DGB ASIA BERHAD

Company Number : 721605-K

www.dsc.com.my

CREATING DIGITAL WORLD

ANNUAL REPORT 2017

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Dato' Sri Ahmad Said Bin Hamdan
Independent Non-Executive Chairman

Dato' Sri Dr. Pang Chow Huat
Managing Director

Kua Khai Shyuan
Executive Director

Ong Tee Kein
Independent Non-Executive Director

Muhammad Radhi Bin Azizan
(Resigned on 14 July 2017)
Independent Non-Executive Director

COMPANY SECRETARY

Tea Sor Hua
(MACS 01324)

AUDIT COMMITTEE

Ong Tee Kein *(Chairman)*
Dato' Sri Ahmad Said Bin Hamdan

NOMINATION COMMITTEE

Ong Tee Kein *(Chairman)*
Dato' Sri Ahmad Said Bin Hamdan

REMUNERATION COMMITTEE

Dato' Sri Ahmad Said Bin Hamdan *(Chairman)*
Dato' Sri Dr. Pang Chow Huat
Ong Tee Kein

SHARE ISSUANCE SCHEME COMMITTEE

Dato' Sri Dr. Pang Chow Huat *(Chairman)*
Kua Khai Shyuan
Ho Jien Shiung

REGISTERED OFFICE

Third Floor, No. 79 (Room A)
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7725 1777
Fax: 03-7722 3668

PRINCIPAL OFFICE

B-2-1, IOI Boulevard, Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong
Selangor Darul Ehsan
Tel: 03-8079 0133
Fax: 03-8079 0155

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel: 03-6201 1120
Fax: 03-6201 3121

AUDITORS

Siew Boon Yeong & Associates (AF: 0660)
Chartered Accountants
9-C, Jalan Medan Tuanku, Medan Tuanku
50300 Kuala Lumpur
Wilayah Persekutuan
Tel: 03-2693 8837
Fax: 03-2693 8836

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name: DGB
Stock Code: 0152

CORPORATE **STRUCTURE**

100%
DGB Asia Capital Sdn Bhd
(Dormant)

100%
DSC Systems (M) Sdn Bhd
(Provision of integrated AIDC solutions, software and engineering services)

100%
Digital Scanning Corporation Pte Ltd
(Provision of integrated AIDC solutions, software and engineering services)

100%
DGB ASIA BERHAD

100%
Southern Gold Holdings Limited
(Dormant)

100%
Digital Scanning Corporation (Suzhou) Co. Ltd
(Dormant)

80%
Resellerasia Pte Ltd
(Distribution of AIDC equipment and peripherals)

100%
Resellerasia (Hong Kong) Limited
(Dormant)

PROFILES OF DIRECTORS
AND KEY MANAGEMENT PERSONNEL

Dato' Sri Ahmad Said Bin Hamdan

Independent Non-Executive Chairman

Malaysian, aged 65, Male

B.A (Hons.) in Humanities from Universiti Sains Malaysia

Master of Science in Criminology from the Indiana State of University, United States of America

Dato' Sri Ahmad Said Bin Hamdan was appointed to the Board on 16 July 2014 as an Independent Non-Executive Director. He was then appointed as the Independent Non-Executive Chairman of the Company on 31 March 2014. He is the Chairman of Remuneration Committee and a member of the Audit and Nomination Committees of the Company.

He obtained a B.A. (Hons.) in Humanities in 1975 from Universiti Sains Malaysia, Pulau Pinang. He started his career as an Assistant Superintendent of Custom, Penang in early 1975. Later, he joined Anti-Corruption Agency of Malaysia ("ACA") as a Superintendent of Investigation. He had been the Director of Investigations of ACA since 1992. He was then promoted to Deputy Director General in 1998. He was subsequently promoted to Director General of ACA in 2008. He was the first Chief Commissioner of Malaysian Anti-Corruption Commission ("MACC") when it was formed in 2009.

He had served in the government service for 34 years in various divisions such as investigation, intelligence, preventions and prosecution. He has also headed as Director of States including Sabah, Perak and Selangor. During his service, he was awarded by the Public Service Department, a full scholarship to pursue his studies in Master of Science in Criminology from the Indiana State of University, United States of America in 1986 to 1987. He also had the opportunity to do an attachment at the Terre Haute City Police Department (Fraud Investigation Division), Indiana, United States of America as part of his studies requirements. He was also entrusted to participate in the Senior Executive Course conducted by the Central Official Training Centre in Seoul, South Korea in 1990. He was awarded medal of honours by the States and Federal Government.

Dato' Sri Ahmad currently serves as the Board Advisor for Koperasi Wawasan Malaysia.

He is the Chairman of PNE PCB Berhad and a Non-Independent Non-Executive Director of Sanichi Technology Berhad.

He also sits on the Board of several private limited companies.

Dato' Sri Dr. Pang Chow Huat

Managing Director / Key Management Personnel

Malaysian, aged 44, Male

Doctor of Philosophy in Design Technology from the InterAmerican University, Washington D.C.

Dato' Dr. Pang Chow Huat was appointed to the Board as an Executive Director on 18 November 2013. He was re-designated as the Managing Director on 20 February 2014. He is a member of the Remuneration Committee and Chairman of the Share Issuance Scheme Committee of the Company.

Dato' Dr. Pang was confererred a Doctor of Philosophy in Design Technology from the InterAmerican University, Washington D.C. in December 2005. He has more than 20 years of experience in precision engineering in the plastic mould and tool industry as he began his career in 1991 as an apprentice with a local company specialising in the fabrication of plastic moulds and dies as well as plastic injection mould. In 1996, with his in-depth knowledge in plastic mould and fabrication, he founded Sanichi Precision Mould Industries, specialising in the mould fabrication and servicing of moulds and tools.

In year 2000, he established Sanichi Precision Mould Sdn. Bhd. ("SPMSB") and ventured into the design, engineering and fabrication of plastic mould products through Research and Development. He is also the initiator for many of the in-house developed solutions in SPMSB, which is attributed to his hands-on technical know-how garnered in his years of working in the industry.

In year 2008, he has been honourably awarded a Asia Pacific Top CEO award by Global Business Magazine.

He is presently the Managing Director of Sanichi Technology Berhad who responsible for the overall strategic, corporate governance and direction of its group as well as client and investor relationship management.

Kua Khai Shyuan

Executive Director / Key Management Personnel

Malaysian, aged 33, Male

Bachelor Degree in Commerce Management and Marketing from Curtin University of Technology

Mr. Kua Khai Shyuan was appointed to the Board as an Independent Non-Executive Director on 18 November 2013. He was then re-designated as an Executive Director of the Company on 4 April 2014. He is a member of the Share Issuance Scheme Committee of the Company.

Upon completing his Bachelor Degree in Commerce Management and Marketing from Curtin University of Technology in 2006, he began his career in year 2007 acting as the Regional Manager for Malaysia Region in a multi-international healthcare products company and was responsible for the overall mobile sales team as well as the supply chain management of the company's products range. In year 2009, he joined a local company specialising in the fabrication of plastics moulds and plastic injection molding as the Head of Marketing Division.

He is also the Executive Director of Trive Propery Group Berhad and Non-Independent Non-Executive Director of M N C Wireless Berhad.

Ong Tee Kein

Independent Non-Executive Director

Malaysian, aged 60, Male

MBA, ACA (ICAEW),
FCMA, ACIS, CA (M)

Mr. Ong Tee Kein was appointed to the Board as an Independent Non-Executive Director on 1 August 2014. He is the Chairman of the Audit and Nomination Committees and a member of the Remuneration Committee of the Company.

He is an Associate of the Institute of Chartered Accountants in England & Wales, a Fellow of the Chartered Institute of Management Accountants, and Associate of the Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Accountants. He also holds a MBA degree from the University of Miami.

He has several years of experience in industry and consultancy practice. After qualifying as an accountant in the United Kingdom, he joined a management consultancy practice specializing in providing advisory services to governments and international funding agencies. He subsequently joined the corporate advisory division of an international accounting firm and was involved with various corporate restructuring exercises.

He is currently a director in Sanichi Technology Berhad, Mlabs System Berhad and Asia Bioenergy Technologies Berhad. He is also a director of several private limited companies.

Muhammad Radhi Bin Azizan

Independent Non-Executive Director

Malaysian, aged 31, Male

Bachelor of Law (LL.B Hons), Universiti Teknologi MARA

Bachelor of Legal Studies (BLS Hons) from Universiti Teknologi MARA

En. Muhammad Radhi Bin Azizan was appointed as an Independent Non-Executive Director of the Company on 18 November 2013. He is also a member of the Audit and Nomination Committees of the Company during the financial period ended 31 March 2017 and subsequently resigned from the Board and both Committees on 14 July 2017.

He has worked as a Litigation Associate in several legal firms namely, Messrs Thomas Philip, Messrs Skrine and Messrs Lim Chong Phang & Amy. He was a partner of Messrs Farid & Radhi before setting up his own firm, Messrs Radhi Azizan. He was also a Prosecuting Officer for the Securities Commission Malaysia.

He has no public company and public listed company directorship.

Notes:

(1) None of the Directors and key management personnel has family relationship with any other Directors and/or major shareholders of our Company.

(2) None of the Directors and key management personnel has a personal interest in any business arrangement involving our Group.

(3) Other than traffic offences, if any, the Directors and key management personnel have not been convicted of any offence within the past 5 years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2017.

(4) The attendance of the Directors at the Board of Directors' meetings is disclosed in the Corporate Governance Statement in this Annual Report.

MANAGEMENT
DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS

DGB Asia Berhad is an investment holding company. Through our subsidiaries, we are principally involved in the following business activities:-

(i) development and provision of software solution, engineering consultancy services and distributions of Automated Identification and Data Collection ("AIDC") products;

(ii) business wholesale and retail dealers in digital scan equipment and related products; and

(iii) trading in technological products, computer hardware and software, software applications and related products and services.

Our products include, amongst others, proprietary software, value added product and services as well as AIDC hardware and equipment, which we supply to customers in various industries ranging from retail, manufacturing, logistics and distribution, agricultural and healthcare. Over the recent financial years, our products have been sold within Malaysia and to other countries such as Singapore, Thailand, Indonesia and China.

We aim to continuously seek market opportunities in the domestic and export markets to strengthen our market presence and enhance profitability. To this end, we will remain committed to providing quality products and services, as well as continuously improve our products and services in order to expand our customer base and secure more orders both locally and internationally. This will in turn support our long term sustainability and growth.

FINANCIAL PERFORMANCE

On 28 November 2016, our Board of Directors approved the change of financial year end of our Company from 30 September to 31 March. Thus, the current audited financial statements of the Company is for the 18-month financial period ended 31 March 2017 ("FPE 2017").

In FPE 2017, we reported a profit after tax ("PAT") of RM0.5 million as compared to a loss after tax ("LAT") of RM5.4 million in the financial year ended ("FYE") 30 September 2015. The improved results for FPE 2017 was mainly attributed to higher revenue and gross profit ("GP").

