RM158,000 (2016: RM1,038,000 and RM238,000) respectively. The total unrecognised tax losses and capital allowances of the Group and of the Company are RM81,148,000 and RM11,791,000 (2016: RM81,601,000 and RM12,878,000) respectively.

(iv) Impairment losses of receivables

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *cont'd*

(b) Key sources of estimation uncertainty *cont'd*

(v) Long term contracts

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

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

4. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
IT related products and services	43,418	56,396	-	-
Payment solutions and services	1,612	2,129	-	-
Management services	-	-	5,370	5,844
	45,030	58,525	5,370	5,844

5. OTHER INCOME

The following amounts have been included in other income:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income:-				
- deposits with licensed commercial banks	653	773	290	352
- others	16	19	-	-
Gain on disposal of shares in a subsidiary (Note 15(b))	-	-	-	136
Gain on disposal of plant and equipment	-	70	-	65

NOTES TO THE FINANCIAL STATEMENTS

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6. OTHER EXPENSES

The following amounts have been included in other expenses:-

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Depreciation of plant and equipment (Note 13)	404	418	100	105
Amortisation of intangible assets (Note 14)	73	93	61	81
Allowance for impairment loss on investment in a subsidiary (Note 15)	-	-	-	2,121
Allowance for impairment losses on amounts due from subsidiaries, net of write-back (Note 17)	-	-	4,817	2,000
Loss on disposal of shares in a subsidiary (Note 15(b))	-	-	226	-
Inventories written off	9	-	-	-
Rental of premises	990	991	217	204
Rental of equipment	25	27	8	8

7. FINANCE COSTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense :				
- short term borrowings	131	401	-	-
- hire purchase	9	10	9	10
- other borrowing	-	24	-	-
	140	435	9	10
Finance charges on trade facilities	42	134	-	-
	182	569	9	10

NOTES TO THE FINANCIAL STATEMENTS

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8. LOSS BEFORE TAXATION

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Employee benefits expense (Note 9)	16,487	19,291	3,706	3,965
Auditors' remuneration:-				
Statutory audit				
- current year provision	162	153	50	45
- underprovision in prior year	-	1	-	-
Other professional services	10	10	10	10
Net realised foreign exchange loss	125	8	1	1
Unrealised foreign exchange gain	-	(28)	-	(5)
Non-executive directors' remuneration (Note 10)	165	140	165	140
Net (write-back of allowance)/allowance for obsolete inventories	(54)	76	-	-
Write-back of allowance for impairment losses on receivables (Note 20)	(143)	(631)	-	-
Allowance for impairment losses on receivables (Note 20)	40	310	-	-
Allowance for impairment losses on investment in a club membership (Note 16)	16	-	-	-
Bad debts written off	19	167	-	-
Plant and equipment written off	42	14	2	2
Intangible assets written off	3	-	4	-
Loss on disposal of plant and equipment	-	33	-	-
Leaseline rental	44	52	20	21

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages and salaries	13,967	16,265	3,135	3,361
Social security contributions	177	177	27	23
Contributions to a defined contribution plan	1,651	1,921	370	383
Other staff related expenses	692	928	174	198
	16,487	19,291	3,706	3,965

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
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9. EMPLOYEE BENEFITS EXPENSE *cont'd*

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM893,000 (2016: RM1,005,000) and RM583,000 (2016: RM202,000) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive Directors' remuneration:-				
- Salaries, commission and incentives	520	180	520	180
- Contributions to a defined contribution plan	63	22	63	22
	583	202	583	202
Directors of subsidiaries				
Executive Directors' remuneration:-				
- Salaries, commission and incentives	276	717	-	-
- Contributions to a defined contribution plan	34	86	-	-
	310	803	-	-
Total Executive Directors' remuneration (Note 9)	893	1,005	583	202
Directors of the Company				
Non-Executive Directors' remuneration:-				
- Fees	142	117	142	117
- Allowances	23	23	23	23
	165	140	165	140
Total Directors' remuneration	1,058	1,145	748	342
Benefits-in-kind	21	66	21	66
Total Directors' remuneration including benefits-in-kind	1,079	1,211	769	408

NOTES TO THE FINANCIAL STATEMENTS

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10. DIRECTORS' REMUNERATION *cont'd*

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

	Number of Directors	
	2017	2016
Executive Directors:		
RM200,001 to RM250,000	-	1
RM550,001 to RM600,000	1	-
Non-executive Directors:		
RM1 to RM50,000	5	4
RM50,001 to RM100,000	-	-

11. TAXATION

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current year income tax:-				
- Malaysian income tax	-	11	-	-
- Overseas tax	-	95	-	-
Under provision in prior years	29	4	-	-
Total income tax expense	29	110	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

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

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11. TAXATION *cont'd*

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(3,064)	(2,756)	(4,326)	(3,114)
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	(735)	(661)	(1,038)	(747)
Differential in tax rates of foreign countries	-	95	-	-
Expenses not deductible for tax purposes	171	252	1,265	1,074
Income not subject to taxation	-	(18)	-	(46)
Utilisation of deferred tax assets not recognised in prior year	(496)	(864)	(157)	(237)
Utilisation of current year business losses surrendered by a subsidiary	-	-	(70)	(84)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	1,060	1,302	-	40
Underprovision of income tax expense in respect of prior year	29	4	-	-
Income tax expense for the financial year	29	110	-	-
Tax savings recognised during the financial year arising from:-				
Utilisation of unutilised tax losses not recognised in prior year	471	-	79	-
Utilisation of unabsorbed capital allowances not recognised in prior year	104	864	98	24
	575	864	177	24

NOTES TO THE FINANCIAL STATEMENTS

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12. LOSS PER SHARE

(a) Basic

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

	Group	
	2017	2016
Loss attributable to ordinary equity owners of the Company (RM'000)	(2,537)	(2,736)
Weighted average number of ordinary shares in issue ('000)	416,253	383,087
Basic loss per share for the financial year (sen)	(0.61)	(0.71)

