



**CREATING** VALUE  
BUILDING  
TRUST

ANNUAL REPORT 2014

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## CORPORATE PROFILE



TechnoDex Bhd (TechnoDex or the Company), a MSC-Status company, is a leading eBusiness Enabler in the region. Built on open source technology, our TechnoDex Platform enables quick development of new vertical solutions and an extensive range of IT services catered to all industries. Established in 2001, the Company and its subsidiaries (the Group) strives to incubate and transform bricks-and-mortar businesses into eBusiness in order to achieve greater efficiency and effectiveness in business practices.

The Group's solutions are currently now deployed in industries such as banking, telecommunications, transportation, oil & gas, education and government.

TechnoDex has technological partnerships with international players in the Open Source industry such as Alfresco, Red Hat, IBM, Oracle and SAS.

### OUR VISION

To provide our clients with best-in-class technology and solutions from our base knowledge, ideas, research and innovations.

### OUR MISSION

#### For Our Clients:

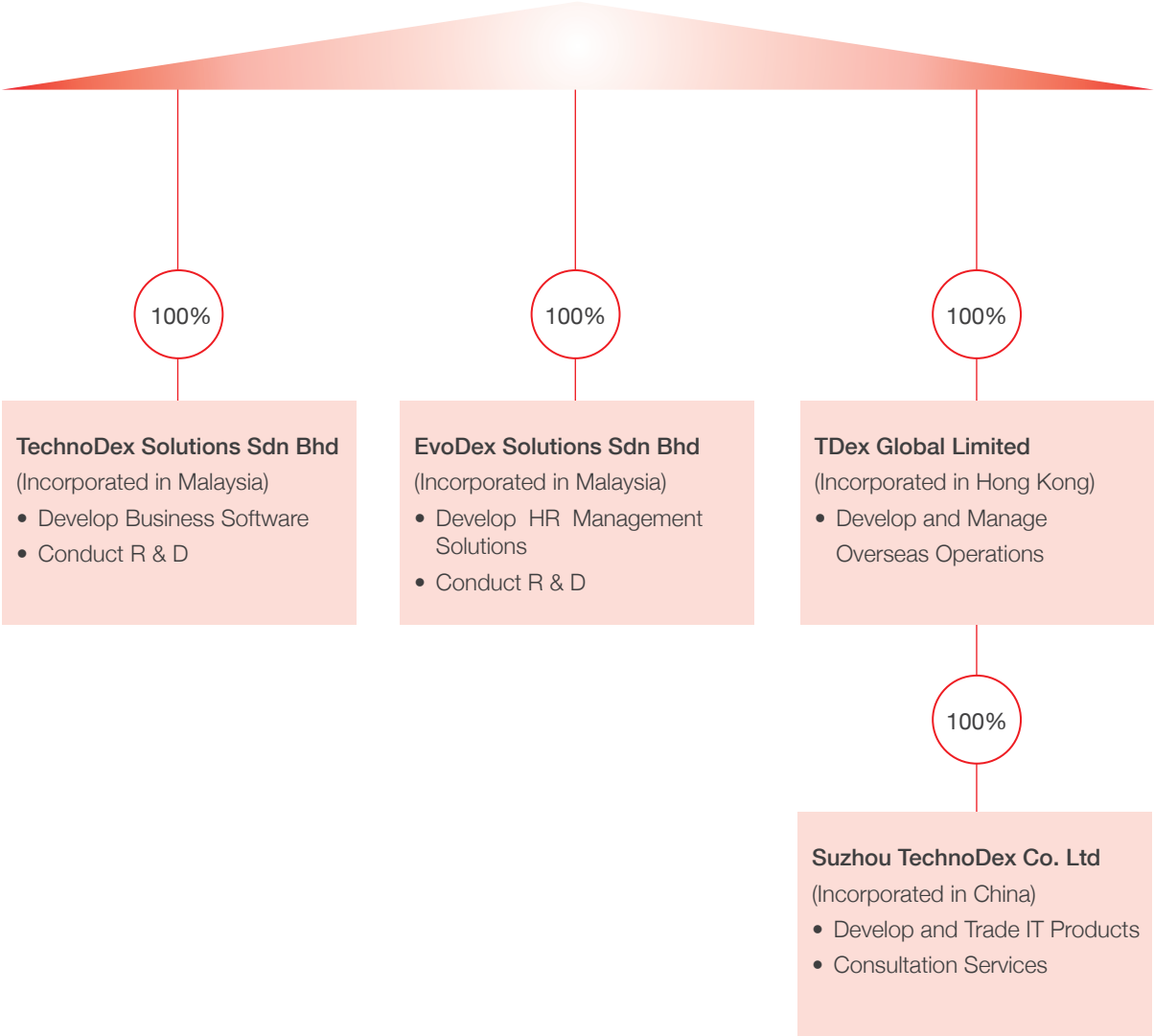
Our mission is to create superior value through our technology solutions, our business counsel and effective implementation. By doing so, we help them achieve their business goals.

#### For Ourselves:

Our mission is to become established among the Malaysia business community for our innovative solutions and our rich knowledge in matching business needs with the right technology solutions. Through our innovation, we will create value for our shareholders and provide exciting new growth opportunities for our people.

# CORPORATE STRUCTURE

## Technodex Berhad



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### KERK HAN MENG

Executive Chairman

#### TAN SZE CHONG

Group Managing Director

#### KOO TECK SEONG

Independent Non-Executive Director

#### STEVEN WONG CHIN FUNG

Senior Independent Non-Executive Director

#### TAN TIAN WOOL

Independent Non-Executive Director

#### TAN BOON WOOL

Non-Independent & Non-Executive Director

### AUDIT COMMITTEE

**TAN TIAN WOOL**, Chairman

**KOO TECK SEONG**, Member

**STEVEN WONG CHIN FUNG**, Member

### NOMINATION COMMITTEE

**STEVEN WONG CHIN FUNG**, Chairman

**TAN TIAN WOOL**, Member

**KOO TECK SEONG**, Member

### REMUNERATION COMMITTEE

**KOO TECK SEONG**, Chairman

**KERK HAN MENG**, Member

**TAN TIAN WOOL**, Member

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

Stock Name : TDEX

Stock Code : 0132

### REGISTERED OFFICE

Third Floor, No 79 (Room A),  
Jalan SS21/60, Damansara Utama,  
47400 Petaling Jaya,  
Selangor Darul Ehsan.  
Tel : 603-7728 4778  
Fax : 603-7722 3668

### HEAD OFFICE

Level 6, Block B-6-6,  
Pusat Komersial Southgate,  
No 2, Jalan Dua, Off Jalan Chan Sow Lin,  
55200 Kuala Lumpur.  
Tel : 603-9223 6699  
Fax : 603-9223 6688  
E-mail : info@technodex.com  
Website : www.technodex.com

### AUDITORS

CHI-LLTC (AF1114)  
Chartered Accountants

### SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House,  
Pusat Dagangan Dana 1,  
Jalan PJU 1A/46,  
47301 Petaling Jaya,  
Selangor Darul Ehsan.  
Tel : 603-7841 8000  
Fax : 603-7841 8008

### COMPANY SECRETARIES

**TEA SOR HUA** (MACS 01324)

**YONG YEN LING** (MAICSA 7044771)

### PRINCIPAL BANKERS

CIMB Islamic Bank Berhad  
Hong Leong Bank Berhad

## CHAIRMAN'S STATEMENT

### DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors ("Board"), I am pleased to present you the 2014 Annual Report and Audited Financial Statements of Technodex Berhad ("TDEX" or "the Company") and its subsidiaries ("the Group") for the financial year ended 30 April 2014.

### PERFORMANCE REVIEW

For the financial year ended 30 April 2014 ("FYE 2014"), the Group recorded turnover of RM12.64 million representing an increase of approximately 55.86% from the previous financial period ended 30 April 2013 ("FP 2013"). Correspondingly, the Group's registered net loss after tax of RM437,259 as compared to the net loss after tax of RM9.47 million in the previous financial period.

The increase in the Group's revenue and profit for the FYE 2014 was attributable to the RM 14.75 million projects came at the end of FP 2013.

However, following on from the previous year, the management continued to improve trade receivable collection. These efforts have successfully decreased the trade receivable position to RM4.30 million, a vast reduction of 39.09% from FP 2013.

The improved in trade receivable, coupled with effective trade payable management, the total liabilities of the Group have reduced significantly. Our bank loan was reduced to RM3.88 million in FYE 2014, representing a 21.93% reduction as compared to FP 2013.

However, the Group has also recorded a higher effective tax rate of 16.3% mainly due to the expiration of Technodex Solutions Sdn Bhd ("TDS")'s Pioneer Status in March 2013 following ten (10) years of tax exempt income from its software solutions, which forms the core of the Group revenue and profit. However, it should also be noted that TDEX's Pioneer Status has been extended to 2015.

### OPERATIONAL REVIEW

Despite this challenging economy condition, we have succeeded in achieving positive performance driven primarily by the growth of existing clients coupled with new business development.

### FUTURE OUTLOOK

Moving forward, the Group will focus on the development and future growth of its existing businesses and the coming new projects despite the challenging global and local economic outlook. The Group is positioned to weather these uncertainties in view of its order book which includes hardware support maintenance and software renewal contract, outsourcing contract and application development contract awarded. These projects are continuously expected to contribute positively to the revenue and earnings of the Group.

Our management remains committed to the growth strategy which focuses on a prudent and cohesive expansion in activities closely correlated with the Group's core competencies. The Group will continue to tender for more IT contracts to maximise its revenue at coming years.

Moving forward, the Group's prospects for the year 2015 are expected to remain positive.

## CHAIRMAN'S STATEMENT (continued)

### CORPORATE DEVELOPMENTS

The Company announced that it had on 7 May 2014 entered into a Heads of Agreement with Chong Eng Yeau and Pang Kim Huay (collectively, the "Controlling Shareholders") with the intention to invest in Zeal Systems (M) Sdn. Bhd., MYZSM Sdn. Bhd. and E-Tech IT Solution Pte. Ltd. by way of subscription of 55% equity interest in a private limited company to be formed by the Controlling Shareholders under the Companies Act, 1965 ("Act") ("SPV") for an aggregate subscription price of RM2,200,000 ("HOA") ("Proposed Subscription"). The Proposed Subscription is expected to be completed in the current financial year ending 30 April 2015.

We believe that the Proposed Acquisition will enable the Group to venture into retail solutions business as well as to achieve cost-effectiveness. The group will continue to explore for more synergetic business to work with to diversify its income source.

### ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I wish to express my gratitude to the management and employees of our Group for their dedication, commitment and contributions during the financial year under review. The Board recognises that the team are the nucleus of our success and we will continue to invest in their training and development and creating a conducive working environment for them.

I also wish to express my appreciation to our shareholders, customers, business associates and relevant authorities for their continuous support and co-operation.

Last but not least, to my fellow colleagues on the Board, I look forward to your continuous guidance and support as well as your continued active participation in our future Board meetings.

### KERK HAN MENG

Executive Chairman

## PROFILE OF DIRECTORS

### KERK HAN MENG

Malaysian, Aged 41

Executive Chairman

Mr. Kerk Han Meng was appointed to the Board on 12 January 2009 as an Independent Non-Executive Director. On 11 May 2011, he was re-designated as the Executive Chairman of the Company. He is a member of the Remuneration Committee of the Company.

He graduated from the University of Southern Queensland, Australia with a Bachelor of Business in Marketing in 1994. Upon graduation, he joined the largest polymer and textile manufacturer in South East Asia and assumed a leading role in the international sales division. Based in Europe for more than 10 years, he was responsible for the vast expansion of the business in UK, Spain, Netherlands, Italy and other areas in the region before his return to Malaysia.

Mr. Kerk has extensive corporate, management, business development, marketing and international trading knowledge. He is also a director of several private limited companies involved in various industries such as polymers, petrochemicals, textile, property development and related activities.

### TAN SZE CHONG

Malaysian, Aged 45

Group Managing Director

Mr. Tan Sze Chong was appointed to the Board on 22 December 2011 as a Non-Independent Non-Executive Director of the Company. On 20 September 2013, he was re-designated as the Group Managing Director of the Company. He is also a substantial shareholder of the Company.

Graduated from University of North Florida with a Master of Business Administration in 1992, Mr. Tan joined New Straits Times Technology as a Research Analyst before he furthered his career at Taylor Nelson Sofres as a Research Manager in 1994, a world leading market research and market information group.

Since 1997, Mr. Tan was appointed as managing director of Dun & Bradstreet and subsequently led the success of Dun & Bradstreet Malaysia, a world renown credit rating agency. In 2011, Mr. Tan was invited to spearhead Credit Bureau Malaysia, the country's first commercial credit bureau as its Chief Executive Officer. He has more than 20 years of experience in credit information management and bureau operations.

### STEVEN WONG CHIN FUNG

Malaysian, Aged 47

Senior Independent Non-Executive Director

Mr. Steven Wong Chin Fung was appointed to the Board on 11 May 2011 as an Independent Non-Executive Director of the Company. On 24 June 2013, he was appointed as the Senior Independent Non-Executive Director of the Company. Mr Steven Wong is the chairman of Nomination Committee and a member of the Audit Committee of the Company.

He graduated from University of Melbourne, Australia with a Bachelor of Law degree in 1990. Upon graduation, he did his pupillage in an established law firm and was admitted to the Malaysian Bar in February 1991 and has been in private legal practice since then. He has more than 20 years of experience in commercial and civil litigation.



## PROFILE OF DIRECTORS (continued)

### KOO TECK SEONG

Malaysian, Aged 41

Independent Non-Executive Director

Mr. Koo Teck Seong was appointed to the Board on 11 May 2011 as an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nomination Committee of the Company.

He graduated from the Wichita State University, Kansas United States of America with First Honor Degree in Industrial Engineering in 1996. He then joined his family business, Ah Luck Tiling Sdn Bhd, which involved in various tiling, property construction and has since been serving in various capacities. He is also a director of several private limited companies involving in amongst others, media and information technology, aquaculture, construction and financial consultancy, management and project management.

### TAN TIAN WOUI

Malaysian, Aged 44

Independent Non-Executive Director

Mr. Tan Tian Woui was appointed to the Board on 4 August 2011 as an Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee and a member of both Nomination and Remuneration Committee of the Company.

He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). Currently, he is the Executive Director of Messrs UHY and previously worked with other international accounting firms in Malaysia. He has 16 years of experience in audit and business advisory.

### TAN BOON WOUI

Malaysian, Aged 41

Non-Independent & Non-Executive Director

Mr. Tan Boon Woui was appointed to the Board on 8 January 2014 as a Non-Independent & Non-Executive Director of the Company.

He graduated from the University of Southern Queensland, Australia with a Bachelor of Business in Accounting in 1994. Upon graduation, he started his career with international accounting firms in Malaysia and Singapore. He is currently a member of the Malaysian Institute of Accountants (MIA).

Currently, he is the managing director of Lian Soon Express Sdn. Bhd. and the company secretary of Opal Consulting Sdn. Bhd. He is also a director of several private limited companies involved in various industries such as logistics, property development, business advisory and related activities.

Notes :

1. None of the Directors have family relationships with any Directors and/or major shareholders of the Company.
2. None of the Directors have any personal interest in any business arrangement involving our group except as disclosed in **Note 30 of the Financial Statements on page 73 of this Annual Report.**
3. None of the Directors have been convicted of any offences other than traffic offences in the past ten (10) years.

# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

The Board of Directors (“Board”) of Technodex Bhd. (“the Company”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance 2012 (“the Code”).

The Board is pleased to set out below the Corporate Governance Statement which describes the manner in which the Group has applied the Principles of the Code and its corresponding recommendations during the financial year ended 30 April 2014.

## A. THE BOARD

### i. Composition and Balance

The Board currently has six (6) members, comprising two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. This composition ensures that at least one third of the Board comprises of Independent Directors in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is aware that it is not in compliance with the best practices of the Code as the Chairman of the Board is an executive member and that with the Chairman being a Non-Independent Director. The Board is not comprised of a majority of Independent Directors. However, the Board is satisfied that the presence of the three (3) Independent Directors is sufficient to provide the necessary checks and balances on the decision making process of the Board. This is evidenced by their participation as members of the various committees of the Board.

There is a clear separation of functions between the Board and Management. The Board has full control of the Group and oversees its business affairs and the management is responsible for implementing the Board’s corporate objective, policies and procedures on risk and internal control.

The presence of one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The role of the Executive Chairman and the Group MD are distinct and separate to ensure there is balance of power and authority. The Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Group MD has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The Group MD is accountable to the Board for the overall organisation, management, and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline.

The Board does not have any gender diversity policies and targets and no measures have been taken to meet the targets as both genders are given fair and equal treatment. The Board believes that candidature to the Board should be based on a candidate’s merits, capability, experience, skill-sets and integrity but in line with the Code, the Board will consider more females onto the Board in due course to bring about a more diverse perspective.

## CORPORATE GOVERNANCE STATEMENT (continued)

### ii. Board Responsibilities

The Board collectively leads and is responsible for the performance and affairs of the Group, including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility in leading and directing the Group towards realising long term objectives and shareholders' value. The Board retains full and effective control of the Group's strategic plans, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Group's system of internal control.