Certain financial and non-financial indicators pertaining to our financial performance and financial position for the FPE 2017 vis-à-vis the FYE 2015 are as follows:-

	FPE 2017 **RM'000**	**FPE 2017 (Annualised)** **RM'000**	**FYE 30 September 2015** **RM'000**
Our financial performance			
Revenue	14,926	9,951	6,056
GP	6,238	4,159	1,392
Profit before tax ("PBT") / (Loss before tax ("LBT"))	500	333	(5,404)
PAT/(LAT)	500	333	(5,404)
GP margin (%)	41.79	41.79	22.99
PBT/(LBT) margin (%)	3.35	3.35	(89.23)
PAT/(LAT) margin (%)	3.35	3.35	(89.23)
Our financial position			
Non-current asset	3,528		1,357
Current assets	36,197		41,218
Non-current liability	–		–
Current liabilities	2,348		3,863
Shareholders' equity	37,423		38,826

FINANCIAL PERFORMANCE (CONT'D)

Our Group's revenue increased from RM6.1 million in FYE 30 September 2015 to RM14.9 million in FPE 2017. On an annualised basis, this represents an increase of 64.3%.

The increase in revenue was mainly due to the higher sales of value added products and services as well as our successful expansion to China and Thailand.

We recorded PAT of RM0.5 million for FPE 2017 as compared to LAT of RM5.4 million in FYE 30 September 2015. This was a result of higher GP and lower expenses such as depreciation and amortisation during FPE 2017. Our Group did not record any impairment of goodwill in FPE 2017, as compared to an impairment of goodwill and intangible assets of RM1.9 million in FYE 30 September 2015.

Non-current assets consisting only property, plant and equipment increased from RM1.3 million in FYE 30 September 2015 to RM3.5 million in FPE 2017. This was due to acquisition of motor vehicles for marketing purposes.

Total current assets decreased from RM41.2 million in FYE 30 September 2015 to RM36.2 million in FPE 2017. Trade receivables increased by 124.5% in line with higher sales in FPE 2017 while other receivables increased by 103.7% as we paid deposits to suppliers of AIDC hardware / equipment for orders made. The management believes that these amounts are recoverable taking into consideration the favourable business relationship with customers and that the management has constantly been following up on collections.

Cash and bank balances decreased by 45.2%. This decrease was mainly due to slower collection of certain overdue trade receivables. The management at the request of the customers, may allow settlement of trade receivables owing to us over an extended period beyond the normal trade credit period granted with due consideration to the customers' cash flow positions and their market credibility. This is in line with the management's continuing effort in fostering long term business relationship with customers.

Our Group does not have non-current liabilities. The current liabilities comprise trade and other payables. Trade payables decreased by 85.5% as compared to FYE 30 September 2015. This is due to faster payment to suppliers to secure faster release of orders. Other payables increased by 83.0% mainly due to deposits received from customers.

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprises credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 to 120. The principal uses of these funds are for working capital requirements, such as payments for the purchase of products for our integrated software and hardware solutions, selling and distribution expenses, and administrative expenses.

On 25 April 2017, we announced the private placement of up to 10% of our existing total number of issued shares (excluding treasury shares) to third party investor(s) to be identified later ("Private Placement"), which was approved by Bursa Malaysia Securities Berhad on 9 May 2017. The Private Placement is expected to generate more than RM2 million and will be used to mainly finance our working capital.

The management believes that after taking into account our cash and bank balances as well as the funds envisaged to be generated from our business operations and the Private Placement, we will have adequate working capital to meet our present and foreseeable day-to-day business operations requirements.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

OPERATING ACTIVITIES

Our revenue was generated from a combination of local sales and foreign sales to countries such as Thailand, Indonesia and China. For FPE 2017, revenue contribution from China was the highest at 46.90%, followed by Thailand at 25.79% and Indonesia at 16.41%. In FPE 2017, we successfully expanded to China and Thailand with value added products and services, i.e. kiosk systems.

Overall, value added products and services was our biggest revenue contributor, accounting for 94.73%.

In FPE 2017, revenue from value added products and services reached RM14.1 million from RM1.8 million in FYE 30 September 2015, an increase of more than 7 times. On an annualised basis, this represents an increase of more than 4 times.

OPERATING ACTIVITIES (CONT'D)

Revenue from AIDC hardware / equipment decreased from RM3.6 million in FYE 30 September 2015 to RM0.3 million, a drop of 99.23%. On an annualised basis, this represents a decrease of 99.48%, as we placed more emphasis on developing other product segments, particularly the value-added products and services segment.

While our Group has home ground advantage in Malaysia, we see potential in further expansion to China as the country move towards becoming a global economic heavyweight. We will continue to find opportunities to penetrate this market by introducing other product segments, i.e. proprietary software, and AIDC hardware and equipment. In addition, we will nurture our business in Thailand and Indonesia as these markets remain promising for our growth. We are also exploring expansion into Vietnam via the setting up of distribution and marketing centres for AIDC products. Internally, we will continue to strive for better cost management by constantly reviewing our operations and adopting more efficient processes.

ANTICIPATED OR KNOWN RISKS

In line with Bursa Securities' regulatory framework on the new disclosure requirements, we highlight below the key anticipated or known risks that the Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below.

(i) Technological obsolescence

Our Group operates in a market where our products and services are prone to evolving industry standards and frequent new product innovations and enhancements. Our Group's future growth and success would depend on our ability to develop new products and services to meet the needs of our customers.

The development of new or enhanced products and services is a complex and uncertain process. Furthermore, we may also experience design, marketing and other difficulties that could delay or prevent the development of existing products and services and the introduction or marketing of new or enhanced products and services.

We seek to limit such risks by actively engaging in research and development of new products and services as well as enhancing our proprietary solutions.

(ii) Absence of long-term contracts

We do not have any long-term contracts with our customers as our Group's sales are based on purchase orders. This is due to the nature of our business and the prevailing industry practice, where orders from customers are usually secured on a project-by-project basis. As the specifications and value of our products vary from order to order depending on our customers' requirements and hence, depending on the specifications, number and value of orders secured and implemented by us in a particular year, our Group's revenue may fluctuate from year to year. Such fluctuations may have a material adverse impact on our business operations and financial performance.

Notwithstanding the absence of long-term contracts, our management maintains long-term relationship with our suppliers and customers, all the while reducing reliance on any particular customer, supplier or distribution partner. Our management also continuously reviews our internal processes and operations to improve efficiency and quality, in order to serve our customers better.

Furthermore, our commitment in providing our customers with quality products and services, and our previous business dealings with customers would provide us with a platform for further business growth through repeat customers.

(iii) Material defects liability

Our integrated software and hardware solutions are important to ensure the smooth operations of our customers. Such solutions may be susceptible from system disruption such as virus attack and software or hardware malfunction. Unless rectified timely, this which may cause disruption to our customers' operations and may lead to loss of client or legal claims from our customers. We may also incur additional costs to remedy the problems faced by our customers.

Our Group provides our customers with limited product warranty. For project sales, we normally give between one (1) to three (3) months warranty for the software portion while for the hardware portion, we will provide back to back warranty in line with the agreed terms with hardware suppliers. For the sale of value added products, we provide warranty for all software and hardware that we supply.

To mitigate material defects liability, we have in place quality control procedures and maintain good business relationship with our suppliers to secure on-time support services.

ANTICIPATED OR KNOWN RISKS (CONT'D)

(iv) Foreign currency risk

AIDC hardware such as barcode printers, label printers, card printers and radio frequency identification devices are normally included in our Group's integrated software and hardware solutions. Currently, our Group has been appointed as authorised distributor for various leading AIDC brands. Such brands include Zebra Technologies, CipherLab, Honeywell AIDC and Matica Technologies.

Products from such suppliers are normally quoted in foreign currency such as USD, SGD or RM and subsequently sold in SGD or USD in oversea markets or RM in Malaysia. As such, we are exposed to foreign exchange fluctuation risk.

Our management constantly monitors our foreign currency exposure and review the need to hedge. If our foreign currency exposure becomes substantial, we may consider hedging our position.

TREND AND OUTLOOK

Our Group has been facing a challenging operating environment in both the local and overseas markets due to intense competition and the depreciation of RM. This continues to put pressure on our operating costs and profitability.

Following the moderated growth pace in 2016, the International Monetary Fund has projected for global economy to regain its momentum in 2017, on the back of encouraging indicators in advanced economies in terms of reduced inventories and recovering manufacturing output. The gradual improvements in housing sales and unemployment rates in the United States paint a positive outlook for the general consumer market, propping up expectations of accelerated buyer behaviour.

While these developments are expected to have a negative spillover effect on the export-focused Southeast Asian region, developing economies such as Malaysia have committed to strengthening the resilience of its economy.

Bank Negara Malaysia has imputed anticipated GDP growth of between 4.3% to 4.8% in 2017, spearheaded by public sector expenditure for key infrastructure developments and private domestic consumption. This sustained growth underpins our prospects for the coming years, and we aim to capture the opportunities in the local and regional markets.

Our Group has taken various initiatives to improve our financial performance and we expect growth to stem from the following key areas:-

(i) Expansion of business presence overseas

Our Group is exploring the setting up of distribution and marketing centres in Thailand and Vietnam for AIDC products via joint venture arrangements with local distribution partners in these countries. Through this arrangement, we hope to gain access to a wider network of distributors, have direct control over sales and marketing and may lead to savings in distribution costs to our Group.

(ii) Expansion of product range

Our Group currently supplies AIDC products from several leading brands such as Zebra Technologies, CipherLab, Honeywell AIDC and Matica Technologies. These products have a wide range of applications and are integrated into the systems of our customers from various industries ranging from retail, manufacturing, logistics and distribution, agricultural and healthcare.

We have been expanding the range of AIDC products that we carry by collaborating with international brands such as Polaroid and Screencheck to distribute their identification system products in Southeast Asia. Currently, we have commenced selling these brands in both local as well as overseas markets such as Thailand, Singapore and Indonesia. We will continue to review the range of products that we carry and identify new and suitable products to expand our product / service offerings.

TREND AND OUTLOOK (CONT'D)

(iii) Investment in a hotel project in Taiwan

Our Group had on 1 December 2016 accepted an offer by CLI Investment Limited ("CLI") for an equity participation of 17% in CLI for a subscription consideration of USD2.04 million. CLI will be refurbishing and converting a 14-storey apartment building located in Da'an district in central Taipei, Taiwan into a hotel.

The refurbishment and conversion of this property is expected to be completed by mid-2018. Once completed, the hotel will be managed by a third party international hotel operator to be identified. We expect the hotel to provide an alternative source of recurring income to our Group.

DIVIDEND POLICY

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to shareholders' approval. Although we have not formulated a dividend policy or payout ratio, we recognise that it is important to reward our investors with dividends. Therefore, it is our intention to pay dividends to shareholders in the future to allow our shareholders to participate in our profits subject to various factors including, amongst others, our financial performance, cash flow requirement, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend on distributable profits, operating results, financial condition, capital expenditure plans and other factors that the Board of Directors deems relevant.