(b) Diluted

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

13. PLANT AND EQUIPMENT

	Computer equipment RM'000	Furniture, fittings, office and EDC equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Group					
At 31 March 2017					
Cost					
At 1 April 2016	5,507	3,830	385	634	10,356
Additions	85	77	-	78	240
Disposals	(133)	(774)	-	-	(907)
Write-off	(1,485)	(255)	-	(609)	(2,349)
At 31 March 2017	3,974	2,878	385	103	7,340
Accumulated Depreciation					
At 1 April 2016	4,744	3,486	173	611	9,014
Charge for the year (Note 6)	195	132	68	9	404
Disposals	(133)	(774)	-	-	(907)
Write-off	(1,450)	(248)	-	(609)	(2,307)
At 31 March 2017	3,356	2,596	241	11	6,204
Net Book Value					
At 31 March 2017	618	282	144	92	1,136

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13. PLANT AND EQUIPMENT *cont'd*

	Computer equipment RM'000	Furniture, fittings, office and EDC equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Group *cont'd*					
At 31 March 2016					
Cost					
At 1 April 2015	7,090	4,737	674	999	13,500
Additions	520	71	61	27	679
Disposals	(143)	(242)	(350)	-	(735)
Write-off	(1,960)	(736)	-	(392)	(3,088)
At 31 March 2016	5,507	3,830	385	634	10,356
Accumulated Depreciation					
At 1 April 2015	6,589	4,303	461	999	12,352
Charge for the year (Note 6)	197	155	62	4	418
Disposals	(92)	(240)	(350)	-	(682)
Write-off	(1,950)	(732)	-	(392)	(3,074)
At 31 March 2016	4,744	3,486	173	611	9,014
Net Book Value					
At 31 March 2016	763	344	212	23	1,342

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13. PLANT AND EQUIPMENT *cont'd*

	Computer equipment RM'000	Furniture, fittings, office and EDC equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Company					
At 31 March 2017					
Cost					
At 1 April 2016	741	146	277	-	1,164
Additions	2	-	-	-	2
Disposal	(2)	-	-	-	(2)
Write-off	(141)	-	-	-	(141)
At 31 March 2017	600	146	277	-	1,023
Accumulated Depreciation					
At 1 April 2016	679	100	120	-	899
Charge for the year (Note 6)	26	19	55	-	100
Disposal	(2)	-	-	-	(2)
Write-off	(139)	-	-	-	(139)
At 31 March 2017	564	119	175	-	858
Net Book Value					
At 31 March 2017	36	27	102	-	165
At 31 March 2016					
Cost					
At 1 April 2015	747	146	586	150	1,629
Disposal	-	-	(309)	-	(309)
Write-off	(6)	-	-	(150)	(156)
At 31 March 2016	741	146	277	-	1,164
Accumulated Depreciation					
At 1 April 2015	653	81	373	150	1,257
Charge for the year (Note 6)	30	19	56	-	105
Disposal	-	-	(309)	-	(309)
Write-off	(4)	-	-	(150)	(154)
At 31 March 2016	679	100	120	-	899
Net Book Value					
At 31 March 2016	62	46	157	-	265

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31 March 2017
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13. PLANT AND EQUIPMENT *cont'd*

Included in plant and equipment of the Group and of the Company are the costs of fully depreciated assets, which are still in use amounting to RM4,701,000 and RM505,000 (2016: RM7,480,000 and RM306,000) respectively.

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

	Group and Company	
	2017	2016
	RM'000	RM'000
Motor vehicles	102	157

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

14. INTANGIBLE ASSETS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Computer Software				
Cost				
At 1 April 2016/2015	2,836	2,936	2,289	2,289
Additions	-	11	-	-
Write-off	(890)	(111)	(424)	-
At 31 March	1,946	2,836	1,865	2,289
Accumulated Amortisation				
At 1 April 2016/2015	2,692	2,710	2,133	2,052
Charge for the year (Note 6)	73	93	61	81
Write-off	(887)	(111)	(420)	-
At 31 March	1,878	2,692	1,774	2,133
Net Book Value				
At 31 March	68	144	91	156

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15. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at cost	72,548	81,709
Less: Accumulated impairment losses		
At 1 April 2016/2015	(65,402)	(65,392)
Reversal upon disposal of shares in a subsidiary (Note 15(b))	8,449	2,111
Impairment loss for the year (Note 6)	-	(2,121)
At 31 March	(56,953)	(65,402)
	15,595	16,307

During the financial year, the management has undertaken an impairment review of the subsidiaries' operations. In assessing the recoverable amount of the cost of investment in the subsidiaries, the management has computed value-in-use based on discounted cash flows at a pre-tax discount rate of 5.5% (2016: 7.85%). Based on the management's assessment, no further allowance for impairment loss on investment in subsidiaries was required for the current financial year. In the previous financial year, an amount of RM2,121,000 was recognised to impair in full the carrying amount of a subsidiary.

(a) Composition of the Group

Details of the subsidiaries are as follows:-

Name	Country of incorporation and operations	Company's effective interest 2017 %	Company's effective interest 2016 %	Principal Activities
Dataprep (Malaysia) Sendirian Berhad *	Malaysia	100	100	Provision of IT outsourcing and managed services.
Solsis (M) Sdn. Bhd. *	Malaysia	51	100	Provision of computer hardware, network services, applications and contact centre.
Solsisnet Sdn. Bhd. *	Malaysia	100	100	Provision of networking equipment, services and training.
Dataprep Payment Solutions Sdn. Bhd. *	Malaysia	100	100	Provision of information technology services and secured payment solutions.

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15. INVESTMENT IN SUBSIDIARIES *cont'd*

(a) Composition of the Group *cont'd*

Name	Country of incorporation and operations	Company's effective interest 2017 %	Company's effective interest 2016 %	Principal Activities
Dataprep Distribution Sdn. Bhd. (In liquidation)	Malaysia	100	100	Under court winding up.
Instant Office Sdn. Bhd. *	Malaysia	100	100	Dormant. (Previously provision of internet application services, distribution of ICT product and implementation services.)
88 Daiman Sdn. Bhd. *	Malaysia	100	100	Dormant.
Tamadun Interaktif Sdn. Bhd. *	Malaysia	55	55	Dormant.
DP International Ltd. *	British Virgin Islands	100	100	Dormant.
IO Holdings Ltd. *	British Virgin Islands	100	100	Dormant.
DP International Pte. Ltd. #	Singapore	100	100	Dormant.
Dataprep (HK) Limited @	Hong Kong SAR, People's Republic of China	100	100	Dormant.
Dataprep (Beijing) Limited @	People's Republic of China	100	100	Dormant.