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and adopting a strategic plan for the Group, including addressing the Group's business strategies on promoting sustainability;
- Overseeing the conduct of the Group's business, and evaluating whether or not its businesses are being properly managed;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- Ensuring that all candidates appointed to the Board are of sufficient calibre, including having in place a process to provide for the orderly succession of the members of the Board;
- Overseeing the development and implementation of an investor relations programme and stakeholder communications policy; and
- Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has also delegated certain responsibilities to the following Committees to assist in the execution of its responsibilities:

- a. Audit Committee
- b. Nomination Committee
- c. Remuneration Committee

The role of the Board Committees is to advise and make recommendations to the Board. However, the ultimate responsibility for the final decision on all matters lies with the Board. The Chairman of various committees provide a verbal report on the outcome of their Committee meetings to the Board, and any further deliberation is made at the Board level, if required.

Each Committee operates in accordance with respective terms of reference approved by the Board. The Board appoints the members and Chairman of each Committee.

## CORPORATE GOVERNANCE STATEMENT (continued)

### iii. Board Charter

A Board Charter was formalised on 30 May 2013. The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and Management with regard to the roles of the Board and its Committees, the role of the Group MD, 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.

A copy of the Board Charter is published in the corporate website of the Company at [www.technodex.com](http://www.technodex.com).

The Board has also adopted a whistle blowing policy to provide avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively. The Board has also adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company.

### iv. Board Meetings and Supply of Information

The Board has at least four (4) scheduled quarterly meetings with additional meetings to be convened where necessary. During the financial year ended 30 April 2014, the Board met five (5) times where they deliberated and approved various reports and issues, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed on the business plans and strategies, major investments, strategic decisions as well as the Group's financial performance.

Details of the Directors' attendance at Board meetings are set out as follows:

| Name of Directors                                  | Attendance |
|--|------------|
| <b>KERK HAN MENG</b> (Chairman)                    | 5 of 5     |
| <b>TAN SZE CHONG</b>                               | 5 of 5     |
| <b>KOO TECK SEONG</b>                              | 5 of 5     |
| <b>TAN TIAN WOUI</b>                               | 5 of 5     |
| <b>STEVEN WONG CHIN FUNG</b>                       | 4 of 5     |
| <b>TAN BOON WOUI</b> (appointed on 8 January 2014) | 1 of 1     |

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

The Directors receive notices of meetings, typically at least three (3) working days prior to the date of the meeting, setting out the agenda for the meetings, complete with a full set of Board Papers. The Board Papers provide sufficient details of matters to be deliberated during the meeting and the information provided therein is not confined to financial data but includes also non-financial information, both quantitative and qualitative, which is deemed critical for the Directors' knowledge and information in arriving at a sound and informed decision.

Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

## CORPORATE GOVERNANCE STATEMENT (continued)

In the event a potential conflict of interest situation arises, the Director concerned is to declare his interest and shall abstain from any deliberation and participation in respect of such resolution pertaining to the transaction.

Minutes of Board meetings together with decisions made by way of circular resolution are duly recorded and properly kept by the Company Secretary.

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The Board recognises the fact that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries to the Board in the discharge of their functions.

### v. Access to Information and Independent Advice

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Directors also have access to the internal and External Auditors of the Group, with or without Management present to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

### vi. Appointment to the Board and Re-election of Directors

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee scrutinises the candidates and recommend the same for the Board's approval. In discharging this duty, the Nomination Committee will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate shall bring to complement the Board.

All Board members shall notify the Chairman of the Board before accepting any new directorships in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorships or significant commitments outside the Company.

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or if their number is not multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1) shall retire at the Annual General Meeting ("AGM"), and be eligible for re-election provided that all Directors shall retire at least once in every three (3) years.

Directors who are appointed by the Board in the course of the year shall be subject to re-election at the next AGM to be held following their appointment.

Directors who are over seventy (70) years of age are required to submit themselves for annual re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

## CORPORATE GOVERNANCE STATEMENT (continued)

### vii. Tenure of Independent Director

The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

### viii. Evaluation of the performance of the Directors and the Board's as a whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Board Committees. The Nomination Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board Committees on an annual basis.

The Nomination Committee is required to report annually to the Board an assessment of the performance of the Board and the Board Committees. This will be discussed with the Board. The Nomination Committee will also evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board Committees.

### ix. Annual Assessment of Independence

The Board had conducted an evaluation of level of independence of the three (3) Independent Directors of the Company for the financial year ended 30 April 2014. The Board is satisfied with the level of independence demonstrated by them and their ability to act in the best interest of the Company and/or the Group.

### x. Directors' Training

The Board acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updated and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes.

Seminars and conference attended by Directors during the financial year ended 30 April 2014 include the following:

| Name of Directors | Programmes Attended   |
|-------------------|---|
| KERK HAN MENG     | Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers |
| TAN SZE CHONG     | Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers |

**CORPORATE GOVERNANCE STATEMENT** (continued)

|                              |   |
|------------------------------|---|
| <b>KOO TECK SEONG</b>        | Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers |
| <b>STEVEN WONG CHIN FUNG</b> | Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers |
| <b>TAN TIAN WOUI</b>         | Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers |
| <b>TAN BOON WOUI</b>         | Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers |

**xi. Directors' Remuneration**

The Board through Remuneration Committee establishes formal and transparent remuneration policies and procedures to attract and retain Directors. The Directors' remuneration is structured so as to link rewards to their corporate and individual performance. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for the Executive Chairman, Group MD and the Executive Director (if any).

Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission or percentage of profits or turnover.

Each individual Director shall abstain from the deliberation and voting on all matters pertaining to their own remuneration.

The Board is of the view that the disclosure of remuneration by appropriate components and bands are sufficient to meet the objectives set out in the ACE Market Listing Requirements of Bursa Securities.

The remuneration of the Directors for the financial year under review is as follows:

| <b>Name of Directors</b> | <b>Fees<br/>(RM)</b> | <b>Salaries &amp; Benefits in Kind<br/>(RM)</b> | <b>Meeting allowance<br/>(RM)</b> | <b>Total<br/>(RM)</b> |
|--------------------------|----------------------|---|-----------------------------------|-----------------------|
| Executive Directors      | 86,000               | 395,170   | 500                               | 481,670               |
| Non-Executive Directors  | 120,000              | -   | 5,000                             | 125,000               |
| <b>TOTAL</b>             | <b>206,000</b>       | <b>395,170</b>                                  | <b>5,500</b>                      | <b>606,670</b>        |

| <b>Range of Remuneration</b> | <b>Executive</b> | <b>Non-Executive</b> |
|------------------------------|------------------|----------------------|
| RM50,000 and below           | -                | 4                    |
| RM400,001 to RM450,000       | 3                | -                    |

(the above disclosures include all Directors who had office during the financial year)

## CORPORATE GOVERNANCE STATEMENT (continued)

### xii. Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

A Corporate Disclosure Policy was formalised on 20 June 2014 to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

## B. BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees that operates within clearly defined terms of reference. These Committees are:

### i. Audit Committee

The Audit Committee's objectives are, among others, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforce the independence of the Company's External Auditors, thereby ensuring that the auditors have free reign in the audit process.

The members of Audit Committee and its summary of terms of reference and the activities carried out during the financial year ended 30 April 2014 are set forth in the Audit Committee Report in pages 22 to 25 of this Annual Report.

### ii. Nomination Committee

The Nomination Committee of the Company is responsible to oversee the selection and assessment of directors. The Nomination Committee will assess the candidates and recommend to the Board who will thereon assess the shortlisted candidates and arrive at a decision on the appointment of the director.

The Nomination Committee of the Company comprises the following members, all being Independent Non-Executive Directors with the Chairman being the Senior Independent Director identified by the Board:-

| Name of Committee Members       | Designation                               |
|---------------------------------|---|
| Steven Wong Chin Fung, Chairman | Senior Independent Non-Executive Director |
| Koo Teck Seong, Member          | Independent Non-Executive Director        |
| Tan Tian Woi, Member            | Independent Non-Executive Director        |

The Nomination Committee meets as and when required. The Nomination Committee met two (2) times during the course of the financial year ended 30 April 2014 and the activities undertaken by the Committee were as follows:

- a. Carried out the assessment and rating of the performance of each Non-Executive Directors against the criteria as set out in the annual assessment form, amongst others, attendance at Board or committee meetings, adequate preparation for board and/or committee meetings, regular contribution to Board or committee meetings, personal input to the role and other contributions to the Board or committees as a whole.



## CORPORATE GOVERNANCE STATEMENT (continued)

- b. Carried out the assessment and rating of the performance of the Executive Directors against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders'/investors' relations, employee training and development, succession planning and personal input to the role.
- c. Evaluated the balance of skills, knowledge and experience of the Board and in the light of this evaluation, reviewed the role of the Executive Chairman and Group MD respectively, to ensure balance of power and authority, and a clear division of responsibilities as the head of the Company.
- d. Proposed to the Board for approval on the resignation of Ms. Heng Ling Jy as the Managing Director/ Group Chief Executive Officer and re-designation of Mr. Tan Sze Chong from a Non-Independent Non-Executive Director to the Group MD.
- e. Identified and recommended to the Board the re-election of Mr. Tan Sze Chong and Mr. Tan Tian Wooi as Directors in the last Annual General Meeting held on 28 October 2013.
- f. Considered and recommended to the Board for the appointment of Mr. Tan Boon Wooi as a Non-Independent Non-Executive Director of the Company.

### iii. Remuneration Committee

The Remuneration Committee is principally responsible for assessing and reviewing the remuneration packages of the Executive Chairman and Group MD and subsequently furnishes their recommendations to the Board for adoption. The Board had also through the Remuneration Committee, established formal and transparent remuneration policies and procedures to attract and retain Directors.

The Remuneration Committee comprises the following members:-

| Name of Committee Members | Designation                        |
|---------------------------|------------------------------------|
| Koo Teck Seong, Chairman  | Independent Non-Executive Director |
| Kerk Han Meng, Member     | Executive Chairman                 |
| Tan Tian Wooi, Member     | Independent Non-Executive Director |

## C. THE SHAREHOLDERS

### i. Dialogue between the Company and Investors

The Board values the importance of dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner. Quarterly results, announcements, annual reports and circulars serve as the primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and development. The Company's corporate website at [www.technodex.com](http://www.technodex.com) serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communications. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings.

## CORPORATE GOVERNANCE STATEMENT (continued)

### ii. Annual General Meetings (“AGM”)

The AGM remains as a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

All resolutions set out in the Notice of the AGM are put to vote by show of hands. In future, the Company shall endeavour, wherever possible, to put to vote of resolutions at the AGM by poll, if required, including highlighting the shareholders of their right to demand a poll at the commencement of the general meeting.

## D. ACCOUNTABILITY AND AUDIT

### i. Financial reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full year basis, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance to the applicable financial reporting standards.

The Audit Committee plays a crucial role in assisting the Board to scrutinize the information to be in compliance with applicable financial reporting standards for disclosure to shareholders to ensure material accuracy, adequacy, validity and timeliness of the financial statements.

### ii. Internal Control and Risk Management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets and for reviewing the adequacy and integrity of the system.

Risk management is an integral part of the Group's business operations and it is subject to periodic reviews by the Board. The Group adopted a structured risk management framework with discussions involving different levels of managements to identify and address risks faced by the Group.

As guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board performs reviews on an annual basis covering not only financial, but operational and compliance controls and risk management systems, in all material aspects. Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The Board is provided with reasonable assurance from the various reports submitted by Management and the Audit Committee on risk management and internal control system. Details on the Statement on Risk Management and Internal Control are furnished in pages 19 to 21 of this Annual Report.

The Board recognises that identification, evaluation and management of significant risks faced by the Company are an on-going process. The improvement of the system of internal controls is also an on-going process and the Board maintains continuing commitment to strengthen the Company's internal control environment and processes.

## **CORPORATE GOVERNANCE STATEMENT** (continued)

### **iii. Relationship with Auditors**

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party who reports direct and regularly to the Audit Committee of the Company. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The Audit Committee undertakes an annual review of the suitability and independence of the External Auditors. Having assessed their performance, the Audit Committee will make its recommendation to the Board for re-appointment, upon which the shareholders' approval will be sought at the AGM of the Company.

### **E. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE**

The Company is committed to achieving high standards of corporate governance throughout the Company and the Group and highest level of integrity and ethical standards in all of its business dealings.

The Board will continue to strive for the full compliance with the Code in the coming financial year.

This statement is made in accordance with a resolution of the Board dated 22 August 2014.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound system risk management and internal control to safeguard shareholders' investments and the Company's assets. Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors ("the Board") to include a statement on the state of internal control as a group in its annual report.

The Board recognises the importance of good corporate governance practices and is committed to maintaining a sound system risk management and internal control to safeguard shareholders' investments and the Company and its Subsidiaries ("the Group")'s assets. The Board is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group for the financial year ended 30 April 2014.

## RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises the importance of risk management and risk-based internal audit to establish and maintain a sound system risk management and internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

The regular reviews and evaluations of internal control systems, are ongoing processes for identifying, evaluating and managing significant risks faced or potentially exposed to, by the Group in pursuing its business objectives. These processes have been in place throughout the financial year under review and up to the date of approval of the annual report.

The Board has received assurance from the Managing Director that the Group's risk management and internal control is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

## RISK MANAGEMENT FRAMEWORK

The Board resolves that the management of core risks is an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group's objectives.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

### INTERNAL CONTROL SYSTEM

The Key Elements of the Group's Internal Control System includes:

- a. Organisational structure with clearly defined lines of responsibility, authority and accountability. These delegations of responsibilities and authority limits are subjected to periodic review throughout the year as to their implementation and for continuing suitability.
- b. Policies and procedures for key business processes are formalized and documented for implementation and continuous improvements.
- c. Clearly defined authorization limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.
- d. Clearly defined Internal Policies, Standard Operating Procedures and Personnel Manual as the key framework for good internal control practices. These policy manuals are subject to regular reviews to meet new and changing business requirements.
- e. Regular Management and Operation meetings were conducted to ensure activities and risk mitigation actions were executed as proposed.
- f. Key information covering financial performance and key business aspects are provided to the Senior Management and Board of Directors on a regular and timely basis.
- g. There has been active participation by the Executive Directors in the day-to-day running of business operations, and regular dialogue and reporting to the Board of Directors.

### INTERNAL AUDIT FUNCTIONS

The Board acknowledges the importance of the internal audit function. The Board has outsourced its internal audit function to an independent professional consulting firm as part of its efforts to provide adequate and effective internal control systems. The internal audit function is carried out in accordance with the annual internal audit plan as approved by the Audit Committee. The internal audit function adopts accepted auditing practices in addition to an independent and objective reporting on the state of the Group's internal control system.

During the financial year under review, the outsourced Internal Auditors reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the key subsidiaries and recommended possible improvements to the internal control systems. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group. The Board continuously takes measures to strengthen the control environment. The total cost incurred for the internal audit function was RM24,300.00 for the financial year ended 30 April 2014. In the financial year under review, there were no material losses, incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report. The Board will continue to improve and enhance the existing system risk management and internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets. This statement was approved by the Board.

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

### ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director that the Group's risk management framework and internal control system are operating adequately and effectively in all material aspects in relation to the subsidiaries disclosed in the financial statements of the Company and the Group for the financial year ended 30 April 2014.

Pursuant to the above, the Board is of the view that the risk management framework and internal control system are satisfactory and no material weakness and/or reported shortfall in the risk management framework and internal control system has resulted and/or give rise to any material loss, contingency and/or uncertainty during the financial year under review.

This Statement is made in accordance with the resolution of the Board of Directors dated 22 August 2014.

## REPORT OF THE AUDIT COMMITTEE

The principle objectives of the Audit Committee is to assist the Board of Directors (“the Board”) in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and its subsidiaries (“the Group”) and to ensure proper disclosure to the shareholders of the Company.

### MEMBERS

The current members of the Audit Committee are as follows:

Mr. Tan Tian Wooi (*Chairman, Independent Non-Executive Director*)

Mr. Koo Teck Seong (*Member, Independent Non-Executive Director*)

Mr. Steven Wong Chin Fung (*Member, Senior Independent Non-Executive Director*)

### SUMMARY OF THE TERMS OF REFERENCE

#### Size and Composition

The Audit Committee shall be appointed by the Board amongst its members and consists of at least three (3) members, all of whom shall be non-executive directors and financial literate, with a majority of them being independent.

At least one member of the Audit Committee must be a member of Malaysia Institute of Accountants or he must have at least three (3) years working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or a person who has fulfilled such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

No alternate director of the Board shall be appointed as a member of the Audit Committee. In the event of any vacancy of Audit Committee resulting in the non-compliance with the Listing Requirements of Bursa Securities, the Board shall appoint a new member within three (3) months.

#### Frequency of meetings

- i. Meetings shall be held not less than four (4) times a year. However, additional meetings may be called at any time depending on the scope of activities of the Audit Committee. In the event issues requiring the Audit Committee’s decision arise between meetings, such issues shall be resolved through circular resolutions of the Committee. Such circular resolution in writing shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by all members of the Audit Committee.
- ii. Other Board members, senior management personnel, Internal and External Auditors may be invited to attend meetings.
- iii. Prior notice shall be given for all meetings.