CORPORATE
GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors ("Board") of DGB Asia Berhad ("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 recommendations for best practices set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

The Board is pleased to set out below a statement which describes the manner in which the Group has applied and complied substantially with the principles and recommendations of the Code throughout the financial period ended 31 March 2017.

THE BOARD

The Board is in charge of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed. All Board members are expected to show good stewardship and act in a professional manner, as well as to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Group is led and managed by effective and experienced Board comprising members with a wide range of experience and qualifications.

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

- Reviewing and adopting the overall strategic direction, business plans, annual budgets of the Group, including major capital commitments. During the financial period ended 31 March 2017, the Board after having considered the growth and development of economic in Thailand and Vietnam, has decided to extend the timeframe for the utilisation of the proceeds raised from the Rights Issue of Shares with Warrants to give additional time for the Group to implement the overseas business expansion plan.

- Overseeing and evaluating the conduct and sustainability of the businesses of the Group. The Company had on 13 September 2016 completed its capital reduction to rationalise its financial position.

- Reviewing and approving of new ventures, major acquisitions and disposal of undertakings and properties such as acquisition of 100% equity interest in Southern Gold Holdings Limited.

- Identifying principal risks and ensuring implementation of appropriate systems to manage these risks.

- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

- Establishing key performance indicators and succession plan.

- Overseeing the development and implementation of the shareholder communications policy for the Company.

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN, MANAGING DIRECTOR AND EXECUTIVE DIRECTOR

The roles of the Chairman, Managing Director and Executive Director are separated with a clear division of responsibilities between them to ensure balance of control, power and authority. The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Board has delegated its responsibilities for the day-to-day management of the Group's operations and business as well as the implementation of the Board's policies and decisions to the Managing Director, Executive Director and senior management of the Company. The Managing Director and Executive Director are responsible for the implementation of the Board's policies and decisions and entrusted with the responsibility to manage the Group's day-to-day business operations and resources.

All Board members bring independent judgement on issues pertaining to strategy, performance, risk management, resources and standard of conduct.

In adherence with the Code, the Chairman is an unrelated Independent Non-Executive Director.

BOARD CHARTER

As part of governance process, the Board has formalised and adopted the Board Charter on 22 May 2013. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

A copy of the Board Charter is available at the Company's website at http://dsc.com.sg.

The Board Charter is subject to periodic review and is updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Code of Ethics and Conduct which forms part of the Board Charter is observed by all Directors, management and employees of the Group. The Code of Ethics and Conduct stresses the key values which the Directors, management and employees of the Group are to uphold compliance with all relevant legislation and regulations, high standards of corporate governance and integrity, transparency and accountability in the conduct of business of the Group.

The Board has also adopted a Whistleblowing Policy to provide avenue for all employees of the Group to raise concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively.

COMPOSITION AND BALANCE

The Board has five (5) members comprising one (1) Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors for the financial period ended 31 March 2017. Subsequently, one (1) of the Independent Non-Executive Director resigned on 14 July 2017. Nevertheless, the current composition fulfills the requirement of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

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 while the Management is responsible for implementing the Board's corporate objectives, policies and procedures on risk and internal control.

The Independent Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standard of conduct. The presence of Independent Non-Executive Directors ensures that the 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.

In line with the Code and in view of the gained attention of boardroom diversity as an important element of a well-functioned organisation, the Board shall accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only gender, but also age and ethnicity.

The Board currently does not have any boardroom diversity policies in terms of gender, age and ethnicity as all candidates 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. However, the Board will consider diversity of the Board in due course.

BOARD MEETINGS AND SUPPLY OF INFORMATION

The Board is to have at least four (4) scheduled quarterly meetings with additional meetings to be convened, where necessary. There were six (6) Board meetings convened during the financial period ended 31 March 2017.

The Directors' attendance at the Board meetings is set out as follows:

Directors	No. of meetings attended
Dato' Sri Ahmad Said Bin Hamdan	6/6
Dato' Dr. Pang Chow Huat	6/6
Kua Khai Shyuan	5/6
Muhammad Radhi Bin Azizan(1)	5/6
Ong Tee Kein	5/6

Notes:
(1) En. Muhammad Radhi Bin Azizan has resigned as an Independent Non-Executive Director of the Company on 14 July 2017.

During the above meetings, the Board deliberated and approved various reports and issues, including the quarterly financial results of the Group for announcements to Bursa Securities as well as the Group's strategic, operational and financial performance.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with the scheduled dates for meetings of the Board and Board Committees, the annual general meeting ("AGM") as well as the closed periods for dealings in securities by Directors and principal officers based on the targeted dates of announcements of the Group's quarterly results. The Directors are expected to attend every meeting whenever possible.

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 that set out the agenda for the meetings, complete with a full set of Board Papers in advance to enable them to prepare for the meetings. 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 are 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.

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 the decision making processes.

The Company Secretary ensure that all Board and Board Committees meetings are properly convened, and those accurate and proper records of proceedings and minutes of meetings together with circular resolution passed are duly recorded and properly maintained at the registered office of the Company. The Company Secretary also serves notice to Directors on the closed periods for trading in the Company's shares, in accordance with Chapter 14 of the Listing Requirements.

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which 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 that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in the discharge of her functions.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Constitution, at least one-third (1/3) of the Directors shall retire by rotation at the 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 during the year shall be subject to re-election at the next AGM to be held following their appointments.

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 that the Director is to remain designated as an Independent Director, the Board shall make a recommendation and provide strong justification to shareholders in a general meeting to obtain their approval on a year to year basis.

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

All Board members have unrestricted access to advice and services of the Company Secretary and senior management 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 the presence of the Management, 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.

ANNUAL ASSESSMENT OF INDEPENDENCE

The Board had conducted an evaluation of the level of independence of the Independent Non-Executive Directors of the Company who served during the financial period ended 31 March 2017. 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.

BOARD COMMITTEES

In order to ensure the effective discharge of its fiduciary duties and execution of specific responsibilities, the Board has established Board Committees as follows to assist the Board in the running of the Group:-

a. Audit Committee;
b. Nomination Committee;
c. Remuneration Committee; and
d. Share Issuance Scheme ("SIS") Committee.

Each Committee operates in accordance with clearly defined terms of reference. These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective terms of reference and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

i. Audit Committee

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

The composition of Audit Committee and the activities carried out during the financial period ended 31 March 2017 are set forth in the Audit Committee Report of this Annual Report.

The term of office and performance of the Audit Committee and its members are reviewed by the Nomination Committee annually to determine whether such Audit Committee and members have carried out their duties in accordance with the terms of reference.

BOARD COMMITTEES (CONT'D)

ii. Nomination Committee

The Nomination Committee of the Company comprises the following members, all of whom are Independent Non-Executive Directors:-

Name	Designation
Ong Tee Kein	Chairman
Dato' Sri Ahmad Said Bin Hamdan	Member
Muhammad Radhi Bin Azizan [1]	Member

Notes:

(1) En. Muhammad Radhi Bin Azizan has resigned as a Member of Nomination Committee on 14 July 2017.

The main responsibilities of the Nomination Committee are as follows:-

- Nominate new nominees for appointment to the Board and Board Committees for the Board's consideration.
- Annually review the Board's required mix of skills, experience and other qualities, including core competencies, which the Independent Non-Executive Directors should bring to the Board.
- Annually review and assess the effectiveness of the Board and Board Committees and performance of the Directors of the Company both individually and collectively.
- Annually review and assess independence of the Independent Non-Executive Directors.
- Annually review the term of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and its members have carried out their duties in accordance with their terms of reference.

The Nomination Committee meets as and when required. The Nomination Committee met twice (2) during the financial period ended 31 March 2017 and the activities undertaken by the Committee were as follows:

- Assessed and evaluated the independence of the Independent Non-Executive Directors.
- Carried out an annual assessment and rating of the performance of each Independent Non-Executive Director against the criteria as set out in the evaluation form, amongst others, attendance at Board and/or Board Committees meetings, adequate preparation for Board and/or Board Committee meetings, regular contribution to Board and/or Board Committee meetings, personal input to the role and other contributions to the Board and/or Board Committees.
- Carried out an annual assessment and rating of the performance of the Managing Director and Executive Director against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, technology and product development, business acumen, conformance and compliance, shareholders'/investors' relations, employee training and development, succession planning and personal input to the role.
- Reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Company's Articles of Association at the last AGM held on 25 February 2016.

iii. Remuneration Committee

The Remuneration Committee comprises the following members appointed by the Board, comprising majority of Independent Non-Executive Directors:-

Name	Designation
Dato' Sri Ahmad Said Bin Hamdan	Chairman
Dato' Sri Dr. Pang Chow Huat	Member
Ong Tee Kein	Member

BOARD COMMITTEES (CONT'D)

iii. Remuneration Committee (Cont'd)

The Remuneration Committee is responsible for ensuring that remuneration packages are commensurate with the expected responsibilities and contributions by the Directors and are sufficient and appropriate to attract and retain the Directors to run the Company successfully. In addition, the Remuneration Committee is also responsible for recommending the framework on terms of employment and all aspects in relation to the remuneration framework of Managing Director and Executive Director.

iv. SIS Committee

The principle role of the SIS Committee is to oversee the administration and management of the SIS of the Company in accordance with the bylaws of the SIS.

The Board elects the SIS Committee members from amongst themselves and/or members of the senior management.

The members of the SIS Committee are as follows:-

Name	Designation
Dato' Sri Dr. Pang Chow Huat	Chairman
Kua Khai Shyuan	Member
Ho Jien Shiung	Member

DIRECTORS' TRAINING

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme 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 Directors of the Company have attended the following seminars and/or trainings during the financial period ended 31 March 2017 to further enhance their knowledge and skills:

Name of Directors	Seminars/Trainings Attended
Dato' Sri Ahmad Said Bin Hamdan	1. Effective Goods & Services Tax 2. CG Breakfast Series with Directors - The Board's Response in Light of Rising Shareholder Engagements 3. CG Breakfast Series with Directors - Board Reward & Recognition 4. Amendments to the ACE Market Listing Requirements of Bursa Securities
Dato' Sri Dr. Pang Chow Huat	Amendments to the ACE Market Listing Requirements of Bursa Securities
Ong Tee Kein	1. Meeting – Valid or Invalid? 2. Integrated Reporting Training 3. Amendments to the ACE Market Listing Requirements of Bursa Securities
Kua Khai Shyuan	Amendments to the ACE Market Listing Requirements of Bursa Securities
Muhammad Radhi Bin Azizan	Amendments to the ACE Market Listing Requirements of Bursa Securities

DIRECTORS' REMUNERATION

The Board, through the Remuneration Committee, had established formal and transparent remuneration policies and procedures to attract and retain Managing Director and Executive Director. The remuneration of the Managing Director and Executive Director are 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 Managing Director and Executive Director of the quality required to manage the business of the Group and to align the interest of the Managing Director and Executive Director with those of the shareholders.

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

Each individual Director abstains from the deliberation and voting on all matters regarding to their own remuneration.