* *Audited by Folks DFK & Co., Malaysia.*
@ *Audited by a member firm of DFK International.*
\# *Audited by a firm other than member firms of DFK International.*

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15. INVESTMENT IN SUBSIDIARIES *cont'd*

(b) Details of changes in interest in a subsidiary, Solsis (M) Sdn Bhd ("Solsis")

Financial year ended 31 March 2017

On 4 July 2016, the Company reduced its equity interest in Solsis from 100% to 51% by disposing 8,290,800 ordinary shares, representing 49% of the issued share capital of Solsis for a cash consideration of RM497,448 to a third party corporation. As at the date of disposal, the Company's carrying value of the interest disposed was RM712,707 net of attributable accumulated impairment loss of RM8,449,254. The disposal resulted in a loss to the Company of RM226,632, net of transaction costs, which is included under other operating expenses in profit or loss of the Company as disclosed in Note 6. At the Group level, non-controlling interests are increased by RM2,033,016 to reflect the change in the non-controlling interest in Solsis. The difference between the amount by which non-controlling interests are adjusted and the net consideration received, amounting to RM1,546,941 represented a loss which is adjusted directly in equity of the Group and attributed to the owners of the Company.

Financial year ended 31 March 2016

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

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

(c) Information of a subsidiary that has material non-controlling interest as at 31 March 2017

The Group has no material non-controlling interest as at 31 March 2016.

The information of a non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 March 2017 is as disclosed below:-

Name of subsidiary	Proportion of ownership interests and voting rights held by non-controlling interests	Loss allocated to non-controlling interests	Accumulated non-controlling interests
	2017	2017	2017
	%	RM'000	RM'000
Solsis (M) Sdn. Bhd.	49	(554)	1,479

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31 March 2017
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15. INVESTMENT IN SUBSIDIARIES *cont'd*

(c) Information of a subsidiary that has material non-controlling interest as at 31 March 2017 *cont'd*

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

	2017 **RM'000**
Assets and liabilities as at 31 March 2017	
Non-current assets	280
Current assets	47,533
Current liabilities	(45,120)
Net assets	2,693
Total equity attributable to:-	
Owners of the Company	1,214
Non-controlling interests	1,479
	2,693
Profit or loss for the year ended 31 March 2017	
Revenue	43,450
Other income	385
Expenses	(45,262)
Taxation	(29)
Profit for the year, representing total comprehensive income	(1,456)
Total comprehensive income attributable to:-	
Owners of the Company	(902)
Non-controlling interests	(554)
	(1,456)
Cash flows for the year ended 31 March 2017	
Net cash inflow from operating activities	5,347
Net cash outflow from financing activities	(1,722)
Net cash inflow	3,625

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16. OTHER INVESTMENTS

	Group	
	2017	2016
	RM'000	RM'000
Club memberships, at cost	140	140
Less: Accumulated impairment losses		
At 1 April 2016/2015	(49)	(49)
Addition	(16)	-
At 31 March 2017	(65)	(49)
	75	91

17. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Amounts due from subsidiaries	61,378	51,182
Less: Allowance for impairment losses		
At 1 April 2016/2015	(39,933)	(37,933)
Writeback	-	4,641
Addition	(4,817)	(6,641)
Net impairment losses for the year (Note 6)	(4,817)	(2,000)
At 31 March	(44,750)	(39,933)
	16,628	11,249

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

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

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18. DEFERRED TAX

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year/end of financial year	-	-	-	-
Presented after appropriate offsetting as follows:-				
Deferred tax assets	241	249	38	57
Deferred tax liabilities	(241)	(249)	(38)	(57)
	-	-	-	-

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

Deferred Tax Assets of the Group:-

	Unutilised Tax Losses	Unabsorbed Capital Allowances	Other Deductible Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	-	249	-	249
Recognised in statement of comprehensive income	116	(190)	66	(8)
At 31 March 2017	116	59	66	241
At 1 April 2015	-	160	128	288
Recognised in statement of comprehensive income	-	89	(128)	(39)
At 31 March 2016	-	249	-	249

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18. DEFERRED TAX *cont'd*

Deferred Tax Liabilities of the Group:-

	Accelerated Capital Allowances RM'000
At 1 April 2016	249
Recognised in statement of comprehensive income	(8)
At 31 March 2017	241
At 1 April 2015	288
Recognised in statement of comprehensive income	(39)
At 31 March 2016	249

Deferred Tax Assets of the Company:-

	Unabsorbed Capital Allowances RM'000
At 1 April 2016	57
Recognised in statement of comprehensive income	(19)
At 31 March 2017	38
At 1 April 2015	94
Recognised in statement of comprehensive income	(37)
At 31 March 2016	57

Deferred Tax Liabilities of the Company:-

	Accelerated Capital Allowances RM'000
At 1 April 2016	57
Recognised in statement of comprehensive income	(19)
At 31 March 2017	38
At 1 April 2015	94
Recognised in statement of comprehensive income	(37)
At 31 March 2016	57

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18. DEFERRED TAX *cont'd*

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other deductible temporary differences	1,446	169	-	-
Unutilised tax losses	80,258	78,820	11,791	12,280
Unabsorbed capital allowances	890	2,781	-	598
	82,594	81,770	11,791	12,878

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

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

19. INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
At cost		
Computer equipment, spares and supplies	932	1,345
EDC equipment and thermal roll paper	2	-
	934	1,345
Allowance for obsolete inventories		
At 1 April 2016/2015	(707)	(631)
Addition	(19)	(168)
Write-back	73	92
Write-off	216	-
At 31 March	(437)	(707)
	497	638

The cost of inventories recognised as an expense during the financial year for the Group amounted to RM25,140,000 (2016 : RM15,638,000).

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20. TRADE RECEIVABLES

	Group 2017 RM'000	Group 2016 RM'000
Trade receivables	22,392	14,565
Less: Allowance for impairment losses	(458)	(561)
	21,934	14,004
Due from customers on contracts (Note 22)	515	2,032
	22,449	16,036

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

Trade receivables are non-interest bearing and are generally on 90 days (2016: 90 days) terms.