#### Quorum

The minimum quorum for the meeting is two (2) members of the Audit Committee, a majority of members present must be Independent Non-Executive Directors.

## REPORT OF THE AUDIT COMMITTEE (continued)

### Secretary

The Company Secretary shall be the secretary of the Audit Committee. The Secretary shall circulate the notice and minutes of the Audit Committee to all members of the Committee.

### Functions

The functions of the Committee are as follows :-

- i. To consider the appointment of External Auditors, the audit fee and any questions of resignation or dismissal.
- ii. To review with the External Auditors:
  - a. the audit plan, scope and nature of the audit of the Group;
  - b. their evaluation and findings of the system of internal controls; and
  - c. the audit reports on the financial statements.
- iii. To review the adequacy of the scope, function, competency and resources of internal audit and to ensure that it has the necessary authority to carry out its work.
- iv. To appraise or assess the performance of the internal audit function and ensure that the internal audit function reports directly to the Audit Committee.
- v. To review the quality, adequacy and effectiveness of the Group's internal control environment.
- vi. To review the findings of the Internal and External Auditors.
- vii. To review the quarterly and year-end financial statements of the Group, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements.
- viii. To review any related party transactions and conflicts of interest situations that may arise within the Group including any transactions, procedures or course of conduct that raises questions of management integrity.
- ix. To review the External Auditors' management letter and management's response.
- x. Any other function that may be mutually agreed upon by the Audit Committee and the Board which would be beneficial to the Company and help to ensure the effective discharge of the Committee's duties and responsibilities.

### Authority

The Committee is authorised by the Board to investigate any activity within its term of reference at the cost of the Company, to:-

- i) secure full and unrestricted access to any information pertaining to the Group.
- ii) communicate directly with the External and Internal Auditors and all employees of the Group.
- iii) seek and obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.
- iv) convene meetings with the External and Internal Auditors or both excluding the attendance of other directors and employees of the company, whenever deemed necessary.



## REPORT OF THE AUDIT COMMITTEE (continued)

### Communication to the Board

- i. The minutes of each Audit Committee meeting shall be tabled to the Board for notation.
- ii. The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.
- iii. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, the Audit Committee convened six (6) meetings. Details of attendance of the members of the Audit Committee at those meetings are as follows:

| Committee Members         | No. of meetings attended |
|---------------------------|--------------------------|
| MR. TAN TIAN WOUI         | 6 of 6                   |
| MR. KOO TECK SEONG        | 6 of 6                   |
| MR. STEVEN WONG CHIN FUNG | 5 of 6                   |

The following is a summary of the main activities carried out by the Committee during the financial year under review:

- i. Reviewed the quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto before recommending to the Board for their approval and release of the Group's results to Bursa Securities.
- ii. Reviewed with External Auditors on the results and issues arising from their audit of the financial year end statements and their resolutions of such issues highlighted in their report to the Committee.
- iii. Reviewed and recommended the nomination of Messrs CHI-LLTC as the External Auditors to the Board for consideration;
- iv. Reviewed with the Internal Auditors, the internal audit plan, work done and reports for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.
- v. Reviewed the related party transactions and/or recurrent related party transactions that transpired within the Group during the financial year under review to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- vi. Reviewed and approved the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report.

## REPORT OF THE AUDIT COMMITTEE (continued)

### INTERNAL CONTROL REVIEW AND INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional services firm to conduct an independent review of the Group's systems of internal control. The firm appointed is independent of the activities carried out by them.

Internal audit reports are presented, together with the Management's response and proposed action plans to the Audit Committee on a quarterly basis.

The Internal Auditors undertake internal audit functions based on the operational, compliance and risk based audit plan that is reviewed by the Audit Committee and approved by the Board. This audit plan covers the review of the key operational and financial activities including the efficacy of risk management practices, efficiency and effectiveness of operational controls and compliance with relevant laws and regulations.

The activities carried out by the Outsourced Internal Auditors of the Group during the financial year under review were as summarized below:-

- i. Execution of the approved internal audit plan;
- ii. Presentation of the internal audit findings at the quarterly Audit Committee meetings. All findings raised by the Internal Auditors have been appropriately addressed by Management; and
- iii. Conducted follow up reviews to ensure action plans are properly and appropriately implemented by Management.

The internal audits reviews did not reveal any weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

The fees incurred during the financial year ended 30 April 2014 in relation to the internal audit function is RM24,300.00.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors ("the Board") is required by the Companies Act, 1965 to ensure that the financial statements prepared for each financial year have been made in accordance with applicable approved accounting standards, the provisions of the Companies Act, 1965 and the requirements of ACE Market Listing Requirement of Bursa Malaysia Securities Berhad and give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") at the end of the financial year and to the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors are responsible for ensuring that the Group and the Company have maintained accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

The Board is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 April 2014, the Group and the Company have used the appropriate accounting policies and consistently applied and supported by reasonable prudent judgement and estimates, that measures have been taken to ensure that accounting records are properly kept in accordance with the law and that the preparation of the financial statements is on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operations for the foreseeable future.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and the Company and to detect and prevent fraud and other irregularities.

This Statement was made in accordance a resolution of the Board dated 22 August 2014.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

On 23 September 2013, the Company had issued and allotted 85,196,350 new ordinary shares of RM0.10 each pursuant to the Rights Issue of Shares ("Rights Share(s)") together with 85,196,350 free detachable warrants at an issue price of RM0.10 per Rights Share to the existing shareholders of the Company, raising a proceed of RM8,519,635 for the Company ("Rights Issue of shares with Free Warrants").

Status of utilisation of Proceeds derived from the Rights Issue of shares with Free Warrants as at 30 April 2014 is as follow:-

|   | Proposed Utilisation | Actual Utilisation | Unutilised Proceed | Deviation | Timeframe for the utilisation of proceed |
|---|----------------------|--------------------|--------------------|-----------|--|
|   | RM'000               |                    | RM'000             | RM'000    |  |
| Business development expenditure                                      | 3,500                | -                  | 3,500              | -         | Within 18 months                         |
| Capital expenditure   | 2,500                | (2,500)            | -                  | -         | Within 12 months                         |
| Working capital   | 2,020                | (2,096)            | (76)               | -         | Within 12 months                         |
| Expenses in relation to the Rights Issue of shares with Free Warrants | 500                  | 424                | 76                 | -         | Within 1 month                           |
|   | <b>8,520</b>         | <b>(5,020)</b>     | <b>3,500</b>       | <b>-</b>  |  |

\* Excess of the amounts allocated will be utilised for meeting general working capital requirements as disclosed in the Prospectus in relation to the Right Issue of shares with Free Warrants dated 27 August 2013.

### 2. SHARE BUY-BACKS

The Company did not engage in any share buy-back arrangements during the financial year ended 30 April 2014.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 30 April 2014, there were no outstanding options, warrants or convertible securities exercised by the Company, save for the issuance of Rights Issue of shares with Free Warrants (Warrants 2013/2018).

None of the Warrants 2013/2018 has been exercised during the financial year ended 30 April 2014 and the total number of warrants remained unexercised is 85,196,350.

### 4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt programme during the financial year ended 30 April 2014.

### 5. IMPOSITION OF SANCTIONS / PENALTIES

There were no material sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year ended 30 April 2014.

**ADDITIONAL COMPLIANCE INFORMATION** (continued)**6. NON-AUDIT FEES**

The amount of non-audit fees paid/payable to the External Auditors by the Group for the financial year ended 30 April 2014 was RM5,000.00.

**7. VARIATION IN RESULTS**

There were no material variances of ten percent (10%) or more between the audited results for the financial year ended 30 April 2014 and the unaudited results previously announced.

**8. PROFIT GUARANTEE**

The Company did not give any form of profit guarantee to any parties during the financial year ended 30 April 2014.

**9. MATERIAL CONTRACTS**

There were no material contracts entered by the Company and its subsidiaries involving Directors' and major shareholders' interest during the financial year ended 30 April 2014.

**10. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE**

There were no recurrent related party transactions transpired during the financial year under review.

**11. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES ("CSR") AND PRACTICES**

The Company did not undertake any corporate responsibility activities during the year under review as the Board focuses on capturing market opportunities to sustain its business growth.

## **FINANCIAL REPORT**

### **FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014**

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## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2014.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and providing information technology products and related services, and carrying out relevant research and development activities whilst the principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

|                             | The Group<br>RM  | The Company<br>RM |
|-----------------------------|------------------|-------------------|
| Loss for the financial year | (437,259)        | (703,656)         |
| Attributable to:-           |                  |                   |
| Owners to the Company       | (437,259)        | (703,656)         |
| Non-controlling interests   | -                | -                 |
|                             | <u>(437,259)</u> | <u>(703,656)</u>  |

### DIVIDENDS

No dividends were paid, declared or proposed by the Company since the end of the previous financial period. The directors also do not recommend any final dividend in respect of the current financial year.

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial period:-

- (a) there were no changes in the authorised share capital of the Company;
- (b) the Company increased its issued and paid-up share capital from RM25,558,905 to RM34,078,540 by the allotment of 85,196,350 new ordinary shares of RM0.10 each at par pursuant to a renounceable rights issue with warrants exercise. The new shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company; and
- (c) there were no issues of debentures by the Company.

### WARRANTS 2013/2018

The Company had on 23 September 2013 issued 85,196,350 new Warrants 2013/2018 to all entitled shareholders of the Company on the basis of one (1) free detachable warrant for every three (3) existing ordinary shares of RM0.10 each held in the Company.

Each warrant carries the entitlement to subscribe for one (1) new ordinary share of RM0.10 each in the Company at the exercise price of RM0.11 which shall be satisfied in cash and at any time during the exercise period as indicated above ("Exercise Period") subject to the adjustments in accordance with the provisions of the deed poll dated 6 August 2013. Any warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

## **DIRECTORS' REPORT** (continued)

As at 30 April 2014, the entire 85,196,350 Warrants 2013/2018 remained unexercised.

The ordinary shares issued from the exercise of Warrants 2013/2018 shall rank pari passu in all respects with the existing issued ordinary shares of the Company, save and except that they will not be entitled to any dividends, rights, allotment, and/or other distributions that may be declared, made or paid prior to the date of allotment and issue of the new shares arising from the exercise of Warrants 2013/2018.

### **OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities are disclosed in Note 32 to the financial statements. At the date of this report, there does not exist:-

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.



**DIRECTORS' REPORT** (continued)**CHANGE OF CIRCUMSTANCES**

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.

**ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

**DIRECTORS**

The directors who served since the date of the last report are as follows:-

**KERK HAN MENG****TAN SZE CHONG****STEVEN WONG CHIN FUNG****KOO TECK SEONG****TAN TIAN WOUI****TAN BOON WOUI** (Appointed on 8.1.2014)**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over shares of the Company and its related corporations during the financial year are as follows:-

|                           | Number Of Ordinary Shares Of RM0.10 Each |           |      | At<br>30.4.2014 |
|---------------------------|--|-----------|------|-----------------|
|                           | At<br>1.5.2013<br>date of appointment    | Bought    | Sold |                 |
| <b>DIRECT INTERESTS</b>   |  |           |      |                 |
| KERK HAN MENG             | 14,018,750                               | 6,978,936 | -    | 20,997,686      |
| TAN SZE CHONG             | 18,021,800                               | 6,007,266 | -    | 24,029,066      |
| KOO TECK SEONG            | 10,174,625                               | 3,099,975 | -    | 13,274,600      |
| TAN BOON WOUI             | 32,500,000                               | -         | -    | 32,500,000      |
| <b>INDIRECT INTERESTS</b> |  |           |      |                 |
| TAN SZE CHONG *           | 50,000                                   | 16,666    | -    | 66,666          |

\* Deemed interest by virtue of his spouse's shareholdings in Technodex Berhad.

**DIRECTORS' REPORT** (continued)

|                           | Number of Warrants 2013/2018 |        |             |           |
|---------------------------|------------------------------|--------|-------------|-----------|
|                           | At<br>date of issuance on    |        |             | At        |
|                           | 26.9.2013                    | Bought | Sold        | 30.4.2014 |
| <b>DIRECT INTERESTS</b>   |                              |        |             |           |
| KERK HAN MENG             | 6,978,936                    | -      | -           | 6,978,936 |
| TAN SZE CHONG             | 6,007,299                    | -      | -           | 6,007,299 |
| KOO TECK SEONG            | 3,099,975                    | -      | (2,000,000) | 1,099,975 |
| <b>INDIRECT INTERESTS</b> |                              |        |             |           |
| TAN SZE CHONG *           | 16,666                       | -      | -           | 16,666    |

\* Deemed interest by virtue of his spouse's shareholdings in Technodex Berhad.

The other directors holding office at the end of the financial year had no interest in shares and options over shares of the Company or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 34 to the financial statements.

**AUDITORS**

The auditors, Messrs. CHI-LLTC, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 22 August 2014.

**TAN SZE CHONG**

**KERK HAN MENG**

## STATEMENT BY DIRECTORS

We, Tan Sze Chong and Kerk Han Meng, being two of the directors of Technodex Berhad, state that, in the opinion of the directors, the financial statements set out on pages 37 to 83 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 36, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 22 August 2014.

**TAN SZE CHONG**

**KERK HAN MENG**

## STATUTORY DECLARATION

I, Tan Sze Chong, I/C No. 690206-01-5891, being the director primarily responsible for the financial management of Technodex Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 83 are, to the best of my knowledge and belief, 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  
Tan Sze Chong, I/C No. 690206-01-5891,  
at Petaling Jaya in the state of Selangor  
Darul Ehsan on this 22 August 2014

**Before me**

**S. Arokiadass A.M.N**

License No.: B 390

Commissioner of Oaths

**TAN SZE CHONG**

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNODEX BHD.

(Incorporated in Malaysia) Company No: 627634 - A

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Technodex Berhad, which comprise statements of financial position as at 30 April 2014 of the Group and of the Company, and 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 83.

### Directors' Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 April 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

## INDEPENDENT AUDITORS' REPORT (continued)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 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 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### CHI-LLTC

Firm No: AF 1114  
Chartered Accountants

22 August 2014

Selangor Darul Ehsan

#### TANG BOON HIAP

Approval No: 2127/02/15(J)  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AT 30 APRIL 2014

|  | Note | The Group                |                          | The Company              |                          |
|--|------|--------------------------|--------------------------|--------------------------|--------------------------|
|  |      | 2014<br>RM               | 2013<br>RM               | 2014<br>RM               | 2013<br>RM               |
| <b>ASSETS</b>                                  |      |                          |                          |                          |                          |
| <b>NON-CURRENT ASSETS</b>                      |      |                          |                          |                          |                          |
| Investments in subsidiaries                    | 5    | -                        | -                        | 3,738,426                | 3,738,426                |
| Property, plant and equipment                  | 6    | 811,542                  | 507,816                  | 130,782                  | 152,876                  |
| Goodwill on consolidation                      | 7    | 1,559,393                | 1,559,393                | -                        | -                        |
| Intangible assets                              | 9    | 9,680,782                | 9,052,215                | 6,098,938                | 8,860,924                |
|  |      | <u>12,051,717</u>        | <u>11,119,424</u>        | <u>9,968,146</u>         | <u>12,752,226</u>        |
| <b>CURRENT ASSETS</b>                          |      |                          |                          |                          |                          |
| Trade receivables                              | 10   | 4,297,791                | 7,055,039                | -                        | -                        |
| Other receivables, deposits<br>and prepayments | 11   | 3,089,517                | 2,500,251                | 38,289                   | 9,500                    |
| Amount owing by subsidiaries                   | 12   | -                        | -                        | 2,293,795                | -                        |
| Tax refundable                                 |      | -                        | 7,720                    | -                        | -                        |
| Fixed deposits with licensed banks             | 13   | 7,106,836                | 1,706,198                | 5,047,473                | 3,905                    |
| Cash and bank balances                         |      | 1,776,403                | 106,474                  | 683,222                  | 1,006                    |
|  |      | <u>16,270,547</u>        | <u>11,375,682</u>        | <u>8,062,779</u>         | <u>14,411</u>            |
| <b>TOTAL ASSETS</b>                            |      | <b><u>28,322,264</u></b> | <b><u>22,495,106</u></b> | <b><u>18,030,925</u></b> | <b><u>12,766,637</u></b> |

The annexed notes form an integral part of these financial statements.