The remuneration of the Directors of the Company and the Group for the financial period under review are as follows:

The Company

Name of Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Meeting allowance (RM)	Total (RM)
Executive Directors	180,000	–	–	180,000
Non-Executive Directors	198,000	–	14,381	212,381
TOTAL	**378,000**	**–**	**14,381**	**392,381**

Range of Remuneration	Executive	Non-Executive
RM50,000 and below	–	–
RM50,001 to RM100,000	–	3
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	1	–

The Group

Name of Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Meeting allowance (RM)	Total (RM)
Executive Directors	180,000	148,770	–	328,770
Non-Executive Directors	198,000	–	14,381	212,381
TOTAL	**378,000**	**148,770**	**14,381**	**541,151**

Range of Remuneration	Executive	Non-Executive
RM50,000 and below	–	–
RM50,001 to RM100,000	–	3
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	2	–

DIRECTORS' REMUNERATION (CONT'D)

The Directors' remuneration includes all the Directors in office during the financial year under review.

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 Listing Requirements of Bursa Securities.

THE SHAREHOLDERS

a. Dialogue between the Company and Investors

The Board values the importance of timely and equal dissemination of information on major developments of the Group to the shareholders, potential investors and the general public. Quarterly results, announcements, analyst briefings, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and developments. The Company's corporate website, http://dsc.com.sg 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.

b. AGM

The AGM remains as a principal forum for communication with its shareholders. During the AGM, shareholders are accorded time and opportunities to raise questions to the Board on the resolutions being proposed and also matters relating to the performance, developments and directions of the Group. Shareholders are also invited to convey and share their inputs with the Board.

Members of the Board and key management of the Company as well as the External Auditors of the Company are available to respond to shareholders' questions during the meetings. The Board also encourages other channels of communication with shareholders.

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

Historically, all resolutions set out in the Notice of the AGM were put to vote by show of hand. In future, the Company shall put to vote the resolutions at the AGM by poll. A summary of the key matters discussed at the AGM (if any) will be published on the Company's website for the shareholders' information.

The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

c. 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 28 August 2014 to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

ACCOUNTABILITY AND AUDIT

a. 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 scrutinise the information to be in compliance with applicable financial reporting standards for disclosure to shareholders to ensure material accuracy, adequacy and timeliness of the financial statements.

b. Internal Control and Risk Management

The Board acknowledges their responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations as well as internal procedures and guidelines.

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 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.

c. 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 professional services firm who reports direct and regularly to the Audit Committee of the Company. Similar to the External Auditors, Internal Auditors also have direct reporting and access to the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The Board, through the Audit Committee, has maintained appropriate, formal and transparent relationship with the Internal Auditors and External Auditors. The Audit Committee meets the Internal Auditors and External Auditors without the presence of management, whenever necessary, which demonstrate their independence, objectivity and professionalism.

Meetings with the External Auditors are held to further discuss the Group's audit plans, audit findings, financial statements as well as to seek their professional advice on other related matters. From time to time, the External Auditors inform and update the Audit Committee on matters that may require their attention.

The Audit Committee was satisfied with the suitability of External Auditors based on the quality of services and resources provided to the Group and the professional staff assigned to the audit.

The Audit Committee undertakes a review of the suitability and independence of the External Auditors. Having assessed their performance and independence, 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.

AUDIT
COMMITTEE REPORT

OBJECTIVES

The principle objective of Audit Committee ("Committee") of DGB Asia Berhad ("the Company") is to assist the Board of Directors ("Board") in discharging its statutory duties and responsibilities. It provides an additional assurance to the Board through performing an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforcing the independence of the Internal and External Auditors, thereby ensuring that the Auditors have free reign in their audit process.

COMPOSITION OF COMMITTEE

The Committee comprises the following members, all being Independent Non-Executive Directors, which complies with Rule 15.09 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"):

Ong Tee Kein
(Chairman, Independent Non-Executive Director)

Dato' Sri Ahmad Said Bin Hamdan
(Member, Independent Non-Executive Director)

Muhammad Radhi Bin Azizan (1)
(Member, Independent Non-Executive Director)

Notes:

(1) En. Muhammad Radhi Bin Azizan resigned as the member of the Audit Committee on 14 July 2017. The Nomination Committee is in the midst of seeking new candidate to fill the vacancy in the Audit Committee and the Board within 3 months.

The Terms of Reference of the Committee can be accessed from the corporate website of the Company at http://dsc.com.sg.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL PERIOD ENDED 31 MARCH 2017

The Committee met six (6) times during the financial period under review. The attendance of Committee members at the meeting is set out as follows:

Committee Members	No. of meetings attended
Ong Tee Kein	6/6
Dato' Sri Ahmad Said Bin Hamdan	5/6
Muhammad Radhi Bin Azizan *(Resigned on 14 July 2017)*	5/6

The Committee had carried out the following activities during the financial period ended 31 March 2017 in discharging their duties and responsibilities:

i. Reviewed the quarterly unaudited financial results and audited financial statements of the Company and the Group including the announcements pertaining thereto, and recommended the same for the Board's approval before releasing to Bursa Securities;

ii. Reviewed with the External Auditors the Audit Planning Memorandum, audit plan and scope of the statutory audit of the Company's financial statements for the financial period ended 31 March 2017;

iii. Reviewed the audit report and annual audited financial statements of the Company and issues arising from the audit of the financial statements, together with the External Auditors' management letter and the management's responses thereon with the External Auditors and finance team;

iv. Considered and recommended the re-appointment of the External Auditors and audit fee to the Board;

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (CONT'D)

The Committee had carried out the following activities during the financial period ended 31 March 2017 in discharging their duties and responsibilities: (Cont'd)

v. Reviewed the internal audit plan, work done and reports for the internal audit function and considered the internal audit findings and management responses thereon, and ensured that appropriate actions are taken on the recommendations raised by the Internal Auditors;

vi. Met with the External Auditors without the presence the Managing Director, Executive Director and management staff to discuss any issues of concern with the External Auditors arising from the annual statutory audit;

vii. Reviewed the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirement before recommending to the Board for approval for inclusion in the Company's Annual Report; and

viii. Reviewed the related party transactions and/or recurrent related party transactions, if any, that transpired to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.

The presence of the External Auditors and/or the Internal Auditors at the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Company and the Group may attend the meeting (specific to the relevant meeting) upon the invitation of the Committee.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional consulting company which is independent of the activities and operations of the Group. The Internal Auditors are empowered by the Committee to provide an objective evaluation of risks and controls in the auditable activities to ensure a sound system of internal controls.

The role of the Internal Auditors, amongst others, shall cover the following areas:

i. To evaluate the effectiveness of the governance, risk management and internal control framework and facilitates enhancement, where appropriate;

ii. To conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Group;

iii. To assess and report to the Committee as to whether risks, which may hinder the Group from achieving its objectives, are being adequately evaluated, managed and controlled; and

iv. To carry out their functions according to the standards set by recognised professional bodies.

The activities carried out by the Internal Auditors of the Group during the financial period under review were summarised as below:-

- Execution of the approved internal audit plan;
- Presentation of the internal audit findings and recommendations at the Committee meetings; and
- 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 total fee incurred for the internal audit of the Group during the financial period ended 31 March 2017 was RM10,000.00.

REVIEW OF INTERNAL AUDIT FUNCTION

For the financial period ended 31 March 2017, the Committee noted that the internal audit function is independent and the Internal Auditors has performed their audit assignments with impartiality and due professional care.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of DGB Asia Berhad ("the Company") recognises the importance of good practice of corporate governance and is committed to maintain a sound system of risk management and internal control to safeguard shareholders' investments and Group's assets.

The Board is pleased to present this Statement on Risk Management and Internal Control of the Company and its subsidiaries ("the Group") for the financial period ended 31 March 2017 which was prepared in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers by the Taskforce on Internal Control.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility in maintaining a stringent risk management framework and effective internal control system with frequent checks on its objectivity, integrity and adequacy in sustaining a good corporate governance practice.

The Board also takes cognisant of its responsibility for identifying, isolating and managing significant risks within the business environment and framework in which the Group operates. The Board is aware of its responsibility for ensuring the effectiveness and adequacy of the internal control system to address management, financial, operational, management information systems and compliance risks within the ambit of applicable laws, regulations, directives and guidelines.

However, it is important to note and observe that such system of internal controls is developed to mitigate and alleviate rather than to completely exclude or eliminate all related risks. Thus, any system of internal controls is designed to provide reasonable and acceptable but not absolute assurance against material misstatement, fraud or loss. Therefore, the management plays a key role in ensuring that the established internal control processes and sanctioned procedures are appropriately implemented and closely adhered to, and to promptly provide feedback to the Board of any breach in internal controls, whether deliberately or inadvertently.

AUDIT COMMITTEE AND INTERNAL AUDIT FUNCTION

The Company adopts a risk-based approach to the implementation and monitoring of relevant internal controls. The Audit Committee was entrusted by the Board to ensure that an effective and adequate internal control system is in place at all times. To assist the Audit Committee in discharging its duties and responsibilities, the internal audit function was outsourced to an independent professional service firm to take charge of the Group's internal audit function during the financial period.

The Internal Auditors submits its reports to the Audit Committee and the findings are tabled at the Audit Committee meetings. Issues arising thereto, weaknesses in risk management framework and shortcomings in internal controls are reviewed, deliberated at length and acted upon by the Audit Committee for remedial action. Where necessary, affirmative steps and measures will be introduced and initiated to address, mitigate, manage and arrest identified risks. Current internal controls measures will also be further strengthened with compensating controls as well as appropriate check and balance mechanism, if required.

During the financial period under review, the Board was satisfied that there were continuous efforts by the management to address and resolve areas with control weaknesses and that the control procedures were in place and were being followed.

RISK MANAGEMENT

The Board regards the management of core risks as 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 period 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.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control include:

1. **Independence of the Audit Committee**

   The Audit Committee comprises wholly of independent and non-executive directors from various backgrounds and qualifications who bring a vast amount of commercial experience, technical expertise, industry insight and business knowledge. The Audit Committee assesses the adequacy and effectiveness of enacted internal control procedures during the financial period. The Audit Committee reviews the internal control issues identified and highlighted by the Internal Auditors, External Auditors and occasionally by the management team.

2. **Regular performance review**

   The Board emphasises on regular reporting of financial results and operational performance at timely intervals to ensure subsistence of managerial controls and consistent exercise of performance review processes.

3. **Reviews with the External Auditors**

   The annual statutory audit of the Group by the External Auditors also includes a general review of the internal control systems of the Group. Weaknesses, limitations and deficiencies, if any, are identified via Management Letters and proposals for appropriate remedies are presented for consideration by the Board. In addition, material concerns are also highlighted, tabled and discussed with the Audit Committee.

4. **Defined organisational structure**

   The organisational structure of the Group is well-defined with appropriate terms of reference, job functions and description, authority, accountability and responsibility in place for the Managing Director, Executive Director and other senior management staff of the Group.

5. **Defined policies and procedures**

   The terms of references, responsibilities and authority limits of the Board Committees, the Managing Director, Executive Director and other senior management staff of the Group are clearly defined to achieve an effective check and balance, and to promote accountability, transparency, responsibility, operational efficiency and good corporate governance.