Currency exposure

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

	Group 2017 RM'000	Group 2016 RM'000
Ringgit Malaysia	22,179	16,036
US Dollar	105	-
Euro Dollar	165	-
	22,449	16,036

Ageing analysis of trade receivables

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

	Group 2017 RM'000	Group 2016 RM'000
Neither past due nor impaired	16,138	5,218
1 to 30 days past due not impaired	1,278	1,816
31 to 60 days past due not impaired	1,856	2,541
61 to 90 days past due not impaired	83	3,167
More than 91 days past due not impaired	2,579	1,262
	5,796	8,786
Impaired	458	561
	22,392	14,565

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31 March 2017
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20. TRADE RECEIVABLES *cont'd*

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM5,796,000 (2016: RM8,786,000) that are past due at the financial year end but not impaired. These balances relate mainly to customers who have never defaulted on payments but are slow paymasters and are closely monitored. Such receivables are unsecured in nature.

Receivables that are impaired

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

	Group	
	2017 RM'000	**2016 RM'000**
Trade receivables - nominal amount	458	561
Less: Allowance for impairment losses	(458)	(561)
	-	-

Movement in the allowance account:-

	Group	
	2017 RM'000	**2016 RM'000**
At 1 April 2016/2015	561	1,003
Addition (Note 8)	40	310
Write-back (Note 8)	(143)	(631)
Write-off	-	(121)
At 31 March	458	561

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

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21. OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Prepayments	583	533	47	49
Deposits	374	371	5	5
Advances to employees	35	26	-	-
Other advances	3,000	3,000	-	-
Interest income receivable	26	26	26	26
Goods and Services Tax (GST) receivables	-	-	2	93
Sundry receivables	189	224	-	3
	4,207	4,180	80	176
Allowance for impairment loss	(3,000)	(3,000)	-	-
	1,207	1,180	80	176

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

22. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2017	2016
	RM'000	RM'000
Contract costs incurred to date	66,557	93,480
Attributable profits	7,822	10,386
	74,379	103,866
Less: Progress billings including retention sums of RM304,000 (2016: RM522,000)	(74,674)	(102,638)
	(295)	1,228
Due from customers on contracts (Note 20)	515	2,032
Due to customers on contracts (Note 26)	(810)	(804)
	(295)	1,228
Contract revenue recognised	25,527	18,737
Contract costs recognised as expense	23,745	16,272

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23. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed commercial banks	16,107	18,762	7,238	10,173
Cash and bank balances	8,943	4,922	718	629
Cash and cash equivalents	25,050	23,684	7,956	10,802

Deposits of RM10,242,000 (2016: RM9,943,000) for the Group and RM1,738,000 (2016: RM1,673,000) for the Company are pledged as security for banking facilities granted to the Group and hence, are not available for general use.

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

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Licensed Commercial Banks	3.0-3.80	3.2-3.90	3.0-3.80	3.2-3.90

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

	Group		Company	
	2017 Days	2016 Days	2017 Days	2016 Days
Licensed Commercial Banks	30 - 365	30 - 365	30 - 180	30 - 180

24. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares		Amount	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
Authorised:-				
Shares of RM0.25 each				
[Note 24(a) and 24(b)]	-	2,000,000	-	500,000

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24. SHARE CAPITAL *cont'd*

	Group and Company			
	Number of Ordinary Shares		Amount	
	2017	2016	2017	2016
	'000	'000	RM'000	RM'000
Issued:-				
At beginning of financial year	383,087	383,087	95,772	95,772
Par value reduction [Note 24(a)]	-	-	(57,463)	-
Private placement of new shares [Note 24(a)]	38,309	-	3,830	-
Effect of change to no par value shares on 31 January 2017 [Note 24(b)]	-	-	1,724	-
At end of financial year	421,396	383,087	43,863	95,772

(a) During the current financial year, the Company undertook a share capital reduction pursuant to Section 64(1) of the Companies Act, 1965 involving the cancellation of RM0.15 from the par value of every existing ordinary shares of RM0.25 each. The credit of RM57,463,079 arising from the par value reduction was utilised to set-off against accumulated losses of the Company. The par value reduction was completed on 4 May 2016. Pursuant thereto, the authorised share capital was altered from 2,000,000,000 shares of RM0.25 each to 5,000,000,000 shares of RM0.10 each to facilitate the par value reduction.

On 20 May 2016, the Company issued additional 38,308,632 new ordinary shares of RM0.10 each pursuant to the private placement of new shares to its holding company at an issue price of RM0.145 per share for a total cash subscription of RM5,554,751. The private placement of shares increased the nominal value of the share capital by RM3,830,863 which resulted in a share premium of RM1,723,888.

(b) The new Companies Act, 2016 ("Act") which became effective from 31 January 2017 abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act provides that all shares issued before or upon commencement of the Act shall have no par or nominal value. In accordance with the transitional provision under Section 618(2) of the Act, any amount standing in the credit of the share premium account shall become part of the share capital. Notwithstanding, the share premium amount can be utilised for purposes set out in Section 618(3) within 24 months upon commencement of the Act. Pursuant to the aforesaid, the share premium of RM1,723,888 arising from the private placement of shares disclosed in Note 24(a) was transferred to the share capital account and formed part of the share capital of the Company upon commencement of the Act on 31 January 2017. The change to no par value shares has no effect on the number of ordinary shares in issue of the Company.

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25. BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Secured:-				
Hire purchase payables	152	178	152	178
Current				
Secured:-				
Hire purchase payables	26	26	26	26
Banker acceptances	4,904	6,625	-	-
	4,930	6,651	26	26
Total borrowings	5,082	6,829	178	204

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

Interest on banker acceptances are charged at the rate of 5.52% (2016: 5.84%) per annum.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
On demand or within one year	4,930	6,651	26	26
More than 1 year and less than 2 years	29	27	29	27
More than 2 year and less than 5 years	94	90	94	90
More than 5 years	29	61	29	61
	5,082	6,829	178	204

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25. BORROWINGS *cont'd*

Obligation under hire purchase

	Group and Company	
	2017	**2016**
	RM'000	**RM'000**
Future minimum payments:-		
Not later than 1 year	35	35
Later than 1 year and not later than 2 years	35	35
Later than 2 years and not later than 5 years	104	104
Later than 5 years	28	63
Total future minimum payments	202	237
Less: Future finance charges	(24)	(33)
Present value of hire purchase liabilities	178	204

Hire purchase liabilities bear effective interest rate of 4.44 % (2016: 4.44%) per annum.

26. TRADE PAYABLES

	Group	
	2017	**2016**
	RM'000	**RM'000**
Trade payables	8,070	2,237
Due to customers on contracts (Note 22)	810	804
	8,880	3,041

The credit terms of the Group's trade payables range from 60 days to 90 days (2016: 60 days to 90 days).