**STATEMENTS OF FINANCIAL POSITION (continued)**

|                                      | Note | The Group         |                   | The Company       |                   |
|--------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                      |      | 2014<br>RM        | 2013<br>RM        | 2014<br>RM        | 2013<br>RM        |
| <b>EQUITY AND LIABILITIES</b>        |      |                   |                   |                   |                   |
| <b>EQUITY</b>                        |      |                   |                   |                   |                   |
| Share capital                        | 14   | 34,078,540        | 25,558,905        | 34,078,540        | 25,558,905        |
| Share premium                        | 15   | 694,989           | 1,135,420         | 694,989           | 1,135,420         |
| Foreign exchange translation reserve | 16   | 674,635           | 598,266           | -                 | -                 |
| Accumulated losses                   |      | (14,289,812)      | (13,852,553)      | (18,307,619)      | (17,603,963)      |
| <b>TOTAL EQUITY</b>                  |      | <b>21,158,352</b> | <b>13,440,038</b> | <b>16,465,910</b> | <b>9,090,362</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |      |                   |                   |                   |                   |
| Hire purchase payables               | 17   | 897,788           | 844,623           | -                 | -                 |
| Term loans                           | 18   | -                 | 2,242,764         | -                 | -                 |
|                                      |      | 897,788           | 3,087,387         | -                 | -                 |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |                   |                   |
| TTrade payables                      | 19   | 1,592,038         | -                 | -                 | -                 |
| Other payables and accruals          | 20   | 1,677,677         | 4,083,870         | 365,296           | 1,217,057         |
| Amount owing to subsidiaries         | 12   | -                 | -                 | 1,186,772         | 2,459,218         |
| Hire purchase payables               | 17   | 934,377           | 525,087           | -                 | -                 |
| Term loans                           | 18   | 2,047,232         | 1,358,724         | -                 | -                 |
| Provision for taxation               |      | 14,800            | -                 | 12,947            | -                 |
|                                      |      | 6,266,124         | 5,967,681         | 1,565,015         | 3,676,275         |
| <b>TOTAL LIABILITIES</b>             |      | <b>7,163,912</b>  | <b>9,055,068</b>  | <b>1,565,015</b>  | <b>3,676,275</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>28,322,264</b> | <b>22,495,106</b> | <b>18,030,925</b> | <b>12,766,637</b> |
| <b>NET ASSETS PER SHARE (RM)</b>     | 21   | <b>0.06</b>       | <b>0.05</b>       |                   |                   |

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

|                                      | Note | The Group                         |                                   | The Company                       |                                   |
|--------------------------------------|------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                                      |      | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| REVENUE                              | 22   | 12,636,265                        | 8,106,885                         | 2,727,034                         | -                                 |
| OTHER INCOME                         |      | 543,115                           | 2,218,470                         | 334,548                           | 1,545,577                         |
| EMPLOYMENT BENEFITS                  |      | (4,476,648)                       | (3,317,821)                       | (924,043)                         | (1,154,934)                       |
| DEPRECIATION AND AMORTISATION        |      | (3,651,743)                       | (5,845,692)                       | (2,802,655)                       | (4,862,391)                       |
| OTHER EXPENSES                       |      | (5,229,213)                       | (9,625,030)                       | (20,820)                          | (2,697,529)                       |
| FINANCE COSTS                        |      | (187,918)                         | (1,035,746)                       | -                                 | -                                 |
| LOSS BEFORE TAXATION                 | 23   | (366,142)                         | (9,498,934)                       | (685,936)                         | (7,169,277)                       |
| INCOME TAX EXPENSE                   | 24   | (71,117)                          | 30,776                            | (17,720)                          | 13,097                            |
| LOSS FOR THE YEAR/PERIOD             |      | (437,259)                         | (9,468,158)                       | (703,656)                         | (7,156,180)                       |
| OTHER COMPREHENSIVE INCOME/(EXPENSE) |      |                                   |                                   |                                   |                                   |
| - Foreign currency translation       |      | 76,369                            | (28,213)                          | -                                 | -                                 |
| <b>TOTAL COMPREHENSIVE EXPENSE</b>   |      | <b>(360,890)</b>                  | <b>(9,496,371)</b>                | <b>(703,656)</b>                  | <b>(7,156,180)</b>                |
| LOSS FOR THE YEAR/PERIOD             |      |                                   |                                   |                                   |                                   |
| ATTRIBUTABLE TO:-                    |      |                                   |                                   |                                   |                                   |
| Owner of the Company                 |      | (437,259)                         | (9,468,158)                       | (703,656)                         | (7,156,180)                       |
| Non-controlling interests            |      | -                                 | -                                 | -                                 | -                                 |
|                                      |      | <b>(437,259)</b>                  | <b>(9,468,158)</b>                | <b>(703,656)</b>                  | <b>(7,156,180)</b>                |
| TOTAL COMPREHENSIVE EXPENSES         |      |                                   |                                   |                                   |                                   |
| ATTRIBUTABLE TO:-                    |      |                                   |                                   |                                   |                                   |
| Owner of the Company                 |      | (360,890)                         | (9,496,371)                       | (703,656)                         | (7,156,180)                       |
| Non-controlling interests            |      | -                                 | -                                 | -                                 | -                                 |
|                                      |      | <b>(360,890)</b>                  | <b>(9,496,371)</b>                | <b>(703,656)</b>                  | <b>(7,156,180)</b>                |
| LOSS PER SHARE (SEN)                 | 25   |                                   |                                   |                                   |                                   |
| - Basic                              |      | (0.14)                            | (3.71)                            |                                   |                                   |
| - Diluted                            |      | (0.14)                            | (3.71)                            |                                   |                                   |

The annexed notes form an integral part of these financial statements.



## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

| The Group  | ATTRIBUTABLE TO OWNERS OF THE COMPANY |                        |   |                             |   |                                       |                       |
|--|---------------------------------------|------------------------|---|-----------------------------|---|---------------------------------------|-----------------------|
|  | Non-Distributable                     |                        |   | Distributable               |   |                                       |                       |
|  | Share<br>Capital<br>RM                | Share<br>Premium<br>RM | Foreign<br>Exchange<br>Translation<br>Reserve<br>RM | Accumulated<br>Losses<br>RM | Attributable<br>to owners of<br>the Company<br>RM | Non-<br>Controlling<br>Interest<br>RM | Total<br>Equity<br>RM |
| Balance at 1.1.2012  | 24,652,655                            | 1,135,420              | 626,479   | (4,384,395)                 | (4,384,395)                                       | -                                     | 22,030,159            |
| Loss for the<br>financial period                                   | -                                     | -                      | -   | (9,468,158)                 | (9,468,158)                                       | -                                     | (9,468,158)           |
| Other comprehensive<br>expense for the<br>financial period         |                                       |                        |   |                             |   |                                       |                       |
| - Foreign currency<br>translation differences                      | -                                     | -                      | (28,213)  | -                           | -   | -                                     | (28,213)              |
| Total comprehensive<br>expense for the<br>financial period         | -                                     | -                      | (28,213)  | (9,468,158)                 | (9,468,158)                                       | -                                     | (9,496,371)           |
| Contributions by and<br>distributions to owners<br>of the Company: |                                       |                        |   |                             |   |                                       |                       |
| - Issuance of shares   | 906,250                               | -                      | -   | -                           | -   | -                                     | 906,250               |
| Balance at<br>30.4.2013/1.5.2013                                   | 25,558,905                            | 1,135,420              | 598,266   | (13,852,553)                | (13,852,553)                                      | -                                     | 13,440,038            |
| Loss for the financial year  | -                                     | -                      | -   | (437,259)                   | (437,259)   | -                                     | (437,259)             |
| Other comprehensive<br>income for the<br>financial year            |                                       |                        |   |                             |   |                                       |                       |
| - Foreign currency<br>translation differences                      | -                                     | -                      | 76,369  | -                           | -   | -                                     | 76,369                |
| Total comprehensive<br>income/(expense)<br>for the financial year  | -                                     | -                      | 76,369  | (437,259)                   | (437,259)   | -                                     | (360,890)             |
| Contributions by and<br>distributions to owners<br>of the Company  |                                       |                        |   |                             |   |                                       |                       |
| - Issuance of shares   | 8,519,635                             | -                      | -   | -                           | -   | -                                     | 8,519,635             |
| - Right issues   | -                                     | (440,431)              | -   | -                           | -   | -                                     | (440,431)             |
| Balance at 30.4.2014   | 34,078,540                            | 694,989                | 674,635   | (14,289,812)                | (14,289,812)                                      | -                                     | 21,158,352            |

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY (continued)

| The Company  | ATTRIBUTABLE TO OWNERS OF THE COMPANY |                        |                             |  |                                       |             | Total<br>Equity<br>RM |
|--|---------------------------------------|------------------------|-----------------------------|--|---------------------------------------|-------------|-----------------------|
|  | Non-Distributable                     |                        | Distributable               | Attributable<br>to owners<br>of the<br>Company<br>RM | Non-<br>Controlling<br>Interest<br>RM |             |                       |
|  | Share<br>Capital<br>RM                | Share<br>Premium<br>RM | Accumulated<br>Losses<br>RM |  |                                       |             |                       |
| Balance at 1.1.2012  | 24,652,655                            | 1,135,420              | (10,447,783)                | (10,447,783)   | -                                     | 15,340,292  |                       |
| Loss/Total comprehensive<br>expense for the<br>financial period    | -                                     | -                      | (7,156,180)                 | (7,156,180)  | -                                     | (7,156,180) |                       |
| Contributions by and<br>distributions to owners<br>of the Company: |                                       |                        |                             |  |                                       |             |                       |
| - Issuance of shares   | 906,250                               | -                      | -                           | -  | -                                     | 906,250     |                       |
| Balance at<br>30.4.2013/1.5.2013                                   | 25,558,905                            | 1,135,420              | (17,603,963)                | (17,603,963)   | -                                     | 9,090,362   |                       |
| Loss/Total comprehensive<br>expense for the<br>financial year      | -                                     | -                      | (703,656)                   | (703,656)  | -                                     | (703,656)   |                       |
| Contributions by and<br>distributions to owners<br>of the Company: |                                       |                        |                             |  |                                       |             |                       |
| - Issuance of shares   | 8,519,635                             | -                      | -                           | -  | -                                     | 8,519,635   |                       |
| - Right issues   | -                                     | (440,431)              | -                           | -  | -                                     | (440,431)   |                       |
| Balance at 30.4.2014   | 34,078,540                            | 694,989                | (18,307,619)                | (18,307,619)   | -                                     | 16,465,910  |                       |

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

|   | The Group                   |                             | The Company                 |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 1.5.2013<br>to<br>30.4.2014 | 1.1.2012<br>to<br>30.4.2013 | 1.5.2013<br>to<br>30.4.2014 | 1.1.2012<br>to<br>30.4.2013 |
| Note  | RM                          | RM                          | RM                          | RM                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                             |                             |                             |                             |
| Loss before taxation  | (366,142)                   | (9,498,934)                 | (685,936)                   | (7,169,277)                 |
| Adjustments for:-   |                             |                             |                             |                             |
| Allowance for impairment losses<br>on trade receivables                         | 9,829                       | 1,700,744                   | -                           | -                           |
| Impairment on amount due<br>from subsidiaries                                   | -                           | -                           | -                           | 1,456                       |
| Reversal of allowance for<br>impairment loss on amount<br>owing by subsidiaries | -                           | -                           | (3,805)                     | (16,719)                    |
| Reversal of allowance for<br>impairment loss on<br>trade receivables            | (3,801,268)                 | -                           | -                           | -                           |
| Depreciation and amortisation   | 3,651,743                   | 5,845,689                   | 2,802,655                   | 4,862,388                   |
| Amortisation of government grant  | -                           | (490,000)                   | -                           | -                           |
| Interest expense  | 187,918                     | 1,035,746                   | -                           | -                           |
| Bad debts written off   | -                           | 96,000                      | -                           | -                           |
| Waiver of debts   | (454,083)                   | -                           | (263,233)                   | -                           |
| Gain on disposal of property  | -                           | (1,508,423)                 | -                           | (1,508,423)                 |
| Intangible assets written off   | -                           | 2,007,763                   | -                           | 2,007,763                   |
| Plant and equipment written off   | -                           | 6,481                       | -                           | 3,725                       |
| Unrealised loss on foreign exchange   | -                           | -                           | 84,692                      | -                           |
| Interest income   | (143,833)                   | (162,849)                   | (67,510)                    | (1,185)                     |
| Operating (loss)/profit before<br>working capital changes                       | (915,836)                   | (967,783)                   | 1,866,863                   | (1,820,272)                 |
| Decrease/(Increase) in trade<br>and other receivables                           | 5,931,681                   | 5,140,624                   | (28,789)                    | 21,270                      |
| (Decrease)/Increase in trade<br>and other payables                              | (332,332)                   | 341,402                     | (588,528)                   | (872,584)                   |
| <b>CASH FROM/(FOR) OPERATIONS</b>   | <b>4,683,513</b>            | <b>4,514,243</b>            | <b>1,249,546</b>            | <b>(2,671,586)</b>          |
| Interest paid   | (187,918)                   | (1,035,746)                 | -                           | -                           |
| Income tax paid   | (48,597)                    | -                           | (4,773)                     | -                           |
| Income tax refunded   | -                           | 16,875                      | -                           | 24,220                      |
| <b>NET CASH FROM/(FOR)<br/>OPERATING ACTIVITIES</b>                             | <b>4,446,998</b>            | <b>3,495,372</b>            | <b>1,244,773</b>            | <b>(2,647,366)</b>          |

The annexed notes form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS (continued)**

|  | Note | The Group                         |                                   | The Company                       |                                   |
|--|------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  |      | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |      |                                   |                                   |                                   |                                   |
| (Advances to)/Repayment from subsidiaries                                  |      | -                                 | -                                 | (2,289,990)                       | 924,198                           |
| Interest income received   |      | 143,833                           | 162,849                           | 67,510                            | 1,185                             |
| Purchase of property, plant and equipment                                  | 26   | (477,609)                         | (140,581)                         | (18,575)                          | -                                 |
| Purchase of intangible assets  |      | (1,376,427)                       | (2,534,400)                       | -                                 | (2,534,400)                       |
| Proceeds from disposal of property   |      | -                                 | 3,500,000                         | -                                 | 3,500,000                         |
|  |      |                                   |                                   |                                   |                                   |
| <b>NET CASH (FOR)/ FROM INVESTING ACTIVITIES</b>                           |      | <b>(1,710,203)</b>                | <b>987,868</b>                    | <b>(2,241,055)</b>                | <b>1,890,983</b>                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |      |                                   |                                   |                                   |                                   |
| Proceeds from issuance of shares   |      | 8,079,204                         | 906,250                           | 8,079,204                         | 906,250                           |
| Decrease in revolving credits  |      | -                                 | (926,964)                         | -                                 | -                                 |
| Advances to subsidiaries   |      | -                                 | -                                 | (1,357,138)                       | (1,156,676)                       |
| Repayment of hire purchase   |      | (1,117,545)                       | (210,290)                         | -                                 | -                                 |
| Repayment of term loans  |      | (2,704,256)                       | (5,058,033)                       | -                                 | -                                 |
|  |      |                                   |                                   |                                   |                                   |
| <b>NET CASH FROM/ (FOR) FINANCING ACTIVITIES</b>                           |      | <b>4,257,403</b>                  | <b>(5,289,037)</b>                | <b>6,722,066</b>                  | <b>(250,426)</b>                  |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                |      | <b>6,994,198</b>                  | <b>(805,797)</b>                  | <b>5,725,784</b>                  | <b>(1,006,809)</b>                |
| <b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>                             |      | <b>76,369</b>                     | <b>(28,213)</b>                   | <b>-</b>                          | <b>-</b>                          |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD</b> |      | <b>1,812,672</b>                  | <b>2,646,682</b>                  | <b>4,911</b>                      | <b>1,011,720</b>                  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD</b>       | 27   | <b>8,883,239</b>                  | <b>1,812,672</b>                  | <b>5,730,695</b>                  | <b>4,911</b>                      |

The annexed notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

#### 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama,  
47400 Petaling Jaya, Selangor Darul Ehsan.

Principal place of business : Level 6, Block B-6-6, Pusat Komersial Southgate,  
No 2, Jalan Dua, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 August 2014.

#### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and providing information technology products and related services, and carrying out relevant research and development activities whilst the principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

#### 3. BASIS OF ACCOUNTING

##### (a) Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

- (i) During the current financial year, the Group and the Company has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

##### **MFRSs and IC Interpretations (Including The Consequential Amendments)**

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 Employee Benefits

MFRS 127 Separate Financial Statements

MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's and the Company's financial statements except as follows:-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. BASIS OF ACCOUNTING (continued)

#### (a) Basis of Preparation (continued)

##### (i) (continued)

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

- (ii) The Group and the Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

| <b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>  | <b>Effective Date</b> |
|---|-----------------------|
| MFRS 9 Financial Instruments  | 1 January 2015        |
| Amendments to MFRS 9 and MFRS 7:  |                       |
| Mandatory Effective Date of MFRS 9 and Transition Disclosures                 | 1 January 2015        |
| Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities              | 1 January 2014        |
| Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities | 1 January 2014        |
| Amendments to MFRS 136:   |                       |
| Recoverable Amount Disclosures for Non-financial Assets                       | 1 January 2014        |
| Amendments to MFRS 139:   |                       |
| Novation of Derivatives and Continuation of Hedge Accounting                  | 1 January 2014        |
| IC Interpretation 21 Levies   | 1 January 2014        |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. BASIS OF ACCOUNTING (continued)

#### (a) Basis of Preparation (continued)

##### (ii) (continued)

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 10, MFRS 12 and MFRS 127 require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Accordingly, the Group will deconsolidate its subsidiaries upon the initial application of these amendments and to fair value the investments in accordance with MFRS 139. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

#### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

##### (b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

##### (c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### (d) Amortisation of Intangible Assets

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

##### (e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

##### (f) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

##### (g) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 April 2014.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### (b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

##### (c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.2 BASIS OF CONSOLIDATION (continued)

##### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

##### (b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES (continued)

##### (c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from 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 end of the reporting period except for those business combinations that occurred before the date of transition (1 January 2011) which are treated as assets and liabilities of the Company and are not retranslated.