ASSURANCE TO THE BOARD

In line with the Internal Control Guidelines, the Managing Director has provided assurance that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, in line with the Group's objectives during the financial period under review.

During the financial period under review, the Board was not aware of any issues which would result in any material losses, deficiencies or errors arising from any inadequacy or failure of the Group's system of internal control.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial period ended 31 March 2017. Their review was performed in accordance with Recommended Practice Guide 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. The External Auditors have reported to the Board that nothing had come to their attention that caused them to believe that this Statement of Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

DIRECTORS'
RESPONSIBILITY STATEMENT

The Board of Directors of the Company is fully accountable for ensuring that the financial statements are drawn up in accordance with the Companies Act 2016 ("Act") and the applicable approved accounting standards prescribed by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") as at 31 March 2017 and of the results and cash flows of the Company and the Group for the financial period then ended.

In the preparation of the financial statements for the financial period ended 31 March 2017, the Directors have:-

a. applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;

b. made judgments and estimates that are prudent and reasonable; and

c. used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept in accordance with the Act. The Directors also have overall responsibility in taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL
COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The utilisation of the proceeds of RM35,860,000 from the renounceable rights issue of 326,000,000 new ordinary shares at the issued price of RM0.11 each as at 31 March 2017 was summarised below. The Board had on 31 October 2016 resolved to extend the timeframe for the utilisation of the said proceeds for another 12 months period until 31 October 2017.

Details of utilisation	Proposed Amount RM'000	Amount utilised RM'000	Amount unutilised RM'000	Initial Timeframe for utilisation (From the date of listing of the Right Shares)	Revised Timeframe for utilisation
Working Capital	29,910	18,862	11,048	Within 12 months	Within 30 months
Capital expenditure	5,500	–	5,500	Within 12 months	Within 30 months
Estimated expenses in relation to the corporate exercises	450	450	–	Within 2 weeks	–
Total	**35,860**	**19,312**	**16,548**		

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Company and the Group for the financial period ended 31 March 2017 are as follows:-

	Company RM	Group RM
Audit Fee	73,000	153,458
Non - Audit Fee	5,000	5,000

3. MATERIAL CONTRACTS

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

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

There were no recurrent related party transactions of a revenue of trading nature during the financial period ended 31 March 2017.

FINANCIAL STATEMENTS

DIRECTORS’ **REPORT**

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period from 1 October 2015 to 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of development and provision of software and engineering consultancy for Automated Identification and Data Collection (“AIDC”) and investment holding. The details of the subsidiary companies and their principal activities are as set out in *Note 6* to the financial statements. There were no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Company has been changed from 30 September to 31 March during the financial period.

FINANCIAL RESULTS

	Group RM	*Company* RM
Profit/(loss) attributable to:		
Owners of the Company	501,626	(517,986)

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

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial period.

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares or debentures by the Company during the financial period.

OPTIONS

No option has been granted during the financial period to take up unissued shares of the Company.

WARRANTS

On 30 April 2015, the Company issued 244,500,000 free detachable warrants on the basis of three (3) warrants for every four (4) rights shares subscribed pursuant to rights issue with warrants.

The warrants were constituted under the Deed Poll dated 19 March 2015.

The warrants reserve which arose from the allocation of fair value of warrants issued have been charged to accumulated losses.

The main features of the warrants are as follows:-

(i) Each warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an exercise price of RM0.11 each;

(ii) The warrants are exercisable at any time during the tenure of the warrants of three (3) years commencing on and including the date of issuance of the warrants until the expiry of the warrants;

(iii) Expiry date is the day falling three (3) years from and including the date of issue of warrants; and

(iv) All new ordinary shares to be issued arising from the exercise of the warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

The total outstanding warrants as at 31 March 2017 is 244,500,000.

DIRECTORS

The directors in office since the date of the last report are:

Dato' Sri Ahmad Said Bin Hamdan
Dato' Sri Dr. Pang Chow Huat
Kua Khai Shyuan
Muhammad Radhi Bin Azizan
Ong Tee Kein

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial period in the shares in the Company during the financial period are as follows:

	----------- *No. of Ordinary Shares* -------------			
	Balance 01.10.2015	*Bought*	*Sold*	*Balance 31.03.2017*
Direct interest				
Dato' Sri Dr. Pang Chow Huat	18,000,000	-	-	18,000,000

The other directors in office at the end of the financial period had no interest in shares in the Company during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit *(other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown under Directors' Remuneration below, 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.

Neither during nor at the end of the financial period was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

	Group and Company	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*
	RM	RM
Directors' remuneration		
- fees	378,000	252,000

Included in the analysis above is remuneration for the directors of the Company and its subsidiary companies in accordance with the requirements of the Companies Act 2016.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts was necessary; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts or the values attributed to current assets misleading; and

(b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial period and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial period; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

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 period which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

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 which would render any amount stated in the financial statements misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in *Note 31* to the financial statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL PERIOD

The subsequent events occurring after the financial period are disclosed in *Note 32* to the financial statements.

AUDITORS

The details of the auditors' remuneration for the financial period are disclosed in *Note 23* to the financial statements.

The auditors, Messrs Siew Boon Yeong & Associates, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

DATO' SRI DR. PANG CHOW HUAT
Director

DATO' SRI AHMAD SAID BIN HAMDAN
Director

Kuala Lumpur,
Date: 19 July 2017

STATEMENT BY **DIRECTORS**
Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the directors, the financial statements set out on pages 40 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2017 and of the financial performances and cash flows of the Group and of the Company for the period ended on that date.

The information set out on page 98 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in Kuala Lumpur on 19 July 2017

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

DATO' SRI DR. PANG CHOW HUAT

DATO' SRI AHMAD SAID BIN HAMDAN

STATUTORY **DECLARATION**

Pursuant to Section 251(1) of the Companies Act 2016

I, Dato' Sri Dr. Pang Chow Huat, being the director primarily responsible for the financial management of DGB Asia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 40 to 98 are 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 in Kuala Lumpur on 19 July 2017

DATO' SRI DR. PANG CHOW HUAT

Before me

KAPT. (B) JASNI BIN YUSOF
W465
Commissioner for Oaths

INDEPENDENT AUDITORS' **REPORT**
to the members of DGB Asia Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DGB Asia Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 97.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Risk area and rationale	Our response
Inventories ***(Note 8 to the financial statements)***	
As at 31 March 2017, the inventories balance stood at RM6.45 million. During the financial period, the Group carried out an assessment of the net realisable value of the inventories at the reporting date and had written down the value of slow moving inventories value by RM0.6 million. As these inventories represent 16% of the Group's total assets and is material, we considered this as a key audit matter.	Our audit procedures included, amongst others:- - checked to the costing of the inventories; - evaluated the management's basis in determine slow moving inventories by review to the inventories ageing; - perform inventories count as at the reporting date; - access the valuation of the inventories by comparing the cost of the inventories against the net realisable value; and - enquired with the management regarding the action plans to clear slow moving inventories.
Advances to suppliers ***(Note 10 to the financial statements)***	
Refundable advance payments of approximately RM5.56 million was paid to suppliers for the purpose of procuring materials to be used. As this advance payment represents 14% of the Group's total assets and is material, we considered this as a key audit matter.	Our audit procedures included, amongst others:- - checked to the agreements and correspondences between the Group and the suppliers; - sent and received balance confirmation without the Group's involvement to ensure the integrity of the transmission has not been compromised. The amount is agreed to the reply from the suppliers; and - We have also checked the supplier's business profile and certificate of incorporation to confirm the authenticity of the supplier.

Information Other Than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's abilities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and on the Company's abilities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in *Note 6* to the financial statements.

Other Reporting Responsibilities

The supplementary information set out on page 98 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

(a) The financial statements of the Group and of the Company for the financial year ended 30 September 2015 were audited by another firm of Chartered Accountants whose report dated 18 January 2016 expressed an unqualified opinion.

(b) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content for this report.

SIEW BOON YEONG & ASSOCIATES
AF: 0660
Chartered Accountants

DATO' SIEW BOON YEONG
01321/07/2018 J
Chartered Accountant

Kuala Lumpur,
Date: 19 July 2017

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 March 2017

		Group		Company	
		31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	*5*	3,528,135	1,356,654	897,067	29,919
Investment in subsidiary companies	*6*	-	-	2	2
Intangible assets	*7*	-	-	-	-
		3,528,135	1,356,654	897,069	29,921
CURRENT ASSETS					
Inventories	*8*	6,447,842	6,837,113	-	-
Trade receivables	*9*	7,470,000	3,327,523	7,050,000	2,904,755
Other receivables, deposits and prepayments	*10*	6,986,674	3,311,742	6,858,872	3,216,026
Other investments	*11*	491,004	734,180	-	-
Amount owing by subsidiary companies	*12*	-	-	4,252,139	-
Current tax assets		9,330	9,330	-	-
Fixed deposits with licensed banks	*13*	-	15,188,670	-	15,188,670
Cash and bank balances	*14*	14,791,654	11,809,773	13,580,776	10,949,241
		36,196,504	41,218,331	31,741,787	32,258,692
TOTAL ASSETS		39,724,639	42,574,985	32,638,856	32,288,613

	Note	Group 31.03.2017 RM	Group 30.09.2015 RM	Company 31.03.2017 RM	Company 30.09.2015 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	19,560,000	48,900,000	19,560,000	48,900,000
Share premium	16	-	3,604,660	-	3,604,660
Translation reserve	17	(1,167,403)	737,532	-	-
Warrant reserve	18	9,780,000	9,780,000	9,780,000	9,780,000
Retained profits/(accumulated losses)		9,250,248	(24,196,038)	1,884,026	(30,542,648)
Total equity attributable to owners of the Company		37,422,845	38,826,154	31,224,026	31,742,012
Non-controlling interests		(46,324)	(114,517)	-	-
TOTAL EQUITY		37,376,521	38,711,637	31,224,026	31,742,012
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	19	474,772	2,951,967	232,698	140,304
Other payables and accruals	20	1,286,967	885,381	898,920	380,297
Amount owing to a director	21	586,379	26,000	283,212	26,000
		2,348,118	3,863,348	1,414,830	546,601
TOTAL LIABILITIES		2,348,118	3,863,348	1,414,830	546,601
TOTAL EQUITY AND LIABILITIES		39,724,639	42,574,985	32,638,856	32,288,613

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

STATEMENTS OF PROFIT LOSS AND
OTHER COMPREHENSIVE INCOME
For the period from 1 October 2015 to 31 March 2017