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Ringgit Malaysia	8,283	2,407
US Dollar	597	634
	8,880	3,041

NOTES TO THE FINANCIAL STATEMENTS

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27. OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Accrued professional fees	184	194	66	61
Accruals on staff costs	1,115	1,157	153	147
Deferred income	1,279	1,078	-	-
Deposits from customers	903	1,197	-	-
Sundry payables	527	136	125	19
Other accruals	222	156	142	123
Goods and Services Tax (GST) payables	163	21	-	-
	4,393	3,939	486	350

28. RELATED PARTY DISCLOSURES

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

(a) Transactions and year-end outstanding balances with subsidiaries

(i) Transactions

	Company	
	2017	2016
	RM'000	RM'000
Management services charged to the subsidiaries (Note 4)	5,370	5,844

(ii) Amounts due from/(to) subsidiaries at year end

	Company	
	2017	2016
	RM'000	RM'000
Amounts due from subsidiaries	61,378	51,182
Less: Allowance for impairment losses	(44,750)	(39,933)
	16,628	11,249
Amount due to a subsidiary	222	-

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

Allowance for impairment losses net of write-back, recognised as an expense in the current financial year amounted to RM4,817,000 (2016: RM2,000,000).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
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28. RELATED PARTY DISCLOSURES *cont'd*

(b) Transactions with other related party

	Group and Company			
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Disposal of shares in a subsidiary to non-controlling interest	-	256	-	256
Acquisition of additional shares in a subsidiary from non-controlling interest	-	474	-	474

The non-controlling interest refers to Ahmad Rizan Bin Ibrahim who was a former director of the Company.

(c) Compensation of key management personnel

The remuneration of key management personnel for the financial year were as follows:-

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short term employee benefits	796	1,205	520	996
Post-employment benefits				
- Defined contribution plan	97	145	63	120
	893	1,350	583	1,116

29. OPERATING LEASE COMMITMENTS

	Group	
	2017	**2016**
	RM'000	**RM'000**
Future minimum rental payable:-		
Not later than 1 year	835	867
Later than 1 year and not later than 5 years	274	1,125
	1,109	1,992

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

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30. CONTINGENT LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Corporate Guarantees given to financial institutions for performance guarantee of a subsidiary (secured)	2,771	4,079	2,771	4,079

31. FINANCIAL INSTRUMENTS

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

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

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

Financial assets and financial liabilities of the Company also include amounts due from subsidiaries and due to a subsidiary respectively.

A. Categories of Financial Instruments

Financial assets as per statements of financial position

2017	Group		Company	
	Carrying amount	Loans and receivables	Carrying amount	Loans and receivables
	RM'000	RM'000	RM'000	RM'000
Trade receivables	21,934	21,934	-	-
Other receivables	624	624	33	33
Deposits, cash and bank balances	25,050	25,050	7,956	7,956
Amounts due from subsidiaries	-	-	16,628	16,628
	47,608	47,608	24,617	24,617

2016	Group		Company	
	Carrying amount	Loans and receivables	Carrying amount	Loans and receivables
	RM'000	RM'000	RM'000	RM'000
Trade receivables	14,004	14,004	-	-
Other receivables	647	647	127	127
Deposits, cash and bank balances	23,684	23,684	10,802	10,802
Amounts due from subsidiaries	-	-	11,249	11,249
	38,335	38,335	22,178	22,178

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
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31. FINANCIAL INSTRUMENTS *cont'd*

A. Categories of Financial Instruments *cont'd*

Financial liabilities as per statements of financial position

2017	Group		Company	
	Carrying amount RM'000	Other financial liabilities measured at amortised cost RM'000	Carrying amount RM'000	Other financial liabilities measured at amortised cost RM'000
Trade payables	8,070	8,070	-	-
Other payables	3,114	3,114	486	486
Amount due to a subsidiary	-	-	222	222
Borrowings	5,082	5,082	178	178
	16,266	16,266	886	886

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

31. FINANCIAL INSTRUMENTS *cont'd*

B. Fair Value of Financial Instruments

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

	Group and Company	
	Carrying Amount	Fair Value
	RM'000	RM'000
Financial Liabilities		
At 31 March 2017:-		
Hire purchase payables (Note 25)	178	202
At 31 March 2016:-		
Hire purchase payables (Note 25)	204	237

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

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

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing the financial risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current and previous year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(a) Interest rate risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Interest rate risk *cont'd*

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

Sensitivity analysis for interest rate risk

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

(b) Foreign currency risk

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

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

	Net Financial Assets/ (Liabilities) Held in Non-Functional Currencies		
Functional Currency of Group Companies	**United States Dollar (USD) RM'000**	**Euro Dollar (Euro) RM'000**	**Total RM'000**
At 31 March 2017			
Ringgit Malaysia	(492)	165	(327)
At 31 March 2016			
Ringgit Malaysia	(634)	-	(634)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
CONT'D

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Foreign currency risk *cont'd*

Foreign currency risk sensitivity analysis

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
USD	49	63
Euro	17	-

(c) Liquidity risk

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

Maturity analysis

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

Group

	Maturity Profile				
	Less than 1 year	**More than 1 year and less than 5 years**	**Later than 5 years**	**Total**	**Effective interest rate**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**%**
2017					
Financial liabilities					
Trade payables	8,070	-	-	8,070	-
Other payables	3,114	-	-	3,114	-
Hire purchase payables	35	139	28	202	4.44%
Banker acceptances	4,904	-	-	4,904	5.52%
	16,123	139	28	16,290	

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
CONT'D

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(c) Liquidity risk *cont'd*

Maturity analysis *cont'd*

Group

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

Company

	Maturity Profile				
	Less than 1 year RM'000	More than 1 year and less than 5 years RM'000	Later than 5 years RM'000	Total RM'000	Effective interest rate %
2017					
Financial liabilities					
Other payables	486	-	-	486	-
Amount due to a subsidiary	222	-	-	222	-
Hire purchase payables	35	139	28	202	4.44%
	743	139	28	910	
2016					
Financial liabilities					
Other payables	350	-	-	350	-
Hire purchase payables	35	139	63	237	4.44%
	385	139	63	587	

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Credit risk

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

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

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

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

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

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

	2017 RM'000	2016 RM'000
By industry sectors:-		
Government agencies and linked corporations	3,590	6,997
Private corporations	18,344	7,007
	21,934	14,004

As at the financial year end, approximately 67% (2016: 63%) of trade receivables are from 6 (2016: 4) major customers.