#### 4.5 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

##### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

##### (i) *Financial Assets at Fair Value through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.5 FINANCIAL INSTRUMENTS (continued)

##### (a) Financial Assets (continued)

###### (i) Financial Assets at Fair Value through Profit or Loss (continued)

As at the end of the reporting period, there were no financial assets classified under this category.

###### (ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

As at the end of the reporting period, there were no financial assets classified under this category.

###### (iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

###### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

As at the end of the reporting period, there were no financial assets classified under this category.

##### (b) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.5 FINANCIAL INSTRUMENTS (continued)

##### (c) Equity Instruments

Ordinary shares classified as equity are measured at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### 4.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Freehold land is not depreciated. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

|                        |     |
|------------------------|-----|
| Buildings              | 2%  |
| Machineries            | 14% |
| Furniture and fittings | 10% |
| Office equipment       | 10% |
| Computer equipment     | 20% |
| Renovation             | 20% |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.7 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

#### 4.8 RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

#### 4.9 INTANGIBLE ASSETS

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.9 INTANGIBLE ASSETS (continued)

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets that have been capitalised are amortised on a straight line basis over the period of their expected benefit, but not exceeding 5 years begin from the period when the intangible assets are available for use.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

#### 4.10 IMPAIRMENT

##### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and 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.

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 through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.10 IMPAIRMENT (continued)

##### (b) Impairment of Non-Financial Assets (continued)

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

#### 4.11 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.7 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

#### 4.12 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.12 INCOME TAXES (continued)

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### 4.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities period three months or less.

#### 4.14 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

#### 4.15 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### 4.16 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.16 RELATED PARTIES (continued)

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### 4.17 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 4.18 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.18 FAIR VALUE MEASUREMENTS (continued)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### 4.19 REVENUE AND OTHER INCOME

##### (a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

##### (b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

##### (c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

##### (d) Government Grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related costs which they are intended to compensate for.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the expected life of the related asset.

#### 4.20 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 that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.21 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

### 5. INVESTMENTS IN SUBSIDIARIES

|                                | The Company      |                  |
|--------------------------------|------------------|------------------|
|                                | 2014             | 2013             |
|                                | RM               | RM               |
| Unquoted shares, at cost:      |                  |                  |
| - in Malaysia                  | 3,738,426        | 3,738,426        |
| - outside Malaysia             | 888,800          | 888,800          |
|                                | <u>4,627,226</u> | <u>4,627,226</u> |
| Accumulated impairment losses: |                  |                  |
| At 1 May 2013/30 April 2014    | (888,800)        | (888,800)        |
|                                | <u>3,738,426</u> | <u>3,738,426</u> |

The details of the subsidiaries are as follows:-

| Name of Company                        | Country of Incorporation        | Effective Equity Interest |      | Principal Activities   |
|--|---------------------------------|---------------------------|------|--|
|  |                                 | 2014                      | 2013 |  |
| Technodex Solutions Sdn. Bhd. ("TSSB") | Malaysia                        | 100%                      | 100% | Providing information technology products and related services, and carrying out relevant research and development activities. |
| Evodex Solutions Sdn. Bhd. ("ESSB")    | Malaysia                        | 100%                      | 100% | Providing human resource solutions and other related products.   |
| Tdex Global Limited ("TGL")            | Hong Kong SAR                   | 100%                      | 100% | Investment holding.  |
| Suzhou Technodex Co., Ltd. ("STCL") ^  | The People's Republic of China. | 100%                      | 100% | Dormant.   |

^ - Interest held by TGL.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. PROPERTY, PLANT AND EQUIPMENT

| The Group              | At       | Additions | Depreciation | At        |
|------------------------|----------|-----------|--------------|-----------|
|                        | 1.5.2013 |           | Charge       | 30.4.2014 |
|                        | RM       | RM        | RM           | RM        |
| Net Book Value         |          |           |              |           |
| Machineries            | 51,333   | 350,500   | (76,003)     | 325,830   |
| Furniture and fittings | 342,340  | 247       | (52,941)     | 289,646   |
| Office equipment       | 90,822   | 2,692     | (18,739)     | 74,775    |
| Computer equipment     | 23,321   | 26,020    | (14,872)     | 34,469    |
| Renovation             | -        | 98,150    | (11,328)     | 86,822    |
|                        | 507,816  | 477,609   | (173,883)    | 811,542   |

| The Group              | At        | Additions | Disposal    | Written Off | Depreciation | At        |
|------------------------|-----------|-----------|-------------|-------------|--------------|-----------|
|                        | 1.1.2012  |           |             |             | Charge       | 30.4.2013 |
|                        | RM        | RM        | RM          | RM          | RM           | RM        |
| Net Book Value         |           |           |             |             |              |           |
| Freehold land          | 635,400   | -         | (635,400)   | -           | -            | -         |
| Building               | 1,386,767 | -         | (1,356,177) | -           | (30,590)     | -         |
| Machineries            | 103,600   | -         | -           | -           | (52,267)     | 51,333    |
| Furniture and fittings | 271,019   | 140,581   | -           | -           | (69,260)     | 342,340   |
| Office equipment       | 113,941   | -         | -           | -           | (23,119)     | 90,822    |
| Computer equipment     | 397,237   | -         | -           | -           | (373,916)    | 23,321    |
| Renovation             | 48,603    | -         | -           | (6,481)     | (42,122)     | -         |
|                        | 2,956,567 | 140,581   | (1,991,577) | (6,481)     | (591,274)    | 507,816   |

| The Group              | At        | Accumulated  | Net Book |
|------------------------|-----------|--------------|----------|
|                        | Cost      | Depreciation | Value    |
|                        | RM        | RM           | RM       |
| 2014                   |           |              |          |
| Machineries            | 630,500   | (304,670)    | 325,830  |
| Furniture and fittings | 543,064   | (253,418)    | 289,646  |
| Office equipment       | 218,274   | (143,499)    | 74,775   |
| Computer equipment     | 2,598,115 | (2,563,646)  | 34,469   |
| Renovation             | 98,150    | (11,328)     | 86,822   |
|                        | 4,088,103 | (3,276,561)  | 811,542  |
| 2013                   |           |              |          |
| Machineries            | 280,000   | (228,667)    | 51,333   |
| Furniture and fittings | 542,817   | (200,477)    | 342,340  |
| Office equipment       | 215,582   | (124,760)    | 90,822   |
| Computer equipment     | 2,572,094 | (2,548,773)  | 23,321   |
|                        | 3,610,493 | (3,102,677)  | 507,816  |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. PROPERTY, PLANT AND EQUIPMENT (continued)

| The Company            | At<br>1.5.2013<br>RM | Additions<br>RM | Depreciation<br>Charge<br>RM | At<br>30.4.2014<br>RM |
|------------------------|----------------------|-----------------|------------------------------|-----------------------|
| <b>Net Book Value</b>  |                      |                 |                              |                       |
| Furniture and fittings | 90,088               | -               | (22,220)                     | 67,868                |
| Office equipment       | 57,521               | 1,135           | (12,909)                     | 45,747                |
| Computer equipment     | 5,267                | -               | (3,628)                      | 1,639                 |
| Renovation             | -                    | 17,440          | (1,912)                      | 15,528                |
|                        | <u>152,876</u>       | <u>18,575</u>   | <u>(40,669)</u>              | <u>130,782</u>        |

| The Company            | At<br>1.1.2012<br>RM | Disposals<br>RM    | Written Off<br>RM | Depreciation<br>Charge<br>RM | At<br>30.4.2013<br>RM |
|------------------------|----------------------|--------------------|-------------------|------------------------------|-----------------------|
| <b>Net Book Value</b>  |                      |                    |                   |                              |                       |
| Freehold land          | 635,400              | (635,400)          | -                 | -                            | -                     |
| Building               | 1,386,767            | (1,356,177)        | -                 | (30,590)                     | -                     |
| Furniture and fittings | 119,714              | -                  | -                 | (29,626)                     | 90,088                |
| Office equipment       | 74,657               | -                  | -                 | (17,136)                     | 57,521                |
| Computer equipment     | 18,333               | -                  | -                 | (13,066)                     | 5,267                 |
| Renovation             | 44,409               | -                  | (3,725)           | (40,684)                     | -                     |
|                        | <u>2,279,280</u>     | <u>(1,991,577)</u> | <u>(3,725)</u>    | <u>(131,102)</u>             | <u>152,876</u>        |

| The Company            | At<br>Cost<br>RM | At Accumulated<br>Depreciation<br>RM | Net Book<br>Value<br>RM |
|------------------------|------------------|--------------------------------------|-------------------------|
| <b>2014</b>            |                  |                                      |                         |
| Furniture and fittings | 222,198          | (154,330)                            | 67,868                  |
| Office equipment       | 129,656          | (83,909)                             | 45,747                  |
| Computer equipment     | 126,809          | (125,170)                            | 1,639                   |
| Renovation             | 17,440           | (1,912)                              | 15,528                  |
|                        | <u>496,103</u>   | <u>(365,321)</u>                     | <u>130,782</u>          |
| <b>2013</b>            |                  |                                      |                         |
| Furniture and fittings | 222,198          | (132,110)                            | 90,088                  |
| Office equipment       | 128,521          | (71,000)                             | 57,521                  |
| Computer equipment     | 126,809          | (121,542)                            | 5,267                   |
|                        | <u>477,528</u>   | <u>(324,652)</u>                     | <u>152,876</u>          |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. GOODWILL ON CONSOLIDATION

|                           | The Group |           |
|---------------------------|-----------|-----------|
|                           | 2014      | 2013      |
|                           | RM        | RM        |
| <b>At Cost:-</b>          |           |           |
| Goodwill on consolidation | 1,559,393 | 1,559,393 |

Goodwill on consolidation arose from the acquisition of subsidiaries in the financial year ended 30 June 2005 and is stated at cost.

The Group has assessed the recoverable amounts of goodwill and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the information technology segment computed based on the projections of financial budgets approved by management covering a period of 3 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

|               |     |
|---------------|-----|
| Gross margin  | 40% |
| Growth rate   | 40% |
| Discount rate | 7%  |

(i) Budgeted gross margin

The basis used to determine the budgeted gross margin is based on past performance and the expectation of market development.

(ii) Growth rate

The growth rates used are based on the expected projection of the information technology products and related services.

(iii) Discount rate

The discount rates used are weighted average cost of capital.

### 8. DEVELOPMENT COSTS

|  | The Group/The Company |             |
|--|-----------------------|-------------|
|  | 2014                  | 2013        |
|  | RM                    | RM          |
| At 1.5.2013/1.1.2012                         | -                     | 576,763     |
| Addition during the financial year/period    | -                     | 2,534,400   |
| Transfer to other intangible assets (Note 9) | -                     | (3,111,163) |
| At 30.4.2014/2013                            | -                     | -           |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. INTANGIBLE ASSETS

|  | The Group    |              | The Company  |             |
|--|--------------|--------------|--------------|-------------|
|  | 2014<br>RM   | 2013<br>RM   | 2014<br>RM   | 2013<br>RM  |
| At 1.5.2013/1.1.2012                       | 22,715,171   | 25,802,404   | 16,728,827   | 19,816,060  |
| Addition during the financial year/period  | 4,106,427    | 924,198      | -            | 924,198     |
| Transfer from development costs (Note 8)   | -            | 3,111,163    | -            | 3,111,163   |
| Write-off during the financial year/period | (287,632)    | (7,122,594)  | (27,418)     | (7,122,594) |
| At 30.4.2014/2013                          | 26,533,966   | 22,715,171   | 16,701,409   | 16,728,827  |
| Accumulated amortisation:-                 |              |              |              |             |
| At 1.5.2013/1.1.2012                       | (13,662,956) | (13,523,372) | (7,867,903)  | (8,251,448) |
| Amortisation during the year/period        | (3,477,860)  | (5,254,415)  | (2,761,986)  | (4,731,286) |
| Write-off during the financial year/period | 287,632      | 5,114,831    | 27,418       | 5,114,831   |
|  | (16,853,184) | (13,662,956) | (10,602,471) | (7,867,903) |
| At 30.4.2014/2013                          | 9,680,782    | 9,052,215    | 6,098,938    | 8,860,924   |

Intangible assets of the Group and of the Company relate to the Technodex Platform Software, Comprehensive Reporting System, Tailoring Production MS, E-Document, Property MS, Warehouse Management, Telematics Platform and ThinkHR System.

Included in the intangible assets of the Group and the Company at the end of the reporting period were staff costs amounting to RM4,138,302 (2013 - RM4,138,302) and RM2,782,740 (2013 - RM2,782,740) respectively.

Included in the intangible assets of the Group and the Company at the end of the reporting period were software licence with a carrying amount of RM703,726 (2013 - RM831,778) which were acquired under hire purchase.

### 10. TRADE RECEIVABLES

|  | The Group   |             |
|--|-------------|-------------|
|  | 2014<br>RM  | 2013<br>RM  |
| Trade receivables                          | 4,297,791   | 10,856,307  |
| Allowance for impairment losses            | -           | (3,801,268) |
|  | 4,297,791   | 7,055,039   |
| Allowance for impairment losses:-          |             |             |
| At 1.5.2013/1.1.2012                       | (3,801,268) | (3,095,825) |
| Addition during the financial year/period  | -           | (1,700,744) |
| Write-off during the financial year/period | 3,801,268   | 995,301     |
| At 30.4.2014/2013                          | -           | (3,801,268) |

(a) The Group's normal trade credit terms range from 30 to 60 (2013 - 30 to 60) days.

(b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and have defaulted on payments.



**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|                   | The Group        |                  | The Company   |              |
|-------------------|------------------|------------------|---------------|--------------|
|                   | 2014             | 2013             | 2014          | 2013         |
|                   | RM               | RM               | RM            | RM           |
| Other receivables | 95,604           | 86,661           | -             | -            |
| Deposits          | 613,334          | 521,760          | 9,500         | 9,500        |
| Prepayments       | 2,380,579        | 1,891,830        | 28,789        | -            |
|                   | <u>3,089,517</u> | <u>2,500,251</u> | <u>38,289</u> | <u>9,500</u> |

**12. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

|   | The Company        |                    |
|---|--------------------|--------------------|
|   | 2014               | 2013               |
|   | RM                 | RM                 |
| <b>Amount Owing By Subsidiaries</b>         |                    |                    |
| <i>Current</i>                              |                    |                    |
| Trade balance                               | 2,727,034          | 272,540            |
| Non-trade balances                          | 6,809,643          | 6,974,147          |
|   | <u>9,536,677</u>   | <u>7,246,687</u>   |
| Allowance for impairment losses             | (7,242,882)        | (7,246,687)        |
|   | <u>2,293,795</u>   | <u>-</u>           |
| Allowance for impairment losses:-           |                    |                    |
| At 1.5.2013/1.1.2012                        | (7,246,687)        | (15,165,622)       |
| Addition during the financial year/period   | -                  | (1,456)            |
| Write-back during the financial year/period | 3,805              | 16,719             |
| Write-off during the financial year/period  | -                  | 7,903,672          |
| At 30.4.2014/2013                           | <u>(7,242,882)</u> | <u>(7,246,687)</u> |
| <b>Amount Owing To A Subsidiary</b>         |                    |                    |
| <i>Current</i>                              |                    |                    |
| Trade balances                              | -                  | 5,091,538          |
| Non-trade balances                          | (1,186,772)        | (7,550,756)        |
|   | <u>(1,186,772)</u> | <u>(2,459,218)</u> |

The trade balances are subject to the normal trade credit terms ranging from 30 to 60 days. The amount owing is to be settled in cash.

The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore effective interest rates ranging from 2.75% to 3.10%. (2013 - 2.82% to 3.20%) per annum. The fixed deposits have an average maturity period of 12 months (2013 - 12 months).
- (b) Included in the fixed deposits with licensed banks of the Group and the Company at the end of the reporting period was an amount of RM1,759,363 (2013 - RM1,702,293) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

### 14. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Group/the Company are as follows:-

|                                 | The Group/The Company |             |            |            |
|---------------------------------|-----------------------|-------------|------------|------------|
|                                 | 2014                  | 2013        | 2014       | 2013       |
|                                 | Number Of Shares      |             | RM         | RM         |
| <b>Authorised</b>               |                       |             |            |            |
| Ordinary shares of RM0.10 each  | 500,000,000           | 500,000,000 | 50,000,000 | 50,000,000 |
| <b>Issued And Fully Paid-Up</b> |                       |             |            |            |
| Ordinary shares of RM0.10 each  |                       |             |            |            |
| At 1.5.2013/1.1.2012            | 255,589,050           | 246,526,550 | 25,558,905 | 24,652,655 |
| Issuance of shares              | 85,196,350            | 9,062,500   | 8,519,635  | 906,250    |
| At 30 April 2014/2013           | 340,785,400           | 255,589,050 | 34,078,540 | 25,558,905 |

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM25,558,905 to RM34,078,540 by the allotment of 85,196,350 new ordinary shares of RM0.10 each pursuant to a renounceable rights issue with warrants exercise. The shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.
- (b) the Company had issued 85,196,350 new Warrants 2013/2018 to all entitled shareholders of the Company on the basis of one (1) free detachable warrant for every three (3) existing ordinary shares of RM0.10 each held in the Company.