		Group		*Company*	
		From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	Note	RM	RM	RM	RM
REVENUE	*22*	14,925,995	6,055,548	13,295,670	2,800,000
COST OF SALES		(8,687,567)	(4,663,967)	(7,485,000)	(2,745,000)
GROSS PROFIT		6,238,428	1,391,581	5,810,670	55,000
OTHER OPERATING INCOME		2,066,796	407,390	214,531	1,119,539
ADMINISTRATIVE EXPENSES		(6,847,554)	(3,378,817)	(1,845,244)	(1,499,963)
SELLING AND DISTRIBUTION EXPENSES		(221,971)	(88,352)	(134,422)	(14,932)
OTHER OPERATING EXPENSES		(736,125)	(3,735,544)	(4,563,521)	(18,544,499)
PROFIT/(LOSS) BEFORE TAXATION	*23*	499,574	(5,403,742)	(517,986)	(18,884,855)
INCOME TAX EXPENSE	*24*	-	-	-	-
PROFIT/(LOSS) AFTER TAXATION		499,574	(5,403,742)	(517,986)	(18,884,855)
OTHER COMPREHENSIVE (LOSS)/ INCOME:					
Items that may be reclassified subsequently to profit or loss					
- exchange differences on translation of the financial statements of foreign subsidiary companies		(1,834,690)	630,868	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		(1,335,116)	(4,772,874)	(517,986)	(18,884,855)

		Group		*Company*	
		From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	Note	RM	RM	RM	RM
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		501,626	(5,371,500)	(517,986)	(18,884,855)
Non-controlling interests		(2,052)	(32,242)	-	-
		499,574	(5,403,742)	(517,986)	(18,884,855)
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:					
Owners of the Company		(1,403,309)	(4,772,066)	(517,986)	(18,884,855)
Non-controlling interests		68,193	(808)	-	-
		(1,335,116)	(4,772,874)	(517,986)	(18,884,855)
EARNINGS/(LOSS) PER SHARE (Sen)					
- Basic	*25*	*0.10*	*(1.75)*		
- Diluted	*25*	*0.07*	*N/A*		

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

STATEMENTS OF
CHANGES IN EQUITY
For the period from 1 October 2015 to 31 March 2017

	<--------Attributable to owners of the Company					------->		
	<--------Non-distributable			-------->	Distributable			
	Share capital	Share premium	Warrants reserve	Translation reserve	(Accumulated losses)/Retained profits	Total	Non-controlling interests	Total equity
Group	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 October 2014	16,300,000	378,510	-	138,098	(9,044,538)	7,772,070	(113,709)	7,658,361
Transactions with owners:								
Issuance of shares	32,600,000	3,260,000	-	-	-	35,860,000	-	35,860,000
Issuance of warrants	-	-	9,780,000	-	(9,780,000)	-	-	-
Transaction costs for shares issued	-	(33,850)	-	-	-	(33,850)	-	(33,850)
Total transactions with owners	32,600,000	3,226,150	9,780,000	-	(9,780,000)	35,826,150	-	35,826,150
Loss after taxation	-	-	-	-	(5,371,500)	(5,371,500)	(32,242)	(5,403,742)
Other comprehensive income:								
Foreign currency translation reserve	-	-	-	599,434	-	599,434	31,434	630,868
Total comprehensive income/(loss) for the year	-	-	-	599,434	(5,371,500)	(4,772,066)	(808)	(4,772,874)
Balance at 30 September 2015	48,900,000	3,604,660	9,780,000	737,532	(24,196,038)	38,826,154	(114,517)	38,711,637

Group	Share capital RM	Share premium RM	Warrants reserve RM	Translation reserve RM	Distributable (Accumulated losses)/Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
	<---Attributable to owners of the Company---					--->		
	<---Non-distributable---			--->	Distributable			
Balance at 1 October 2015	48,900,000	3,604,660	9,780,000	737,532	(24,196,038)	38,826,154	(114,517)	38,711,637
Transactions with owners:								
Par value reduction	(29,340,000)	-	-	-	29,340,000	-	-	-
Share premium reduction	-	(3,604,660)	-	-	3,604,660	-	-	-
Total transactions with owners	(29,340,000)	(3,604,660)	-	-	32,944,660	-	-	-
Profit/(loss) after taxation	-	-	-	-	501,626	501,626	(2,052)	499,574
Other comprehensive income/(loss):								
Foreign currency translation reserve	-	-	-	(1,904,935)	-	(1,904,935)	70,245	(1,834,690)
Total comprehensive (loss)/income for the period	-	-	-	(1,904,935)	501,626	(1,403,309)	68,193	(1,335,116)
Balance at 31 March 2017	19,560,000	-	9,780,000	(1,167,403)	9,250,248	37,422,845	(46,324)	37,376,521

	--- Non-distributable ---			Distributable	
	Share capital	Share premium	Warrants reserve	(Accumulated losses)/Retained profits	Total equity
	RM	RM	RM	RM	RM
Company					
Balance at 1 October 2014	16,300,000	378,510	-	(1,877,793)	14,800,717
Transactions with owners:					
Issuance of shares	32,600,000	3,260,000	-	-	35,860,000
Issuance of warrants	-	-	9,780,000	(9,780,000)	-
Transaction costs for shares issued	-	(33,850)	-	-	(33,850)
Total transactions with owners	32,600,000	3,226,150	9,780,000	(9,780,000)	35,826,150
Total comprehensive loss for the year	-	-	-	(18,884,855)	(18,884,855)
Balance at 30 September 2015/1 October 2015	48,900,000	3,604,660	9,780,000	(30,542,648)	31,742,012
Transactions with owners:					
Par value reduction	(29,340,000)	-	-	29,340,000	-
Share premium reduction	-	(3,604,660)	-	3,604,660	-
Total transactions with owners	(29,340,000)	(3,604,660)	-	32,944,660	-
Total comprehensive loss for the period	-	-	-	(517,986)	(517,986)
Balance at 31 March 2017	19,560,000	-	9,780,000	1,884,026	31,224,026

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

STATEMENTS OF
CASH FLOWS
For the period from 1 October 2015 to 31 March 2017

	Group		Company	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	499,574	(5,403,742)	(517,986)	(18,884,855)
Adjustments for:				
Amortisation of intangible assets	-	817,766	-	-
Bad debts written off	-	98,000	-	-
Depreciation	877,727	164,781	232,852	3,076
Fair value adjustment for other investments	236,309	200,547	-	-
Impairment losses on:				
- amount owing by subsidiary companies	-	-	4,534,102	9,463,899
- goodwill	-	182,871	-	-
- intangible assets	-	1,733,663	-	-
- investment in subsidiary companies	-	-	-	8,837,985
- trade receivables	47,839	371,844	-	-
Interest income	(213,275)	(242,526)	(209,979)	(242,032)
Inventories written off	637,212	32,888	-	-
Loss on disposal of other investments	2,565,196	543	-	-
Gain on disposal of property, plant and equipment	(1,970)	(78)	-	-
Property, plant and equipment written off	-	12,227	-	-
Reversal of impairment losses on trade receivables	-	(14,932)	-	-
Reversal of inventories written down	-	(54,605)	-	-
(Gain)/loss on foreign exchange - unrealised	(3,591)	100,138	(4,552)	(877,507)
Operating profit/(loss) before working capital changes	4,645,021	(2,000,615)	4,034,437	(1,699,434)
Increase in inventories	(247,941)	(5,394,185)	-	-
Increase in receivables	(7,860,865)	(5,811,408)	(7,783,539)	(5,494,534)
(Decrease)/increase in payables	(1,515,230)	2,545,456	868,229	50,752
Net cash used in operating activities	(4,979,015)	(10,660,752)	(2,880,873)	(7,143,216)

	Group		*Company*	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary company	-	-	-	(2)
Advances to subsidiary companies	-	-	(8,786,241)	(6,548,811)
Interest received	213,275	242,526	209,979	242,032
Purchase of other investments	(6,692,317)	(990,477)	-	-
Purchase of property, plant and equipment	(3,050,000)	(1,369,910)	(1,100,000)	(29,975)
Proceeds from disposal of other investments	4,133,988	55,207	-	-
Proceeds from disposal of property, plant and equipment	1,970	600	-	-
Net cash used in investing activities	(5,393,084)	(2,062,054)	(9,676,262)	(6,336,756)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(3,704)	-	-
Proceeds from issuance of shares	-	35,826,150	-	35,826,150
Net cash generated from financing activities	-	35,822,446	-	35,826,150
Net (decrease)/increase in cash and cash equivalents	(10,372,099)	23,099,640	(12,557,135)	22,346,178
Effect of exchange differences	(1,834,690)	(94,007)	-	-
Cash and cash equivalents at beginning of the period/year	26,998,443	3,992,810	26,137,911	3,791,733
Cash and cash equivalents at end of the period/year	14,791,654	26,998,443	13,580,776	26,137,911

	Group		*Company*	
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
Cash and cash equivalents comprise:				
Fixed deposits with licensed banks	-	15,188,670	-	15,188,670
Cash and bank balances	14,791,654	11,809,773	13,580,776	10,949,241
	14,791,654	26,998,443	13,580,776	26,137,911

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

1. GENERAL INFORMATION

The principal activities of the Company consist of development and provision of software and engineering consultancy for Automated Identification and Data Collection ("AIDC") and investment holding. The principal activities of the subsidiary companies are as set out in *Note 6*. There were no significant changes in the nature of these activities during the financial period.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is Third Floor, No. 79 (Room A), Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.

The address of the principal place of business of the Company is Block B-2-1, IOI Boulevard, Jalan Kenari 5, Bandar Puchong Jaya, 47170 Puchong, Selangor.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

On 1 October 2015, the Group and the Company adopted the following Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2015:

Amendments to MFRS 119 Employee Benefits - Defined Benefit Plans : Employee Contributions

Annual Improvements to MFRSs 2010-2012 Cycle

Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the above Amendments to MFRSs did not have any material impacts to the financial statements of the Group and of the Company.

MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretation that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation that have been issued but not yet effective:

MFRSs/Amendments to MFRSs/IC Interpretation	**Effective for annual periods beginning on or after**
MFRS 14 - Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 12 Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 116 Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 Property, Plant and Equipment - Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127 Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 141 Agriculture - Agriculture: Bearer plants	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 107 Statement of Cash Flows - Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Loses	1 January 2017
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2017, 1 January 2018

MFRSs/Amendments to MFRSs/IC Interpretation	Effective for annual periods beginning on or after
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
MFRS 15 - Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 Share-based payment - Clarification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140 Investment Property - Transfers of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 – Leases	1 January 2019
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associate and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	To be announced

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

<u>MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)</u>

MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in MFRS 9 are based on expected credit loss model and replace the MFRS 139 Financial Instruments: Recognition and Measurement incurred loss model.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group and the Company do not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement model under MFRS 9. Loans and receivables that are currently accounted for using amortised cost will continue to be accounted for using amortised cost model under MFRS 9. For equity securities, the Group and the Company will continue to measure their currently held-for-trading equity securities at fair value through profit or loss.

MFRS 9 requires the Group and the Company to record expected credit losses on loans and receivables, either on 12-months or lifetime basis. The Group and the Company expect to apply the simplified approach and record lifetime expected losses on trade receivables. Upon application of the expected credit loss model, the Group and the Company expect an impact to profit or loss due to unsecured nature of the loans and receivables, but the Group and the Company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group and the Company plan to adopt the new standard on the required effective date without restating comparative information and recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained profits.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group and the Company expect the following impact upon adoption of MFRS 15:

Variable consideration

Some contracts with customers provide a right to return, trade discounts or volume rebates. Currently, the Group and the Company recognise revenue from sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group and the Company defer revenue recognition until uncertainty resolved. Such provisions give rise to variable consideration under MFRS 15, and will be required to be estimated at contract inception. MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group and the Company continue to assess individual contract to determine the estimated variable consideration and related constraint. The Group and the Company expect that application of the constraint may result in more revenue being deferred than in under the current MFRS.