33. CAPITAL MANAGEMENT

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017
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33. CAPITAL MANAGEMENT *cont'd*

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

	Group	
	2017	**2016**
Total debts (RM'000)	18,355	13,809
Equity attributable to the owners of the Company, representing total capital (RM'000)	30,912	29,464
Debts to equity ratio	59%	47%

34. SEGMENT INFORMATION

The Group's operating segments are its business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Information by geographical location is not presented as the Group's operations are located primarily in Malaysia.

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

The Group is providing the following services:

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
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34. SEGMENT INFORMATION *cont'd*

Business Segments

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

31 March 2017

	IT related products and services RM'000	Payment solutions & services RM'000	Elimination RM'000	Group RM'000
Revenue				
External sales	43,418	1,612	-	45,030
Intersegment sales	248	-	(248)	-
Total revenue	43,666	1,612	(248)	45,030
RESULTS				
Segment (loss)/profit	(3,731)	(255)	5,370	1,384
Interest income				669
Unallocated expenses				(4,977)
Loss from operations				(2,924)
Interest expense				(140)
Loss before tax				(3,064)
Taxation				(29)
Loss after tax				(3,093)
OTHER INFORMATION				
Segment assets	47,694	2,384	-	50,078
Unallocated assets				559
Total assets				50,637
Segment liabilities	10,696	2,286	-	12,982
Unallocated liabilities				5,375
Total liabilities				18,357
Capital expenditure	231	44	(35)	240
Depreciation and amortisation	377	100	-	477
Plant and equipment written off	36	6	-	42
Net (write back of allowance)/allowance for impairment losses on receivables	(114)	11	-	(103)
Net write back of allowance for obsolete inventories	(54)	-	-	(54)

NOTES TO THE FINANCIAL STATEMENTS

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34. SEGMENT INFORMATION *cont'd*

31 March 2016

	IT related products and services RM'000	Payment solutions & services RM'000	Elimination RM'000	Group RM'000
Revenue				
External sales	56,396	2,129	-	58,525
Intersegment sales	182	-	(182)	-
Total revenue	56,578	2,129	(182)	58,525
RESULTS				
Segment (loss)/profit	(3,958)	152	5,844	2,038
Interest income				792
Unallocated expenses				(5,151)
Loss from operations				(2,321)
Interest expense				(435)
Loss before tax				(2,756)
Taxation				(110)
Loss after tax				(2,866)
OTHER INFORMATION				
Segment assets	40,001	2,637	-	42,638
Unallocated assets				539
Total assets				43,177
Segment liabilities	6,537	2,296	-	8,833
Unallocated liabilities				4,989
Total liabilities				13,822
Capital expenditure	622	68	-	690
Depreciation and amortisation	386	125	-	511
Plant and equipment written off	10	4	-	14
Net write back of allowance for impairment losses on receivables	(279)	(42)	-	(321)
Net allowance for obsolete inventories	76	-	-	76
Gain on disposal of plant and equipment	(65)	(5)	-	(70)
Loss on disposal of plant and equipment	33	-	-	33

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
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35. SIGNIFICANT EVENT DURING THE YEAR

During the year, the Company implemented the corporate exercise announced on 13 January 2016 and approved by the shareholders at the Extraordinary General Meeting of the Company held on 4 April 2016, which encompassed the following:-

i. Reduction of the share premium account of the Company amounted to RM5,488,032 pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 ("Share Premium Reduction"). The credit arising from the Share Premium Reduction was utilised to set-off against the accumulated losses of the Company.

ii. Reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 involving cancellation of RM0.15 from the par value of every existing ordinary share of RM0.25 each in the Company ("Par Value Reduction"). The credit of RM57,463,079 arising from the Par Value Reduction was utilised to further set-off against the accumulated losses of the Company after the Share Premium Reduction with the remaining credit reflected as the retained profit of the Company.

iii. Amendments to the Memorandum and Articles of Association of the Company to facilitate the Par Value Reduction ("M & A Amendments"). Pursuant thereto, the authorised share capital of the Company was altered from 2,000,000,000 shares of RM0.25 each to 5,000,000,000 shares of RM0.10 each.

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

iv. Private placement of up to 38,308,719 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing up to 10% of the issued and paid-up share capital of the Company after the Share Premium Reduction and Par Value Reduction ("Private Placement") to VXL Holdings Sdn Bhd, the Company's holding company. Datuk Lim Chee Wah, a director of the Company is a substantial shareholder of VXL Holdings Sdn Bhd. Pursuant to the Private Placement, 38,308,632 Placement Shares were issued to VXL Holdings Sdn Bhd on 20 May 2016 at the issue price of RM0.145 per share fixed by the Board of Directors on 16 May 2016 ("price-fixing date") which represented a discount of approximately 6.8% to the five (5)-day volume weighted average market price of the ordinary shares of RM0.10 each in the Company up to and including 13 May 2016, being the market day immediately preceding the price-fixing date, of RM0.1556 per ordinary share.

   The issuance of the Placement Shares increased the issued and paid-up share capital of the Company from RM38,308,719, representing 383,087,192 shares of RM0.10 each to RM42,139,582, representing 421,395,824 shares of RM0.10 each and raised proceeds of RM5,554,751 which resulted in a share premium of RM1,723,888.

   The Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 23 May 2016. The Company had obtained the approval of Bursa Securities vide its letter dated 2 March 2016 for the listing of the Placement Shares on the Main Market of Bursa Securities.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

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35. SIGNIFICANT EVENT DURING THE YEAR *cont'd*

The aforesaid corporate exercise was completed on 23 May 2016 with the listing and quotation of the Placement Shares on the Main Market of Bursa Securities.