Each warrant carries the entitlement to subscribe for one (1) new ordinary share of RM0.10 each in the Company at the exercise price of RM0.11 which shall be satisfied in cash and at any time during the exercise period as indicated above ("Exercise Period") subject to the adjustments in accordance with the provisions of the deed poll dated 6 August 2013. Any warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

As at 30 April 2014, the entire 85,196,350 Warrants 2013/2018 remained unexercised.

The ordinary shares issued from the exercise of Warrants 2013/2018 shall rank pari passu in all respects with the existing issued ordinary shares of the Company, save and except that they will not be entitled to any dividends, rights, allotment, and/or other distributions that may be declared, made or paid prior to the date of allotment and issue of the new shares arising from the exercise of Warrants 2013/2018.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****15. SHARE PREMIUM**

The movements in the share premium of the Group and the Company are as follows:-

|                         | The Group/The Company |                  |
|-------------------------|-----------------------|------------------|
|                         | 2014                  | 2013             |
|                         | RM                    | RM               |
| At 1.5.2013/1.1.2012    | 1,135,420             | 1,135,420        |
| Share issuance expenses | (440,431)             | -                |
| At 30.4.2014/2013       | <u>694,989</u>        | <u>1,135,420</u> |

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

**16. FOREIGN EXCHANGE TRANSLATION RESERVE**

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

**17. HIRE PURCHASE PAYABLE**

|   | The Group        |                  |
|---|------------------|------------------|
|   | 2014             | 2013             |
|   | RM               | RM               |
| Minimum hire purchase payments:                     |                  |                  |
| - not later than one year                           | 927,597          | 588,324          |
| - later than one year and not later than five years | 1,010,614        | 882,486          |
|   | <u>1,938,211</u> | <u>1,470,810</u> |
| Less: Future finance charges                        | (106,046)        | (101,100)        |
| Present value of hire purchase payables             | <u>1,832,165</u> | <u>1,369,710</u> |
| <i>Current</i>                                      |                  |                  |
| Not later than one year                             | <u>934,377</u>   | <u>525,087</u>   |
| <i>Non-Current</i>                                  |                  |                  |
| Later than one year and not later than five years   | <u>897,788</u>   | <u>844,623</u>   |

The hire purchase payables bore an effective interest rates ranging from of 3.90% to 5.00% (2013 - 5.59%) per annum at the end of the reporting year/period.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18. TERM LOANS

|   | The Group        |                  |
|---|------------------|------------------|
|   | 2014             | 2013             |
|   | RM               | RM               |
| <i>Current</i>                                    |                  |                  |
| Not later than one year                           | 2,047,232        | 1,358,724        |
| <i>Non-Current</i>                                |                  |                  |
| Later than one year and not later than five years | -                | 2,242,764        |
|   | <u>2,047,232</u> | <u>3,601,488</u> |

Details of the term loans outstanding at the end of the reporting period are as follows:-

| Term Loan | Number Of Monthly Instalments | Monthly Instalments RM | Effective Dates Of Commencement Of Repayment | Amount Outstanding |                  |
|-----------|-------------------------------|------------------------|--|--------------------|------------------|
|           |                               |                        |  | 2014 RM            | 2013 RM          |
| 1         | 60                            | 94,030                 | November 2009                                | -                  | 763,282          |
| 2         | 36                            | 80,000#                | January 2012                                 | 2,047,232          | 2,838,206        |
|           |                               |                        |  | <u>2,047,232</u>   | <u>3,601,488</u> |

# - The remaining outstanding will be settled with the pledge of fixed deposits of the Group.

The term loans bore a weighted average effective interest of 8.10% (2013 – 7.95%) per annum at the end of the reporting year/period and are secured by:-

- (a) a pledge of certain fixed deposits of the Group; and
- (b) corporate guarantee of the Company and third party.

### 19. TRADE PAYABLES

The normal trade credit terms granted to the Group are 30 to 60 days.

### 20. OTHER PAYABLES AND ACCRUALS

|                   | The Group        |                  | The Company    |                  |
|-------------------|------------------|------------------|----------------|------------------|
|                   | 2014 RM          | 2013 RM          | 2014 RM        | 2013 RM          |
| Other payables    | 105,021          | 2,715,114        | 18,337         | 784,850          |
| Deposits received | 1,046,057        | 688,279          | -              | -                |
| Accruals          | 526,599          | 680,477          | 346,959        | 432,207          |
|                   | <u>1,677,677</u> | <u>4,083,870</u> | <u>365,296</u> | <u>1,217,057</u> |

Included in accruals is an amount of RM255,500 (2013 - RM121,000) owing to directors and a former director in respect of outstanding remuneration and fees of the Group and the Company.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****21. NET ASSETS PER SHARE**

The net assets per share is calculated based on the net assets value of the Group at the end of the reporting year of RM21,158,352 (2013 - RM13,440,038) divided by the number of ordinary shares in issue at the end of the reporting year of 340,785,400 (2013 - 255,589,050).

**22. REVENUE**

|                             | The Group                         |                                   | The Company                       |                                   |
|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                             | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Sales of goods and services | 12,636,265                        | 8,106,885                         | -                                 | -                                 |
| Management fees             | -                                 | -                                 | 2,727,034                         | -                                 |
|                             | 12,636,265                        | 8,106,885                         | 2,727,034                         | -                                 |

**23. LOSS BEFORE TAXATION**

|  | The Group                         |                                   | The Company                       |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Loss before taxation is arrived<br>at after charging/(crediting):- |                                   |                                   |                                   |                                   |
| Allowance for impairment losses                                    |                                   |                                   |                                   |                                   |
| - trade receivables  | 9,829                             | 1,700,744                         | -                                 | -                                 |
| - a subsidiary   | -                                 | -                                 | -                                 | 1,456                             |
| Audit fee:   |                                   |                                   |                                   |                                   |
| - current financial year/period                                    | 65,000                            | 82,000                            | 35,000                            | 46,000                            |
| - (over)/underprovision in the<br>previous financial period/year   | (4,693)                           | 39,252                            | 3,000                             | 39,252                            |
| Amortisation of intangible assets                                  | 3,477,860                         | 5,254,415                         | 2,761,986                         | 4,731,286                         |
| Bad debts written off  | -                                 | 96,000                            | -                                 | -                                 |
| Depreciation of property,<br>plant and equipment                   | 173,883                           | 591,274                           | 40,669                            | 131,102                           |
| Directors' fees  |                                   |                                   |                                   |                                   |
| - current financial year/period                                    | 206,000                           | 96,000                            | 206,000                           | 96,000                            |
| - overprovision in the<br>previous financial period/year           | -                                 | (28,000)                          | -                                 | (28,000)                          |
| Directors' non-fee emoluments:                                     |                                   |                                   |                                   |                                   |
| - current financial year/period                                    | 574,363                           | 481,226                           | 412,670                           | 481,226                           |
| - overprovision in the<br>previous financial year/period           | (12,000)                          | (282,000)                         | (12,000)                          | (282,000)                         |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23. LOSS BEFORE TAXATION (continued)

|  | The Group                         |                                   | The Company                       |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Equipment written off                                | -                                 | 6,481                             | -                                 | 3,725                             |
| Intangible assets written off                        | -                                 | 2,007,763                         | -                                 | 2,007,763                         |
| Interest expense:                                    |                                   |                                   |                                   |                                   |
| - bank overdrafts                                    | -                                 | 183,204                           | -                                 | -                                 |
| - hire purchase                                      | 111,924                           | 83,872                            | -                                 | -                                 |
| - term loans   | 75,994                            | 768,670                           | -                                 | -                                 |
| Rental of equipment                                  | 56,575                            | 211,746                           | -                                 | 76,958                            |
| Rental of premises                                   | 138,568                           | 374,746                           | 43,800                            | (3,838)                           |
| Staff costs:   |                                   |                                   |                                   |                                   |
| - salaries and other benefits                        | 3,311,208                         | 2,754,530                         | 288,370                           | 807,932                           |
| - defined contribution plan                          | 410,753                           | 296,065                           | 29,003                            | 79,776                            |
| Unrealised loss on foreign exchange                  | -                                 | -                                 | 84,692                            | -                                 |
| Amortisation of government grant                     | -                                 | (490,000)                         | -                                 | -                                 |
| Gain on disposal of property                         | -                                 | (1,508,423)                       | -                                 | (1,508,423)                       |
| Interest income                                      | (143,833)                         | (162,849)                         | (67,510)                          | (1,185)                           |
| Realised gain on foreign exchange                    | (1,902)                           | (10,117)                          | -                                 | -                                 |
| Waiver of debts                                      | (454,083)                         | -                                 | (263,233)                         | -                                 |
| Write-back of allowance for<br>impairment losses on: |                                   |                                   |                                   |                                   |
| - amount owing by a subsidiary                       | -                                 | -                                 | (3,805)                           | (16,719)                          |
| - trade receivables                                  | (3,801,268)                       | -                                 | -                                 | -                                 |

### 24. INCOME TAX EXPENSE

|   | The Group                         |                                   | The Company                       |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Income tax:   |                                   |                                   |                                   |                                   |
| - for the financial year/period                                   | 58,904                            | -                                 | 16,877                            | -                                 |
| - under/(over) provision in the<br>previous financial period/year | 12,213                            | (30,776)                          | 843                               | (13,097)                          |
|   | 71,117                            | (30,776)                          | 17,720                            | (13,097)                          |

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**24. *INCOME TAX EXPENSE (continued)*

|  | The Group                         |                                   | The Company                       |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Loss before taxation   | (366,142)                         | (9,498,934)                       | (685,936)                         | (7,169,277)                       |
| Tax at the statutory tax rate<br>of 25% (2013 - 25%)                                       | (91,536)                          | (2,374,734)                       | (171,484)                         | (1,792,319)                       |
| Tax effects of:-   |                                   |                                   |                                   |                                   |
| Non-taxable income   | -                                 | (503,785)                         | -                                 | (381,285)                         |
| Non-deductible expenses  | 150,440                           | 382,647                           | 188,361                           | 96,604                            |
| Tax exempt income  | -                                 | (40,378)                          | -                                 | -                                 |
| Reversal of deferred tax liabilities<br>previously not recognised due<br>to pioneer status | -                                 | 2,077,000                         | -                                 | 2,077,000                         |
| Deferred tax assets not recognised<br>during the financial year/period                     | -                                 | 459,250                           | -                                 | -                                 |
| Under/(over) provision of income tax<br>in the previous financial year/period              | 12,213                            | (30,776)                          | 843                               | (13,097)                          |
| Income tax expense<br>for the financial year/period  | 71,117                            | (30,776)                          | 17,720                            | (13,097)                          |

No deferred tax assets are recognised in the statements of financial position for the following items:

|  | The Group   |             |
|--|-------------|-------------|
|  | 2014<br>RM  | 2013<br>RM  |
| Development costs and intangible assets            | (9,681,000) | (9,051,000) |
| Accelerated capital allowances                     | -           | (170,000)   |
| Allowance for impairment loss on trade receivables | -           | 3,801,000   |
| Unabsorbed capital allowances                      | 822,000     | 292,000     |
| Unutilised tax losses                              | 12,621,000  | 17,155,000  |
|  | 3,762,000   | 12,027,000  |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25. LOSS PER SHARE

The basic loss per share is arrived at by dividing the Group's loss attributable to owners of the Company of RM437,259 (2013 - RM9,468,158) by the following weighted average number of ordinary shares in issue during the financial year/period.

|   | The Group                         |                                   |
|---|-----------------------------------|-----------------------------------|
|   | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| <b>Continuing operations</b>                              |                                   |                                   |
| Loss attributable to owners of the Company (RM)           | (437,259)                         | (9,468,158)                       |
| Weighted average number of ordinary shares:               |                                   |                                   |
| Issued ordinary shares at 1.5.2013/1.1.2012               | 255,383,932                       | 246,526,550                       |
| Effect of new ordinary shares issued                      | 50,650,981                        | 8,857,382                         |
| Weighted average number ordinary shares at 30.4.2014/2013 | 306,034,913                       | 255,383,932                       |
| Basic loss per share (Sen)                                | (0.14)                            | (3.71)                            |

The diluted loss per share was not presented as there were no dilutive potential ordinary shares outstanding at the end of the reporting year/period.

### 26. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

|   | The Group                         |                                   | The Company                       |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Cost of plant and equipment purchased                 | 477,609                           | 140,581                           | 18,575                            | -                                 |
| Amount financed through hire purchase                 | -                                 | -                                 | -                                 | -                                 |
| Cash disbursed for purchase of<br>plant and equipment | 477,609                           | 140,581                           | 18,575                            | -                                 |



**NOTES TO THE FINANCIAL STATEMENTS (continued)****27. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

|  | The Group                         |                                   | The Company                       |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Fixed deposits with licensed banks (Note 13) | 7,106,836                         | 1,706,198                         | 5,047,473                         | 3,905                             |
| Cash and bank balances                       | 1,776,403                         | 106,474                           | 683,222                           | 1,006                             |
|  | <u>8,883,239</u>                  | <u>1,812,672</u>                  | <u>5,730,695</u>                  | <u>4,911</u>                      |

**28. DIRECTORS' REMUNERATION**

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year/period are as follows:-

|   | The Group/The Company             |                                   |
|---|-----------------------------------|-----------------------------------|
|   | 1.5.2013<br>to<br>30.4.2013<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Executive directors:                              |                                   |                                   |
| - fees:   |                                   |                                   |
| - current financial year/ period                  | 86,000                            | 32,000                            |
| - non-fee emoluments:                             |                                   |                                   |
| - current financial year/ period                  | 403,170                           | 413,226                           |
| - overprovision in previous financial period/year | (6,000)                           | (282,000)                         |
|   | <u>483,170</u>                    | <u>163,226</u>                    |
| Non-Executive directors:                          |                                   |                                   |
| - allowance                                       | 9,500                             | 68,000                            |
| - fees  |                                   |                                   |
| - current financial year/ period                  | 120,000                           | 64,000                            |
| - overprovision in previous financial period/year | -                                 | (28,000)                          |
| - non-fee emoluments                              |                                   |                                   |
| - overprovision in previous financial period/year | (6,000)                           | -                                 |
|   | <u>123,500</u>                    | <u>104,000</u>                    |

**NOTES TO THE FINANCIAL STATEMENTS (continued)****28. DIRECTORS' REMUNERATION (continued)**

- (b) Details of directors' emoluments of the Group and the Company received/receivable for the financial year/period in bands of RM50,000 are as follows:-

|                           | The Group/The Company |          |
|---------------------------|-----------------------|----------|
|                           | 2014                  | 2013     |
| Executive directors:-     |                       |          |
| RM50,001 and above        | 3                     | 1        |
| Below RM50,000            | -                     | 1        |
| Non-Executive directors:- |                       |          |
| Below RM50,000            | 4                     | 4        |
|                           | <u>7</u>              | <u>6</u> |

**29. SIGNIFICANT RELATED PARTY DISCLOSURES**

- (a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

- (b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year/period:-

|   | The Group                         |                                   | The Company                       |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
| Key management personnel compensation:                        |                                   |                                   |                                   |                                   |
| - short-term employee benefits                                | 768,363                           | 330,153                           | 606,670                           | 267,226                           |
| Waiver of debts to a subsidiary                               | -                                 | -                                 | -                                 | 7,903,672                         |
| Writing back of allowance for impairment loss on a subsidiary | -                                 | -                                 | (3,805)                           | -                                 |
| Management fees   | -                                 | -                                 | 2,727,034                         | -                                 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)****30. OPERATING SEGMENTS**

The operating segments reporting are not presented as the Group is principally involved in the information technology industry.

**Geographical Information**

In presenting the information on the basis of geographical segments, segment revenue is based on the geographical location of customers. The carrying values of segment assets are based on the geographical location of the assets.

|          | Revenue                           |                                   | Non-current Assets |            |
|----------|-----------------------------------|-----------------------------------|--------------------|------------|
|          | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM | 2014<br>RM         | 2013<br>RM |
| Malaysia | 12,636,265                        | 8,106,885                         | 12,051,717         | 11,119,424 |

**Major Customers**

Revenue from three (3) major customers, with revenue equal to or more than 10% of the Group's revenue, amounted to RM10,313,264 (1.1.2012 to 30.4.2013 - RM6,834,167) arising from the information technology services.