Right of return

The Group and the Company currently recognise provision for the net margin arising from expected returns. Under MFRS 15, an entity estimates the transaction price and recognises revenue based on the amounts to which the entity expects to be entitled through the end of the return period, and recognises such amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. The Group and the Company expect to recognise a liability for the refund obligation and an asset for the right to recover the returned goods under MFRS 15.

The Group and the Company plan to adopt the new standard on the required effective date using the full retrospective approach. The Group and the Company are currently performing a detailed analysis under MFRS 15 to determine their election of the practical expedients and to quantify the transition adjustments on their financial statements.

MFRS 16 Leases

MFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if MFRS 15 also applied.

The Group and the Company are currently assessing the impact of the new standard and plans to adopt it on the required effective date. The Group and the Company expect the adoption of MFRS 16 will result in increase in total assets and total liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Functional And Foreign Currency

Functional currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within other income.

All exchange differences are taken to profit or loss.

Foreign Operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated into RM for consolidation at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial period. All exchanges differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

(b) Basis Of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), 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 is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

(ii) Merger accounting for common control business combinations

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

(iii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidation of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(c) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

All property, plant and equipment are depreciated based on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

	%
Furniture and fittings	10 - 20
Plant and equipment	20
Motor vehicles	20
Office equipment	20 - 33
Computer and softwares	20 - 33
Leasehold improvement and renovation	10 - 33
Kiosk	33

Depreciation is charged to profit or loss.

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

(d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at least at the financial period end. 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, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumtances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Research and development costs

Research and development costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Development costs have a finite useful life and are amortised over the period of expected sales from the related project of three years on a straight-line basis.

Software license

Acquired software license is initially capitalised at cost which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Software license is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

Intellectual property

Intellectual property is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged using the straight-line method over their estimated useful lives of six years. The amortisation method of intangible assets are reviewed at least at the end of the financial period. The effects of any revisions are recognised in profit or loss when the change arise.

Intellectual property is written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

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.

(e) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

(f) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have 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.

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.

(i) Financial Assets

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

- *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 and the Company's rights to receive payment is established.

- *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 revenue recognised on an effective yield basis.

- *Loans and Receivables*

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

- *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 and the Company's rights 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.

(ii) Financial Liabilities

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

All financial liabilities are initially measured 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.

- *Financial Liabilities at 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 or a derivative that is a financial guarantee contract.

- *Other Financial Liabilities*

  Other financial liabilities are non-derivatives financial liabilities. Other liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new 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.

A financial asset 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 is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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.

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(g) Impairment

(i) Impairment Of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss) are assessed at the end of the 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, 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 investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) *Impairment Of Non-financial Assets*

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of the 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' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and 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, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises the original cost of purchases plus the cost of bringing these inventories to their intended location and condition. The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and appropriate allocation of manufacturing overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated cost of selling expenses. Write down is made where necessary for damaged, obsolete and slow-moving inventories.

(i) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(j) 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 and of the Company. 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.

(k) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
b. has an interest in the entity that gives it significant influence over the entity; or
c. has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in *(i)* or *(iv);*

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in *(iv)* or *(v)*; or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

(l) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue from sale of goods and services is recognised when significant risk and rewards have been transferred to the customer, if any, or upon performance of services, net of returns and trade discounts.

(m) Interest income

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

(n) Income Tax Expense

Income taxes for the period comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can 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 is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or 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. The carrying amounts of deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(o) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) Defined Contribution Plan

The Company's and its Malaysian subsidiary companies' contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Company and its Malaysian subsidiary companies have no further financial obligations.

(p) Earnings Per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit and loss attributable to owners and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(q) Warrants Reserve

Amount allocated in relation to the issuance of warrants is credited to warrants reserve which is non-distributable. Warrants reserve is transferred to share capital or retained profits upon the exercise or expiry of the warrants respectively.

(r) Cash And Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts which are repayable on demand and which form an integral part of the Group's and the Company's cash management. Restricted deposits are excluded from cash and cash equivalents.

(s) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue 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 makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenue.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated 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 and the Company'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 residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group and the Company anticipate that the residual values of their 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.

The carrying amount of property, plant and equipment are disclosed in *Note 5*.

(b) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of investment in subsidiary companies is disclosed in *Note 6*.

(c) Impairment of Intangible Assets

Intangible assets are 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 ("CGU") 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.

The carrying amount of intangible assets is disclosed in *Note 7*.

(d) Write Down of Inventories

Reviews are made periodically by management on damaged, obsolete and slowing-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

The carrying amount inventories is disclosed in *Note 8.*

(e) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. 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.

The carrying amount of loans and receivables is disclosed in *Note 29(c).*

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimate of whether such taxes will be due in the ordinary course of business. Where the final tax 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 period in which such determination is made.

The carrying amount of current tax assets of the Group is RM9,330 (30.09.2015: RM9,330).

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

	Furniture and fittings	Plant and equipment	Motor vehicles	Office equipment	Computer and softwares	Leasehold improvement and renovation	Kiosk	Total
Group	RM	RM	RM	RM	RM	RM	RM	RM
Cost								
At 1 October 2014	64,887	18,858	33,440	120,761	481,909	52,386	246,301	1,018,542
Additions	14,685	-	1,310,744	11,434	23,034	10,013	-	1,369,910
Disposals	-	-	(29,982)	-	(988)	-	-	(30,970)
Written off	-	-	-	-	(2,750)	(27,950)	-	(30,700)
Translation differences	4,430	-	2,783	16,715	90,801	-	-	114,729
At 30 September 2015/ 1 October 2015	84,002	18,858	1,316,985	148,910	592,006	34,449	246,301	2,441,511
Additions	-	-	3,050,000	-	-	-	-	3,050,000
Disposal	-	-	(6,332)	-	-	-	-	(6,332)
Translation differences	579	-	90	8,960	-	-	-	9,629
At 31 March 2017	84,581	18,858	4,360,743	157,870	592,006	34,449	246,301	5,494,808

	Furniture and fittings	Plant and equipment	Motor vehicles	Office equipment	Computer and softwares	Leasehold improvement and renovation	Kiosk	Total
Group	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation								
At 1 October 2014	43,088	18,858	31,768	93,047	409,712	21,885	246,301	864,659
Charge for the year	5,687	-	89,155	10,333	54,733	4,873	-	164,781
Disposals	-	-	-	-	(306)	(18,167)	-	(18,473)
Written off	-	-	(29,982)	-	(466)	-	-	(30,448)
Translation differences	3,690	-	2,683	12,893	85,072	-	-	104,338
At 30 Spetember 2015/ 1 October 2015	52,465	18,858	93,624	116,273	548,745	8,591	246,301	1,084,857
Charge for the period	9,416	-	808,223	22,656	28,343	9,089	-	877,727
Disposal	-	-	(6,332)	-	-	-	-	(6,332)
Translation differences	542	-	90	1,654	8,135	-	-	10,421
At 31 March 2017	62,423	18,858	895,605	140,583	585,223	17,680	246,301	1,966,673
Net carrying amount								
At 31 March 2017	22,158	-	3,465,138	17,287	6,783	16,769	-	3,528,135
At 30 September 2015	31,537	-	1,223,361	32,637	43,261	25,858	-	1,356,654

	Office equipment	Computer and softwares	Renovation	Motor vehicles	Total
	RM	RM	RM	RM	RM
Company					
Cost					
At 1 October 2014	10,867	-	-	-	10,867
Additions	11,729	8,233	10,013	-	29,975
At 30 September 2015/1 October 2015	22,596	8,233	10,013	-	40,842
Addition	-	-	-	1,100,000	1,100,000
At 31 March 2017	22,596	8,233	10,013	1,100,000	1,140,842
Accumulated depreciation					
At 1 October 2014	7,847	-	-	-	7,847
Charge for the year	2,635	274	167	-	3,076
At 30 September 2015/1 October 2015	10,482	274	167	-	10,923
Charge for the period	7,378	2,470	3,004	220,000	232,852
At 31 March 2017	17,860	2,744	3,171	220,000	243,775
Net carrying amount					
At 31 March 2017	4,736	5,489	6,842	880,000	897,067
At 30 September 2015	12,114	7,959	9,846	-	29,919

Motor vehicles of the Group with net carrying amount of RM2,585,138 (30.09.2015: RM1,223,361) are registered under the name of a director.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 31.03.2017 RM	Company 30.09.2015 RM
Unquoted shares in Malaysia, at cost		
At 31 March 2017/30 September 2015/1 October 2014	9,975,888	9,975,888
Less: Accumulated impairment losses		
At 1 October 2015/2014	(9,975,886)	(1,137,901)
Impairment loss during the period/year	-	(8,837,985)
At 31 March 2017/30 September 2015	(9,975,886)	(9,975,886)
	2	2

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation/ place of business	Effective equity interest 31.03.2017 %	Effective equity interest 30.09.2015 %	Principal activities
Direct holding:				
Digital Scanning Corporation Pte Ltd ("Digital") *	Republic of Singapore	100	100	Provision of software solution, consultancy services and distribution of AIDC products
DSC Systems (M) Sdn. Bhd.	Malaysia	100	100	Business wholesale and retail dealers in digital scan equipment and related products.
Resellerasia Pte Ltd *	Republic of Singapore	80	80	Trading in technological products, computer hardware and software, software applications and related products and services
ResellerAsia (Hong Kong) Limited *#	Hong Kong	100	100	Trading in technological products, computer hardware and software, software applications and related products and services
Digital Asia Capital Sdn. Bhd.	Malaysia	100	100	Dormant

Name of subsidiary companies	Country of incorporation/ place of business	Effective equity interest 31.03.2017 %	30.09.2015 %	Principal activities
Direct holding:				
Southern Gold Holdings Limited *# ("Southern Gold")	British Virgin Island	100	-	Dormant
Subsidiary company of Digital				
Digital Scanning Corporation (Suzhou) Co. Ltd. *	The People's Republic of China	100	100	Dormant

* Subsidiary companies not audited by Siew Boon Yeong & Associates.

\# The financial statements of these subsidiary companies were reviewed by Siew Boon Yeong & Associates for consolidation purposes.

Impairment losses on investment in subsidiary companies

In the previous financial years, impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount to justify the carrying amount of the investment cost in these subsidiary companies.