The proceeds raised of RM5,554,751 form the Private Placement were fully utilised during the year as proposed:-

	RM
Repayment of bank borrowings	4,967,751
Working capital requirements	287,000
Settlement of expenses for the corporate exercise	300,000
Total proceeds	5,554,751

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017
CONT'D

36. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFIT/(ACCUMULATED LOSSES) INTO REALISED AND UNREALISED

The breakdown of the retained profit/(accumulated losses) of the Group and of the Company as at the reporting date into realised and unrealised profits or losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses				
- Realised accumulated losses	(123,390)	(173,851)	(4,234)	(62,859)
- Unrealised accumulated losses	-	-	-	-
	(123,390)	(173,851)	(4,234)	(62,859)
Less: Consolidation adjustments	123,828	115,422	-	-
Retained profit/(Accumulated losses) as per financial statements	438	(58,429)	(4,234)	(62,859)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Tan Sri Datuk Adzmi bin Abdul Wahab and Tan Hock Chye, being two of the Directors of Dataprep Holdings Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 62 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 36 to the financial statements on page 125 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 May 2017.

Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

Tan Hock Chye
Director

Date: 30 May 2017

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, Geng Mun Mooi, the Officer primarily responsible for the financial management of Dataprep Holdings Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 62 to 124 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed,
Geng Mun Mooi at Petaling Jaya, Selangor Darul Ehsan
on 30 May 2017.

Geng Mun Mooi

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of Dataprep Holdings Bhd. (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DATAPREP HOLDINGS BHD., which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

To the Members of Dataprep Holdings Bhd. (Incorporated in Malaysia)

CONT'D

Key audit matters	Our audit approach to address the key audit matters
1. <u>Contracts revenue and costs recognition</u> Refer to Notes 2.8, 3(b)(v) and 22 to the financial statements. Contract revenue and costs in respect of long term contracts are recognised using the stage of completion method. The stage of completion is measured by the extent of actual contract costs incurred to date compared to the estimated total contract costs in the project budgets for contracts in progress. In this respect, significant judgement is required from management in determining the estimated total contract revenue and costs, the extent of actual costs incurred as well as the recoverability of amount due from customers for contract works performed. Such judgement involves estimation uncertainty which have significant risk of causing material misstatements to the amounts recognised in the financial statements.	Our audit approach included the following:- • Performed an update of our understanding of the Group's project budgeting and costing processes including relevant controls and performed tests to determine the reliability of the project budgets. • Verified the contract sums and material cost elements in the project budgets, for selected significant on-going projects, against their supporting documentation including contracts, key assumptions and workings for estimates of contract costs. We also considered the accuracy of management's past estimates and assessed the consistency of assumptions used across the selected projects. • Performed inquiries with project managers to assess whether the status of on-going contracts accord with the stage of completion determined for revenue recognition and also whether the estimates used for project budgets are reasonable, taking into consideration the findings from our other audit procedures. We further assessed whether management has updated the project budgets where actual revenue or costs have deviated significantly from estimates. • Performed recomputation to assess the mathematical accuracy of revenue and costs recognised based on stage of completion method and considered the implications of any identified error and change in estimates. • Verified actual contract billings and costs recognised for selected projects to supporting invoices.

INDEPENDENT AUDITORS' REPORT

To the Members of Dataprep Holdings Bhd. (Incorporated in Malaysia)
CONT'D

Key audit matters	Our audit approach to address the key audit matters
2. <u>Assessment of impairment on the carrying value of the Company's investment in subsidiaries and amounts due from subsidiaries</u> Refer to Notes 2.9, 2.11, 3(b)(i), 3(b)(iv), 15 and 17 to the financial statements. The Company assesses the recoverable amount of the investment in a subsidiary based on the higher of its value-in-use ("VIU") and fair value less cost to sell when there are indications that the carrying value of the subsidiary may have been impaired. The Company has determined that the recoverable amount is based on VIU which involves estimation of future cash flows from the subsidiary. This estimation is inherently uncertain and requires management's significant judgement on both future cash flows and the discount rate applied to the future cash flows in arriving at the VIU. The Company's assessment of the recoverability of amounts due from subsidiaries also involves management's significant judgement and estimates on the expected future operating cash flows of the subsidiaries while considering their current financial conditions. The extent of significant judgement required from management and the significance of the amount of investment in and advances to subsidiaries resulted in the above matters being identified as key audit matters for the Company.	Our audit approach included the following:- • Compared the cash flow projections used to the approved budgets for the subsidiaries. We also compared previous cash flow projections to actual results to assess the reasonableness of assumptions used in the cash flow projections. • Assessed the reasonableness of the discount rate which reflects the specific risk relating to the investments in subsidiaries. • Performed a sensitivity analysis over terminal growth rate and discount rate used in deriving the VIU to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of the investment in subsidiaries. • Assessed the business plans and strategies for the subsidiaries which may impact the availability and timing of future cash flows from operations to meet repayment obligations of amount due to the Company through discussion with the management.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To the Members of Dataprep Holdings Bhd. (Incorporated in Malaysia)
CONT'D

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

To the Members of Dataprep Holdings Bhd. (Incorporated in Malaysia)
CONT'D

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15(a) to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 36 on page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

NG YONG CHIN
NO: 03051/05/2019 J
CHARTERED ACCOUNTANT

Kuala Lumpur
Date: 30 May 2017

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2017

Share Capital : **RM42,139,582.40**
Class and number of Issued Shares : **421,395,824 ordinary shares**

5,937 shareholders
Voting rights : **One vote per ordinary share**

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	% of shareholders	No. of Shares	% of Issued Share Capital
Less than 100	141	2.61	5,210	0.00
100 - 1,000	1,335	24.74	876,109	0.21
1,001 - 10,000	2,167	40.15	12,174,692	2.89
10,001 - 100,000	1,547	28.66	54,725,449	12.99
100,001 to less than 5% of issued shares	206	3.82	83,073,564	19.71
5% and above of issued shares	1	0.02	270,540,800	64.20
Total	**5,397**	**100.00**	**421,395,824**	**100.00**

DIRECTORS' SHAREHOLDINGS

		No. of Shares		No. of Shares	
No.	**Name of Directors**	**Direct Interest**	**%**	**Indirect Interest**	**%**
1	Tan Sri Datuk Adzmi Bin Abdul Wahab Citigroup Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Tan Sri Datuk Adzmi Bin Abdul Wahab)*	203,125	0.05	-	-
2	Datuk Lim Chee Wah	1,062,500	0.25	270,540,800 [1]	64.20
3	Michael Yee Kim Shing	-	-	-	-
4	Yeow Soo Hiang	-	-	-	-
5	Dato Mohamad Rais Bin Zainuddin	-	-	-	-
6	Tan Hock Chye	322	0.00	-	-