**31. OPERATING LEASE COMMITMENTS**

The future minimum lease payments under the non-cancellable operating leases are as follows:-

|   | The Group  |            | The Company |            |
|---|------------|------------|-------------|------------|
|   | 2014<br>RM | 2013<br>RM | 2014<br>RM  | 2013<br>RM |
| Not more than one year                            | 268,828    | 90,324     | 87,600      | -          |
| Later than one year and not later than five years | 82,797     | 173,121    | -           | -          |
|   | 351,625    | 263,445    | 87,600      | -          |

**32. CONTINGENT LIABILITY**

|  | The Group  |            | The Company |            |
|--|------------|------------|-------------|------------|
|  | 2014<br>RM | 2013<br>RM | 2014<br>RM  | 2013<br>RM |
| <b>Unsecured</b>   |            |            |             |            |
| Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries | -          | -          | 2,000,000   | 3,601,488  |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 33. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 33.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

*Foreign currency exposure*

| The Group  | Chinese<br>Renminbi<br>RM | Hong<br>Kong<br>Dollar<br>RM | Ringgit<br>Malaysia<br>RM | Total<br>RM |
|--|---------------------------|------------------------------|---------------------------|-------------|
| <b>2014</b>  |                           |                              |                           |             |
| <b>Financial assets</b>  |                           |                              |                           |             |
| Trade receivables  | -                         | -                            | 4,297,791                 | 4,297,791   |
| Other receivables and deposits   | -                         | -                            | 708,938                   | 708,938     |
| Fixed deposits with licensed banks   | -                         | -                            | 7,106,836                 | 7,106,836   |
| Cash and bank balances   | -                         | -                            | 1,776,403                 | 1,776,403   |
|  | -                         | -                            | 13,889,968                | 13,889,968  |
| <b>Financial liabilities</b>   |                           |                              |                           |             |
| Hire purchase payables   | -                         | -                            | 1,832,165                 | 1,832,165   |
| Term loans   | -                         | -                            | 2,047,232                 | 2,047,232   |
| Trade payables   | -                         | -                            | 1,592,038                 | 1,592,038   |
| Other payables and accruals  | -                         | -                            | 1,677,677                 | 1,677,677   |
|  | -                         | -                            | 7,149,112                 | 7,149,112   |
| Net financial (liabilities)/assets   | -                         | -                            | 6,740,856                 | 6,740,856   |
| Less: Net financial liabilities/<br>(assets) denominated in the<br>respective entities'<br>functional currencies | -                         | -                            | (6,740,856)               | (6,740,856) |
|  | -                         | -                            | -                         | -           |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 33. FINANCIAL INSTRUMENTS (continued)

#### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (continued)

##### (a) Market Risk (continued)

##### (i) Foreign Currency Risk (continued)

##### Foreign currency exposure (continued)

| The Group  | Chinese<br>Renminbi<br>RM | Hong<br>Kong<br>Dollar<br>RM | Ringgit<br>Malaysia<br>RM | Total<br>RM |
|--|---------------------------|------------------------------|---------------------------|-------------|
| <b>2013</b>  |                           |                              |                           |             |
| <b>Financial assets</b>  |                           |                              |                           |             |
| Trade receivables  | -                         | -                            | 7,055,039                 | 7,055,039   |
| Other receivables and deposits   | -                         | -                            | 608,421                   | 608,421     |
| Fixed deposits with licensed banks   | -                         | -                            | 1,706,198                 | 1,706,198   |
| Cash and bank balances   | 317                       | 1                            | 106,156                   | 106,474     |
|  | 317                       | 1                            | 9,475,814                 | 9,476,132   |
| <b>Financial liabilities</b>   |                           |                              |                           |             |
| Hire purchase payables   | -                         | -                            | 1,369,710                 | 1,369,710   |
| Term loans   | -                         | -                            | 3,601,488                 | 3,601,488   |
| Other payables and accruals  | 143,916                   | 2,379                        | 3,937,575                 | 4,083,870   |
|  | 143,916                   | 2,379                        | 8,908,773                 | 9,055,068   |
| Net financial (liabilities)/assets   | (143,599)                 | (2,378)                      | 567,041                   | 421,064     |
| Less: Net financial liabilities/<br>(assets) denominated in the<br>respective entities'<br>functional currencies | 143,599                   | 2,378                        | (567,041)                 | (421,064)   |
| <b>Currency exposure</b>   | -                         | -                            | -                         | -           |

##### Foreign currency risk sensitivity analysis

In the current financial year, a 5% strengthening/weakening of the RM against the United States Dollar and Singapore Dollar as at the end of the reporting year would have immaterial impact on loss after taxation/equity. This assumes that all other variables remain constant.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 33.1(c) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 33. FINANCIAL INSTRUMENTS (continued)

#### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (continued)

##### (a) Market Risk (continued)

##### (ii) Interest Rate Risk (continued)

##### *Interest rate risk sensitivity analysis*

The Group is not exposed to interest rate risk as the interest-bearing financial instruments carry fixed interest rates and are measured at amortised costs. As such, sensitivity analysis is not disclosed.

##### (iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

##### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

##### (i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 3 customers which constituted approximately 80% of its trade receivables at the end of the reporting period.

##### (ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

|          | The Group |           |
|----------|-----------|-----------|
|          | 2014      | 2013      |
|          | RM        | RM        |
| Malaysia | 4,297,791 | 7,055,039 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**33. *FINANCIAL INSTRUMENTS (continued)*33.1 *FINANCIAL RISK MANAGEMENT POLICIES (continued)*(b) *Credit Risk (continued)*(iii) *Ageing analysis*

The ageing analysis of the Group's trade receivables (including amount owing by related parties) at the end of the reporting period are as follows:-

| <b>The Group</b>     | <b>Gross<br/>Amount<br/>RM</b> | <b>Individual<br/>Impairment<br/>RM</b> | <b>Collective<br/>Impairment<br/>RM</b> | <b>Carrying<br/>Value<br/>RM</b> |
|----------------------|--------------------------------|---|---|----------------------------------|
| <b>2014</b>          |                                |   |   |                                  |
| Not past due         | 2,070,516                      | -                                       | -                                       | 2,070,516                        |
| Past due:            |                                |   |   |                                  |
| - less than 3 months | 873,008                        | -                                       | -                                       | 873,008                          |
| - 3 to 6 months      | 343,680                        | -                                       | -                                       | 343,680                          |
| - 7 to 12 months     | -                              | -                                       | -                                       | -                                |
| - over 1 year        | 1,010,587                      | -                                       | -                                       | 1,010,587                        |
|                      | <u>4,297,791</u>               | -                                       | -                                       | <u>4,297,791</u>                 |
| <b>2013</b>          |                                |   |   |                                  |
| Not past due         | 4,425,999                      | -                                       | -                                       | 4,425,999                        |
| Past due:            |                                |   |   |                                  |
| - less than 3 months | 350,793                        | -                                       | -                                       | 350,793                          |
| - 3 to 6 months      | 257,259                        | -                                       | -                                       | 257,259                          |
| - 7 to 12 months     | -                              | -                                       | -                                       | -                                |
| - over 1 year        | 5,822,256                      | (3,801,268)                             | -                                       | 2,020,988                        |
|                      | <u>10,856,307</u>              | <u>(3,801,268)</u>                      | -                                       | <u>7,055,039</u>                 |

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

*Trade receivables that are past due but not impaired*

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

*Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 33. FINANCIAL INSTRUMENTS (continued)

#### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (continued)

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| The Group                      | Weighted<br>Average<br>Effective<br>Rate<br>% | Carrying<br>Amount<br>RM | Contractual<br>Undiscounted<br>Cash Flows<br>RM | Within<br>1 Year<br>RM | 1 - 5<br>Years<br>RM | Over<br>5<br>Years<br>RM |
|--------------------------------|---|--------------------------|---|------------------------|----------------------|--------------------------|
| <b>2014</b>                    |   |                          |   |                        |                      |                          |
| Hire purchase                  |   |                          |   |                        |                      |                          |
| payables                       | 3.90 - 5.00                                   | 1,832,165                | 1,938,211                                       | 927,597                | 1,010,614            | -                        |
| Term loans                     | 8.10  | 2,047,232                | 2,142,662                                       | 2,142,662              | -                    | -                        |
| Trade payables                 | -   | 1,592,038                | 1,592,038                                       | 1,592,038              | -                    | -                        |
| Other payables<br>and accruals | -   | 1,677,677                | 1,677,677                                       | 1,677,677              | -                    | -                        |
|                                |   | <u>7,149,112</u>         | <u>7,350,588</u>                                | <u>6,339,974</u>       | <u>1,010,614</u>     | <u>-</u>                 |
| <b>2013</b>                    |   |                          |   |                        |                      |                          |
| Hire purchase                  |   |                          |   |                        |                      |                          |
| payables                       | 5.59  | 1,369,710                | 1,470,810                                       | 588,324                | 882,486              | -                        |
| Term loans                     | 7.95  | 3,601,488                | 3,762,528                                       | 1,493,154              | 2,269,374            | -                        |
| Other payables<br>and accruals | -   | 4,083,870                | 4,083,870                                       | 4,083,870              | -                    | -                        |
|                                |   | <u>9,055,068</u>         | <u>9,317,208</u>                                | <u>6,165,348</u>       | <u>3,151,860</u>     | <u>-</u>                 |



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

## 33. FINANCIAL INSTRUMENTS (continued)

## 33.1 FINANCIAL RISK MANAGEMENT POLICIES (continued)

## (c) Liquidity Risk (continued)

| The Company                     | Weighted<br>Average<br>Effective<br>Rate<br>% | Carrying<br>Amount<br>RM | Contractual<br>Undiscounted<br>Cash Flows<br>RM | Within<br>1 Year<br>RM | 1 - 5<br>Years<br>RM | Over<br>5<br>Years<br>RM |
|---------------------------------|---|--------------------------|---|------------------------|----------------------|--------------------------|
| <b>2014</b>                     |   |                          |   |                        |                      |                          |
| Other payables<br>and accruals  | -   | 365,296                  | 365,296   | 365,296                | -                    | -                        |
| Amount owing<br>to subsidiaries | -   | 1,186,772                | 1,186,772                                       | 1,186,772              | -                    | -                        |
|                                 |   | <u>1,552,068</u>         | <u>1,552,068</u>                                | <u>1,552,068</u>       | <u>-</u>             | <u>-</u>                 |
| <b>2013</b>                     |   |                          |   |                        |                      |                          |
| Other payables<br>and accruals  | -   | 1,217,057                | 1,217,057                                       | 1,217,057              | -                    | -                        |
| Amount owing<br>to subsidiaries | -   | 2,459,218                | 2,459,218                                       | 2,459,218              | -                    | -                        |
|                                 |   | <u>3,676,275</u>         | <u>3,676,275</u>                                | <u>3,676,275</u>       | <u>-</u>             | <u>-</u>                 |

**33.2 CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 33. FINANCIAL INSTRUMENTS (continued)

#### 33.2 CAPITAL RISK MANAGEMENT (continued)

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

|   | The Group         |                   |
|---|-------------------|-------------------|
|   | 2014              | 2013              |
|   | RM                | RM                |
| Hire purchase payables                  | 1,832,165         | 1,369,710         |
| Term loans                              | 2,047,232         | 3,601,488         |
|   | 3,879,397         | 4,971,198         |
| Less: Fixed deposit with licensed banks | (7,106,836)       | (1,706,198)       |
| Less: Cash and bank balances            | (1,776,403)       | (106,474)         |
| Net debt                                | (5,003,842)       | 3,158,526         |
| <b>Total equity</b>                     | <b>21,158,352</b> | <b>13,440,038</b> |
| Debt-to-equity ratio                    | (0.24)            | 0.23              |

#### 33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

|   | The Group  |           | The Company |           |
|---|------------|-----------|-------------|-----------|
|   | 2014       | 2013      | 2014        | 2013      |
|   | RM         | RM        | RM          | RM        |
| <b>Financial assets</b>                       |            |           |             |           |
| <i>Loans and receivables financial assets</i> |            |           |             |           |
| Trade receivables                             | 4,297,791  | 7,055,039 | -           | -         |
| Other receivables and deposits                | 708,938    | 608,421   | 9,500       | 9,500     |
| Amount owing by subsidiaries                  | -          | -         | 2,293,795   | -         |
| Fixed deposit with licensed banks             | 7,106,836  | 1,706,198 | 5,047,473   | 3,905     |
| Cash and bank balances                        | 1,776,403  | 106,474   | 683,222     | 1,006     |
|   | 13,889,968 | 9,476,132 | 8,033,990   | 14,411    |
| <b>Financial liabilities</b>                  |            |           |             |           |
| <i>Other financial liabilities</i>            |            |           |             |           |
| Trade payables                                | 1,592,038  | -         | -           | -         |
| Other payables and accruals                   | 1,677,677  | 4,083,870 | 365,296     | 1,217,057 |
| Amount owing to subsidiaries                  | -          | -         | 1,186,772   | 2,459,218 |
| Hire purchase payables                        | 1,832,165  | 1,369,710 | -           | -         |
| Term loans                                    | 2,047,232  | 3,601,488 | -           | -         |
|   | 7,149,112  | 9,055,068 | 1,552,068   | 3,676,275 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 33. FINANCIAL INSTRUMENTS (continued)

#### 33.4 FAIR VALUE MEASUREMENTS

At the end of the reporting period, there were no financial instruments carried at fair values.

The fair values of the financial assets and financial liabilities approximated their carrying amounts due to the relatively short-term maturity of the financial instruments (maturing within the next 12 months). The fair values are included in level 2 of the fair value hierarchy.

### 34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 7 May 2014, the Company entered into a Head of Agreement with Chong Eng Yeau and Pang Kim Huay (collectively, the "Controlling Shareholders") with the intention to invest in Zeal Systems (M) Sdn. Bhd. ("Zeal"), MYZSM Sdn. Bhd. (MYZSM) and E-Tech IT Solution Pte. Ltd. ("E-Tech") (collectively, the "Target Companies") by way of subscription of 55% equity interest in a private limited company to be formed by the Controlling Shareholders under the Companies Act, 1965 ("SPV") for an aggregate subscription price of RM2,200,000 ("Proposed Subscription").

The SPV to be incorporated shall prior to the Proposed Subscription be the holding company of the Target Companies comprising:-

- (a) 993,331 ordinary shares of RM1.00 each in Zeal representing approximately 99.33% of the entire issued and paid up share capital of Zeal;
- (b) 100,000 ordinary shares of RM1.00 each in MYZSM representing the entire issued and paid-up share capital of MYZSM; and
- (c) 100,000 ordinary shares of S\$1.00 each in E-Tech representing the entire issued and paid-up share capital of E-Tech.

### 35. COMPARATIVE FIGURES

The financial statements of the Group and the Company for the financial year ended 30 April 2014 cover a 12-month period from 1 May 2013 to 30 April 2014 as compared to the 16-month period from 1 January 2012 to 30 April 2013.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 36. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the accumulated loss of the Group and of the Company at the end of the reporting period into realised and unrealised losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

|  | The Group    |              | The Company  |              |
|--|--------------|--------------|--------------|--------------|
|  | 2014<br>RM   | 2013<br>RM   | 2014<br>RM   | 2013<br>RM   |
| Total accumulated losses of<br>the Company and its subsidiaries: |              |              |              |              |
| - realised   | (30,191,716) | (29,759,432) | (18,307,619) | (17,603,963) |
| - unrealised   | -            | -            | -            | -            |
|  | (30,191,716) | (29,759,432) | (18,307,619) | (17,603,963) |
| Less: Consolidation adjustments                                  | 15,901,904   | 15,906,879   | -            | -            |
| At 30 April  | (14,289,812) | (13,852,553) | (18,307,619) | (17,603,963) |

## DETAILED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

|  | Annexure | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
|--|----------|-----------------------------------|-----------------------------------|
| <b>REVENUE</b>                                 |          | <b>2,727,034</b>                  | <b>-</b>                          |
| Add: OTHER INCOME                              |          | 334,548                           | 1,545,577                         |
|  |          | <u>3,061,582</u>                  | <u>1,545,577</u>                  |
| Less:  |          |                                   |                                   |
| ADMINISTRATIVE AND OTHER OPERATING<br>EXPENSES | I        | (3,747,518)                       | (8,714,854)                       |
| <b>LOSS BEFORE TAXATION</b>                    |          | <u>(685,936)</u>                  | <u>(7,169,277)</u>                |

## SCHEDULE OF ADMINISTRATIVE AND OTHER OPERATING EXPENSES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

|  | 1.5.2013<br>to<br>30.4.2014<br>RM | 1.1.2012<br>to<br>30.4.2013<br>RM |
|--|-----------------------------------|-----------------------------------|
| Advertisements   | 9,903                             | 1,780                             |
| Allowance on impairment loss on amount owing by subsidiaries | -                                 | 1,456                             |
| Audit fee - current year                                     | 35,000                            | 46,000                            |
| - under provision in prior period/year                       | 3,000                             | 39,252                            |
| Bank charges   | 360                               | 163                               |
| Courier and postage  | 3,895                             | 208                               |
| Depreciation and amortisation                                | 2,802,655                         | 4,862,391                         |
| Directors' fees - current year/period                        | 206,000                           | 96,000                            |
| - over provision in previous period/year                     | -                                 | (28,000)                          |
| Directors' other emoluments - current year/period            | 412,670                           | 481,226                           |
| - over provision in previous period/year                     | (12,000)                          | (282,000)                         |
| Donation and gifts   | 250                               | 1,018                             |
| Entertainment  | 61,728                            | 104,584                           |
| Equipment written off  | -                                 | 3,725                             |
| Hosting fee  | 1,424                             | -                                 |
| Intangible assets written off                                | -                                 | 2,007,761                         |
| Insurance  | 533                               | 16,394                            |
| Legal fees   | (184,909)                         | 59,470                            |
| Listing expenses   | (250,191)                         | 136,097                           |
| Loss on foreign exchange                                     | 84,692                            | -                                 |
| Newspaper and periodicals                                    | 103                               | 4,639                             |
| Penalty  | 13,316                            | 13,949                            |
| Printing and stationery                                      | 37,006                            | 21,930                            |
| Quit rent and assessment                                     | (3,683)                           | -                                 |
| Rental of office equipment                                   | -                                 | 76,958                            |
| Rental of premises   | 43,800                            | (3,838)                           |
| Secretarial fee  | 51,221                            | 1,125                             |
| Service tax  | 4,200                             | 18                                |
| Stamp duty   | (10)                              | -                                 |
| Staff costs - salaries, wages, bonuses and allowance         | 261,579                           | 741,365                           |
| - EPF and Socso  | 31,159                            | 84,317                            |
| - insurance  | 11,966                            | (3,178)                           |
| - medical fee  | 6,141                             | 14,533                            |
| - staff refreshment and welfare                              | 4,436                             | 58,701                            |
| - training fee   | 2,092                             | (8,030)                           |
| Subscription fees  | 2,544                             | 150                               |
| Tax computation fee  | 5,397                             | 471                               |
| Telephone and fax  | 5,674                             | 36,728                            |
| Travelling and accommodation expenses                        | 79,300                            | 89,148                            |
| Upkeep of computer   | 148                               | 110                               |
| Upkeep of furniture and fittings                             | 530                               | 3,624                             |
| Upkeep of motor vehicles                                     | (1,517)                           | 13,903                            |
| Upkeep of office   | 2,762                             | 1,293                             |
| Upkeep of office equipment                                   | 152                               | 13,808                            |
| Water and electricity  | 14,192                            | 5,605                             |
|  | 3,747,518                         | 8,714,854                         |

## ANALYSIS OF SHAREHOLDINGS

AS AT 3 SEPTEMBER 2014

|                                  |  |
|----------------------------------|--|
| Authorised capital               | : RM50,000,000.00  |
| Issued and Fully Paid-up Capital | : RM 34,078,540.00 comprising 340,785,400 Ordinary Shares of RM0.10 each |
| Number of shareholders           | : 1,239  |
| Class of shares                  | : Ordinary Shares of RM0.10 each   |
| Voting rights by show of hand    | : One vote for every member  |
| Voting rights by poll            | : One vote for every share held  |

### DISTRIBUTION SCHEDULE OF SHAREHOLDERS

| Size of holdings                        | No. of Holders | No. of shareholdings | %             |
|---|----------------|----------------------|---------------|
| Less than 100 shares                    | 80             | 3,637                | *             |
| 100 – 1,000 shares                      | 36             | 16,832               | 0.01          |
| 1,001 – 10,000 shares                   | 187            | 1,272,557            | 0.37          |
| 10,001 – 100,000 shares                 | 634            | 29,351,698           | 8.61          |
| 100,001 – Less than 5% of issued shares | 299            | 250,319,024          | 73.46         |
| 5% and above of issued shares           | 3              | 59,821,652           | 17.55         |
| <b>Total</b>                            | <b>1,239</b>   | <b>340,785,400</b>   | <b>100.00</b> |

\* Negligible

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

| Name of Substantial Shareholders | No. of ordinary shares of RM0.10 each held |      |                           |      |
|----------------------------------|--|------|---------------------------|------|
|                                  | Direct                                     | %    | Indirect                  | %    |
| Tan Boon Wooi                    | 32,500,000                                 | 9.54 | -                         | -    |
| Tan Sze Chong                    | 24,029,066                                 | 7.05 | 66,666 <sup>(1)</sup>     | 0.02 |
| Heng Ling Jy                     | 66,666                                     | 0.02 | 24,029,066 <sup>(1)</sup> | 7.05 |
| Kerk Han Meng                    | 21,497,686                                 | 6.31 | -                         | -    |
| Low Fui Teck                     | 23,990,632                                 | 7.04 | -                         | -    |

Note : -

<sup>(1)</sup> Deemed interested by virtue of his/her spouse's interest in Technodex Bhd.

### DIRECTORS' SHAREHOLDING

(As per the Register of Directors' Shareholdings)

| Name of Directors | No. of ordinary shares of RM0.10 each held |      |                       |      |
|-------------------|--|------|-----------------------|------|
|                   | Direct                                     | %    | Indirect              | %    |
| Tan Boon Wooi     | 32,500,000                                 | 9.54 | -                     | -    |
| Tan Sze Chong     | 24,029,066                                 | 7.05 | 66,666 <sup>(1)</sup> | 0.02 |
| Kerk Han Meng     | 21,497,686                                 | 6.31 | -                     | -    |
| Koo Teck Seong    | 12,176,000                                 | 3.57 | -                     | -    |

Note : -

<sup>(1)</sup> Deemed interested by virtue of his spouse's interest in Technodex Bhd.

**ANALYSIS OF SHAREHOLDINGS** (continued)**30 LARGEST SECURITIES ACCOUNT HOLDERS**

(without aggregating securities from different securities accounts belonging to the same person)

| No. | Name   | No. of Shares Held | %    |
|-----|--|--------------------|------|
| 1.  | Kerk Han Meng  | 21,497,686         | 6.31 |
| 2.  | Low Fui Teck   | 20,823,966         | 6.11 |
| 3.  | Tan Boon Wooi  | 17,500,000         | 5.14 |
| 4.  | Tan Sze Chong  | 13,511,200         | 3.96 |
| 5.  | Koo Teck Seong   | 12,176,000         | 3.57 |
| 6.  | Tan Sze Chong  | 10,517,866         | 3.09 |
| 7.  | Sim Guat Keow @ Sim Han Che  | 10,233,400         | 3.00 |
| 8.  | Tan Boon Wooi  | 10,000,000         | 2.93 |
| 9.  | Tee Yok Lan @ Tay Eng Lun  | 7,858,900          | 2.31 |
| 10. | Wang Han Lin   | 7,000,000          | 2.05 |
| 11. | Yeo Wee Seng   | 6,845,300          | 2.01 |
| 12. | Tan Juat Lai   | 6,376,000          | 1.87 |
| 13. | Chan Kean Han  | 6,213,800          | 1.82 |
| 14. | Choo Ai Lee  | 5,466,666          | 1.60 |
| 15. | Tan Juat Lai   | 5,430,000          | 1.59 |
| 16. | Tan Boon Wooi  | 5,000,000          | 1.47 |
| 17. | Lim Bing Chai  | 3,809,000          | 1.12 |
| 18. | Sim Li Yin   | 3,400,566          | 1.00 |
| 19. | Kerk Su Chyi   | 3,318,266          | 0.97 |
| 20. | Low Fui Teck   | 3,166,666          | 0.93 |
| 21. | Lim Ah Lik   | 3,072,000          | 0.90 |
| 22. | Kerk Su Chuin  | 2,924,266          | 0.86 |
| 23. | Cimsec Nominees (Asing) Sdn Bhd<br>Exempt an for CIMB Securities (Singapore) Pte. Ltd. | 2,777,600          | 0.82 |
| 24. | Liew Sze Fook  | 2,750,000          | 0.81 |
| 25. | Yeo Ann Tin @ Tan Boot Lian  | 2,584,000          | 0.76 |
| 26. | Loh Hu Chua  | 2,432,800          | 0.71 |
| 27. | Chua Ming Shen   | 2,250,000          | 0.66 |
| 28. | Chong Siew Mee   | 2,200,000          | 0.65 |
| 29. | Ewe Thuan Chew   | 2,000,000          | 0.59 |
| 30. | Pee Kar Sein   | 2,000,000          | 0.59 |



## ANALYSIS OF WARRANT HOLDINGS

AS AT 3 SEPTEMBER 2014

|                        |  |
|------------------------|--|
| Type of Securities     | : Warrants 2013/2018                     |
| No. of Warrants Issued | : 85,196,350                             |
| Exercise Price         | : RM0.11                                 |
| Exercise Period        | : 23 September 2013 to 22 September 2018 |

### DISTRIBUTION SCHEDULE OF 2013/2018 WARRANT HOLDINGS

| Size of holdings                          | No. of Holders | No. of Warrants Held | %             |
|---|----------------|----------------------|---------------|
| Less than 100                             | 32             | 1,491                | *             |
| 100 – 1,000                               | 8              | 3,756                | *             |
| 1,001 – 10,000                            | 58             | 344,819              | 0.41          |
| 10,001 – 100,000                          | 176            | 9,528,359            | 11.19         |
| 100,001 – Less than 5% of issued warrants | 148            | 68,338,989           | 80.21         |
| 5% and above of issued warrants           | 1              | 6,978,936            | 8.19          |
| <b>Total</b>                              | <b>423</b>     | <b>85,196,350</b>    | <b>100.00</b> |

\* Negligible

### DIRECTORS' WARRANT HOLDINGS

(As per the Register of Directors' Warrant Holdings)

| Name of Directors | No. of Warrants 2013/2018 held |      |                       |      |
|-------------------|--------------------------------|------|-----------------------|------|
|                   | Direct                         | %    | Indirect              | %    |
| Kerk Han Meng     | 6,978,936                      | 8.19 | -                     | -    |
| Tan Sze Chong     | 6,007,266                      | 7.05 | 16,666 <sup>(1)</sup> | 0.02 |
| Koo Teck Seong    | 1,099,975                      | 1.29 | -                     | -    |

#### Note : -

<sup>(1)</sup> Deemed interested by virtue of his spouse's interest in Technodex Bhd.

**ANALYSIS OF WARRANT HOLDINGS** (continued)**30 LARGEST 2013/2018 WARRANT HOLDERS**

(without aggregating securities from different securities accounts belonging to the same person)

| No. | Name  | No. of Warrants Held | %    |
|-----|---|----------------------|------|
| 1.  | Kerk Han Meng   | 6,978,936            | 8.19 |
| 2.  | Tan Sze Chong   | 3,377,800            | 3.96 |
| 3.  | Sim Guat Keow @ Sim Han Che   | 2,987,800            | 3.51 |
| 4.  | Tan Sze Chong   | 2,629,466            | 3.09 |
| 5.  | Chan Kean Han   | 2,430,000            | 2.85 |
| 6.  | Tee Yok Lan @ Tay Eng Lun   | 2,018,150            | 2.37 |
| 7.  | Chew Kean Huat  | 2,000,000            | 2.35 |
| 8.  | Lim Teck Soon   | 1,497,000            | 1.76 |
| 9.  | Ng Koo Meng   | 1,394,900            | 1.64 |
| 10. | Low Kok Yong  | 1,300,000            | 1.53 |
| 11. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>Pledged securities account for Leong Yuen Wah      | 1,233,100            | 1.45 |
| 12. | Ou Meng Hua   | 1,205,200            | 1.41 |
| 13. | Public Nominees (Tempatan) Sdn. Bhd.<br>Pledged securities account for Low Kok Yong         | 1,200,000            | 1.41 |
| 14. | Low Chee Keong  | 1,100,000            | 1.29 |
| 15. | Koo Teck Seong  | 1,099,975            | 1.29 |
| 16. | Aw Guah Sin   | 1,000,000            | 1.17 |
| 17. | Chua Ming Shen  | 1,000,000            | 1.17 |
| 18. | RHB Nominees (Tempatan) Sdn. Bhd.<br>DMG & Partners Securities Ptd. Ltd. for Low Chee Keong | 1,000,000            | 1.17 |
| 19. | Wang Han Lin  | 1,000,000            | 1.17 |
| 20. | Ng Tiong Sen  | 900,000              | 1.06 |
| 21. | Ang Geok Meng   | 848,000              | 1.00 |
| 22. | Lim Ansyn   | 800,000              | 0.94 |
| 23. | Sim Woon Hong   | 784,100              | 0.92 |
| 24. | Koh Eng Soon  | 783,700              | 0.92 |
| 25. | Kerk Su Chyi  | 700,016              | 0.82 |
| 26. | Boey Ak Poo   | 700,000              | 0.82 |
| 27. | Lee Yon Hin   | 700,000              | 0.82 |
| 28. | Soong Meng Choo   | 700,000              | 0.82 |
| 29. | Yeoh Song Mein  | 700,000              | 0.82 |
| 30. | Tan Pang Hong   | 670,000              | 0.79 |

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of TECHNODEX BHD. ("Technodex" or "the Company") will be held at Tioman Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 28 October 2014 at 10.30 a.m. to transact the following businesses:-

### AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 April 2014 together with the reports of the directors and auditors thereon.
2. To approve the payment of directors' fees for the financial year ended 30 April 2014.
3. To re-elect the following Directors who retire in accordance with Article 93 of the Company's Articles of Association :
  - i. Mr. Steven Wong Chin Fung
  - ii. Mr. Koo Teck Seong
4. To re-elect Mr. Tan Boon Wooi as Director who retires in accordance with Article 99 of the Company's Articles of Association.
5. To re-appoint Messrs. CHI-LLTC as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

#### As Special Business :

To consider and if thought fit, pass with or without any modifications, the following resolution :-

### 6. ORDINARY RESOLUTION

#### GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

**Please refer to Note I**

**Resolution 1**

**Resolution 2**

**Resolution 3**

**Resolution 4**

**Resolution 5**

**Resolution 6**

By order of the Board

**TEA SOR HUA (MACS 01324)**

**YONG YEN LING (MAICSA 7044771)**

Company Secretaries

Petaling Jaya, Selangor Darul Ehsan

6 October 2014

### Notes:

- i. The Agenda No. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders and hence, is not put forward for voting.

## NOTICE OF ANNUAL GENERAL MEETING (continued)

- ii. A member entitled to attend and vote at the meeting shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be presented by each proxy and only one (1) proxy specifically nominated by the member, and if no such nomination is made, the proxy whose name is ranked first in the alphabetical order shall be allowed to vote on a show of hands.
- iii. A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- iv. Where a member of the Company is an authorised 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 with ordinary shares of the Company standing to the credit of the said securities account.
- v. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- vi. The instrument appointing a proxy shall 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 the seal or under the hand of an officer or attorney duly authorised.
- vii. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
- viii. For the purpose of determining a member who shall be entitled to attend the meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 58(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 21 October 2014. Only members whose names appear in the General Meeting Record of Depositors as at 21 October 2014 shall be regarded as members and entitled to attend, speak and vote at the Tenth Annual General Meeting.

### EXPLANATORY NOTES TO SPECIAL BUSINESS

The Ordinary Resolution proposed under item 6 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

This general mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the last annual general meeting held on 28 October 2013 and it will lapse at the conclusion of the Tenth Annual General Meeting of the Company.



# PROXY FORM

**Technodex Bhd.** 627634-A  
(Incorporated in Malaysia)

I/We (full name in capital letters) \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being (a) member(s) of TECHNODEx BHD. hereby appoint (full name in capital letters) \_\_\_\_\_

NRIC No. \_\_\_\_\_ of (full address) \_\_\_\_\_

or failing him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_

of (full address) \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Tioman Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 28 October 2014 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

| No. | Resolutions   | For | Against |
|-----|---|-----|---------|
| 1.  | To approve the payment of directors' fees for the financial year ended 30 April 2014.   |     |         |
| 2.  | To re-elect Mr. Steven Wong Chin Fung as director who retires in accordance with Article 93 of the Company's Articles of Association. |     |         |
| 3.  | To re-elect Mr. Koo Teck Seong as director who retires in accordance with Article 93 of the Company's Articles of Association.        |     |         |
| 4.  | To re-elect Mr. Tan Boon Wooi as director who retires in accordance with Article 99 of the Company's Articles of Association.         |     |         |
| 5.  | To re-appoint Messrs. CHI-LLTC as Auditors of the Company and to authorise the Directors to fix their remuneration.                   |     |         |
| 6.  | To approve the authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.                           |     |         |

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
Signature of Member(s)/Common Seal

|                           |  |
|---------------------------|--|
| <b>NO. OF SHARES HELD</b> |  |
| <b>CDS ACCOUNT NO.</b>    |  |

## NOTES:

- A member entitled to attend and vote at the meeting shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be presented by each proxy and only one (1) proxy specifically nominated by the member, and if no such nomination is made, the proxy whose name is ranked first in the alphabetical order shall be allowed to vote on a show of hands.
- A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company is an authorised 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 with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- The instrument appointing a proxy shall 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 the seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
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PLEASE FOLD HERE

STAMP

**The Company Secretary**  
**Technodex Bhd.** 627634-A  
Third Floor, No.79 (Room A),  
Jalan SS21/60, Damansara Utama,  
47400 Petaling Jaya, Selangor Darul Ehsan.

PLEASE FOLD HERE

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

**TechnoDex Bhd** (627634-A)

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No. 2, Jalan Dua, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur.

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