SUBSTANTIAL SHAREHOLDER

No.	Name of Substantial Shareholder	No. of Shares	%
1	VXL Holdings Sdn Bhd	270,540,800	64.20

Note:

(1) Deemed interested through VXL Holdings Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2017

CONT'D

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	VXL HOLDINGS SDN BHD	270,540,800	64.20
2	RHB NOMINEES (ASING) SDN BHD *(PARCO RESOURCES CORP)*	7,959,650	1.89
3	AMSEC NOMINEES (ASING) SDN BHD *(VIELLE INTERNATIONAL LTD)*	7,812,400	1.85
4	RHB NOMINEES (ASING) SDN BHD *(THE KERMARTIN GROUP INC)*	7,686,000	1.82
5	CIMSEC NOMINEES (ASING) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR MAUWI INCORPORATED)*	7,560,800	1.79
6	UOB KAY HIAN NOMINEES (ASING) SDN BHD *[EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)]*	2,786,900	0.66
7	QUEK SEE KUI	1,476,500	0.35
8	LIM CHEE WAH	1,062,500	0.25
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD *[PLEDGED SECURITIES ACCOUNT FOR SAW SONG KIANG (E-PPG)]*	1,055,900	0.25
10	TAN CHEE PING	921,000	0.22
11	ROGER CHIN BOON TAT	830,000	0.20
12	CHIA WAI EE	650,000	0.15
13	ROGER CHIN BOON TAT	631,000	0.15
14	PENG YEW MUN	581,300	0.14
15	MIRZAN BIN MAHATHIR	501,000	0.12
16	AMSEC NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR TING BEE TOO)*	500,000	0.12
17	CHEN YUIT LEONG	500,000	0.12
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD *[PLEDGED SECURITIES ACCOUNT FOR HOO SOON CHONG (DMSR UTAMA-CL)]*	500,000	0.12
19	SJ SEC NOMINEES (TEMPATAN) SDN BHD *[PLEDGED SECURITIES ACCOUNT FOR FRANCIS HO IK SING (SMT)]*	500,000	0.12
20	YONG AI TING	500,000	0.12
21	GRADE 7 CONSULTANCY SDN BHD	490,000	0.12
22	GOH LEE HIAN	480,000	0.11
23	ANG CHIN KIAT	474,000	0.11
24	FRANCIS CHAI KIM LUNG	470,000	0.11
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD *[PLEDGED SECURITIES ACCOUNT FOR WOON YEW KEE (E-TMR)]*	462,300	0.11
26	AFFIN HWANG INVESTMENT BANK BERHAD *IVT (KHI)*	450,000	0.11
27	LEE TACK CHONG	450,000	0.11
28	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *[PLEDGED SECURITIES ACCOUNT FOR FOONG POH MEI (REM 609-MARGIN)]*	450,000	0.11
29	SOON HOCK TEONG	450,000	0.11
30	ZAINUL ABIDEEN BIN FAZLE ABBAS	450,000	0.11
	Total	**319,182,050**	**75.74**

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DATAPREP
Since 1971

No. of shares held	CDS Account No.

PROXY FORM

I/We ____

NRIC No./Passport No./Company No. ______________________ of ______________________

____

being a member/members of **Dataprep Holdings Bhd.** ("the Company"), hereby appoint ______________________

______________________ NRIC No./Passport No. ______________________

of ____

or failing him/her, ____

NRIC No./Passport No. ______________________ of ______________________

____

as my/our proxy/representative to vote for me/us and on my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 28 September 2017 at 10.00 a.m. and any adjournment thereof, and to vote as indicated below:-

	Resolution	For	Against
1.	To re-elect Datuk Lim Chee Wah who retires pursuant to Article 98 of the Company's Articles of Association. ***(RESOLUTION 1)***		
2.	To re-elect Dato Mohamad Rais Bin Zainuddin who retires pursuant to Article 103 of the Company's Articles of Association. ***(RESOLUTION 2)***		
3.	To reappoint Tan Sri Datuk Adzmi Bin Abdul Wahab as a Director of the Company. ***(RESOLUTION 3)***		
4.	To reappoint Mr. Michael Yee Kim Shing as a Director of the Company. ***(RESOLUTION 4)***		
5.	To approve the aggregate directors' fees and benefits payable to directors of the Company of RM165,000 for the financial year ended 31 March 2017 and not exceeding the amount of RM300,000 from 1 April 2017 to the next Annual General Meeting of the Company. ***(RESOLUTION 5)***		
6.	To reappoint Messrs. Folks DFK & Co as Auditors of the Company. ***(RESOLUTION 6)***		
7.	Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. ***(RESOLUTION 7)***		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. ***(RESOLUTION 8)***		
9.	To retain Dato Mohamad Rais Bin Zainuddin as Independent Non-Executive Director. ***(RESOLUTION 9)***		
10.	To retain Tan Sri Datuk Adzmi Bin Abdul Wahab as Independent Non-Executive Director. ***(RESOLUTION 10)***		
11.	To retain Mr. Michael Yee Kim Shing as Independent Non-Executive Director. ***(RESOLUTION 11)***		
12.	To consider any other business of which due notice shall have been given.		

(Please indicate with an (X) or (√) on the way you wish to cast your vote)

Dated this __________ day of ______________________ 2017

Contact No. ______________________

____

Signature of Shareholder or Common Seal

The proportions of *my/our holding to be represented by *my/our proxies are as follows:-

	Shares	%
First Proxy		
Second Proxy		
Total		

Notes:

1. *A member entitled to attend, speak and vote at this 28th Annual General Meeting is entitled to appoint more than one (1) proxy to attend, speak and vote instead of the member at the meeting. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holding(s) to be represented by each proxy.*
3. *Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
4. *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of the attorney duly authorised.*
5. *The Form of Proxy shall not be treated as valid unless the posted Form is received or the Form is deposited at the registered office of the Company at Suite 5.02, 5th Floor, Wisma Academy, No. 4A, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Forms of Proxy transmitted by fax or email will not be accepted. The Company will not accept any photocopies of the form of proxy in place of the original signed copy.*
6. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 53 of the Articles of Association of the Company, a Record of Depositors as at 20 September 2017 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

THE COMPANY SECRETARY

DATAPREP HOLDINGS BHD. (183059-H)
Suite 5.02, 5th Floor
Wisma Academy
No. 4A, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan

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DATAPREP HOLDINGS BHD. (183059-H)

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