7. INTANGIBLE ASSETS

Group	Development costs RM	Software license RM	Intellectual property RM	Goodwill RM	Total RM
Cost					
At 1 October 2014	3,880,476	720,244	4,630,140	912,871	10,143,731
Exchange differences	-	153,104	984,240	-	1,137,344
At 30 September 2015/ 1 October 2015/ 31 March 2017	3,880,476	873,348	5,614,380	912,871	11,281,075
Less: Accumulated amortisation					
At 1 October 2014	3,411,325	684,232	617,352	-	4,712,909
Charge for the financial year	-	-	817,766	-	817,766
Exchange differences	-	145,449	249,196	-	394,645
At 30 September 2015/ 1 October 2015/ 31 March 2017	3,411,325	829,681	1,684,314	-	5,925,320
Less: Accumulated impairment losses					
At 1 October 2014	469,151	36,012	1,605,115	730,000	2,840,278
Impairment loss during the financial year	-	-	1,733,663	182,871	1,916,534
Exchange differences	-	7,655	591,288	-	598,943
At 30 September 2015/ 1 October 2015/ 31 March 2017	469,151	43,667	3,930,066	912,871	5,355,755
Net carrying amount					
At 31 March 2017	-	-	-	-	-
At 30 September 2015	-	-	-	-	-

(i) Development costs

Development costs are costs incurred for developing software in order to sell to customers.

The management of the Group carried out a review of the recoverable amount of its development costs in the previous financial years. The review suggested recognition of full impairment loss to be provided on the development costs.

(ii) Software license

The software license consists of an exclusive software licensing rights to use and integrate the acquired software into the Group's products.

The management of the Group carried out a review of the recoverable amount of its software license in the previous financial years. The review suggested recognition of full impairment loss to be provided on the software license.

(iii) Intellectual property

The intellectual property consists of software which was deemed to have a definite useful life of six years and this serves as a platform to develop other software in the same series. Impairment test was done in the previous financial years and full impairment was made against the intellectual property.

(iv) Goodwill

The recoverable amount for the above was derived based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units. The review suggested recognition of full impairment loss to be provided on goodwill.

With regards to the assessments of value-in-use of these cash generating units, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amounts of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

8. INVENTORIES

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Finished goods	6,447,842	6,837,113
Recognised in profit or loss		
Inventories recognised as cost of sales	8,439,626	1,879,015
Inventories written off	637,212	32,888
Reversal of inventories written down	-	(54,605)

The reversal of inventories written down in the previous financial year was made when the related inventories were sold at above their carrying amounts.

9. TRADE RECEIVABLES

	Group		*Company*	
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
Trade receivables	8,388,709	4,198,393	7,525,899	3,380,654
Less: Accumulated impairment losses	(918,709)	(870,870)	(475,899)	(475,899)
	7,470,000	3,327,523	7,050,000	2,904,755

The Group's and the Company's normal trade credit terms granted to trade receivables ranged from 30 to 150 days (30.09.2015: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis.

Movements of the accumulated impairment losses (individually impaired):

	Group		*Company*	
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
At 1 October	870,870	513,958	475,899	475,899
Additions	47,839	371,844	-	-
Reversal	-	(14,932)	-	-
At 31 March 2017/ 30 September 2015	918,709	870,870	475,899	475,899

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

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Singapore Dollar	-	130,372

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		*Company*	
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
Other receivables	306,828	10,265	285,243	6,359
Advances to suppliers	5,558,931	3,134,972	5,558,931	3,131,108
Deposits	1,006,312	78,498	918,813	2,837
Prepayments	114,603	88,007	95,885	75,722
	6,986,674	3,311,742	6,858,872	3,216,026

Included in the deposits of the Gorup and of the Company is an amount of RM915,001 (2015: Nil) being deposits to subscribe for shares in a company as mentioned in *Note 31(e)*.

The foreign currency exposure profile of other receivables is as follows:

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Singapore Dollar	9,838	9,357

11. OTHER INVESTMENTS

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Quoted shares in Malaysia		
At 1 October	734,180	-
Additions	6,692,317	990,477
Disposals	(6,699,184)	(55,750)
	727,313	934,727
Less: Fair value adjustments	(236,309)	(200,547)
At 31 March 2017/30 September 2015	491,004	734,180
Fair value of quoted shares	491,004	734,180

The other investments are the financial assets classified as financial assets at fair value through profit or loss which are held for trading.

12. AMOUNT OWING BY SUBSIDIARY COMPANIES

	Company	
	31.03.2017	*30.09.2015*
	RM	RM
Amount owing by subsidiary companies	18,921,338	10,135,097
Less: Accumulated impairment losses	(14,669,199)	(10,135,097)
	4,252,139	-

The amount owing is non-trade in nature, unsecured, interest free and repayable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Company	
	31.03.2017	*30.09.2015*
	RM	RM
At 1 October	10,135,097	671,198
Additions	4,534,102	9,463,899
At 31 March 2017/30 September 2015	14,669,199	10,135,097

The foreign currency exposure profile of amount owing by subsidiary companies is as follows:

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Singapore Dollar	2,708,169	6,011,276
Hong Kong Dollar	-	572,448

13. FIXED DEPOSITS WITH LICENSED BANKS

Group

The fixed deposits with licensed banks earn interest at rates ranging from 3.70% to 4.20% (30.09.2015: 3.70% to 4.20%) per annum.

14. CASH AND BANK BALANCES

The foreign currency exposure profile of cash and bank balances is as follows:

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Singapore Dollar	121,166	119,493
US Dollar	-	560,636

15. SHARE CAPITAL

	Group and Company			
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	Number of ordinary shares		RM	RM
Issued and fully paid:				
At 1 October	489,000,000	163,000,000	48,900,000	16,300,000
Issuance of shares	-	326,000,000	-	32,600,000
Par value reduction	-	-	(29,340,000)	-
At 31 March 2017/ 30 September 2015	489,000,000	489,000,000	19,560,000	48,900,000

On 13 September 2016, the Company completed the par value reduction from RM0.10 to RM0.04 per share. Pursuant to the par value reduction, the issued and paid-up share capital of the Company had been reduced from RM48,900,000 comprising 489,000,000 ordinary shares of RM0.10 each to RM19,560,000 comprising 489,000,000 ordinary shares of RM0.04 each.

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

Effective from 31 January 2017, the ordinary shares have no par value.

16. SHARE PREMIUM

	Group and Company	
	31.03.0217	*30.09.2015*
	RM	RM
At 1 October	3,604,660	378,510
Add: Issuance of shares pursuant to private placement	-	3,260,000
Less: Shares issuance expenses	-	(33,850)
Less: Share premium reduction	(3,604,660)	-
At 31 March 2017/30 September 2015	-	3,604,660

17. TRANSLATION RESERVE

The translation reserve represents exchange differences arising from the translation of the financial statements of the foreign subsidiary companies.

18. WARRANTS RESERVE

On 30 April 2015, the Company issued 244,500,000 free detachable warrants on the basis of three (3) warrants for every four (4) rights shares subscribed.

The warrants were constituted under the Deed Poll dated 19 March 2015.

The warrants reserve which arose from the allocation of fair value of warrants issued have been charged to accumulated losses.

The main features of the warrants are as follows:-

(i) Each warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an exercise price of RM0.11 each;

(ii) The warrants are exercisable at any time during the tenure of the warrants of three (3) years commencing on and including the date of issuance of the warrants until the expiry of the warrants;

(iii) Expiry date is the day falling three (3) years from and including the date of issue of warrants; and

(iv) All new ordinary shares to be issued arising from the exercise of the warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

The number of warrants remained unexercised at the end of the financial period/year is as follows:

	Group and Company	
	31.03.2017	*30.09.2015*
	Unit	Unit
Unexercised warrants	244,500,000	244,500,000

19. TRADE PAYABLES

Group

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 180 days (30.09.2015: 30 to 180 days).

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

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Singapore Dollar	59,500	2,732,430
US Dollar	-	635

20. OTHER PAYABLES AND ACCRUALS

	Group		*Company*	
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
Other payables	962,878	423,973	752,220	306,597
Deposits received	56,872	22,101	-	-
Accruals	267,217	439,307	146,700	73,700
	1,286,967	885,381	898,920	380,297

The foreign currency exposure profile of other payables is as follows:

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Singapore Dollar	102,368	188,784

21. AMOUNT OWING TO A DIRECTOR

Group and Company

The amount owing is unsecured, interest free and repayable on demand.

22. REVENUE

	Group		Company	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	RM	RM	RM	RM
Proprietary software	757,944	724,043	-	-
Value added products and services	14,140,034	1,799,804	13,295,670	-
AIDC hardware/equipment	28,017	3,531,701	-	2,800,000
	14,925,995	6,055,548	13,295,670	2,800,000

23. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	RM	RM	RM	RM
Profit/(loss) before taxation is stated *after charging:*				
Amortisation of intangible assets	-	817,766	-	-
Auditors' remuneration				
- statutory audit	153,458	73,000	73,000	54,000
- other services	5,000	23,988	5,000	-
Bad debts written off	-	98,000	-	-
Depreciation	877,727	164,781	232,852	3,076
Fair value adjustment for other investments	236,309	200,547	-	-
Impairment losses on:				
- amount owing by subsidiary companies	-	-	4,534,102	9,463,899
- goodwill	-	182,871	-	-
- intangible assets	-	1,733,663	-	-
- investment in subsidiary companies	-	-	-	8,837,985
- trade receivables	47,839	371,844	-	-
Inventories written off	637,212	32,888	-	-
Loss on disposal of other investments	2,565,196	543	-	-
Loss on foreign exchange				
- realised	-	229,409	26,390	242,615
- unrealised	-	100,138	-	-
Property, plant and equipment written off	-	12,227	-	-
Rental of office	280,747	126,176	-	-
Staff costs *(Note 26)*	1,581,993	1,222,733	889,006	747,354

	Group		*Company*	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	RM	RM	RM	RM
and crediting:				
Gain on disposal of property, plant and equipment	1,970	78	-	-
Gain on foreign exchange				
- realised	41,539	-	-	-
- unrealised	3,591	-	4,552	877,507
Interest income	213,275	242,526	209,979	242,032
Reversal of impairment loss on trade receivables	-	14,932	-	-
Reversal of inventories written down	-	54,605	-	-

24. INCOME TAX EXPENSE

	Group and Company	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*
	RM	RM
Malaysia income tax:		
- current period's/year's provision	-	-

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

	Group		*Company*	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	RM	RM	RM	RM
Profit/(loss) before taxation	499,574	(5,403,742)	(517,986)	(18,884,855)
Income tax expense at Malaysia statutory tax rate of 24% (2015: 25%)	119,898	(1,350,936)	(124,317)	(4,721,214)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	501,570	1,491,249	234,237	4,734,839
- income not subject to tax	(17,550)	(143)	-	-
- deferred tax liabilities not recognised during the period/year	-	(181,171)	-	(13,625)
- utilisation of deferred tax assets not recognised in respect of prior year	(604,560)	-	(109,920)	-
- different tax rates in overseas subsidiaries	642	38,542	-	-
- deferred tax recognised at different tax rates	-	2,459	-	-
	(119,898)	1,350,936	124,317	4,721,214
	-	-	-	-

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		*Company*	
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
Qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation	-	(62,000)	-	(22,000)
Unutilised capital allowances	-	62,000	-	460,000
Unabsorbed business losses	-	2,519,000	-	20,000
	-	2,519,000	-	458,000

25. EARNINGS/(LOSS) PER SHARE

Basic Earnings/(Loss) Per Share

The basic earnings/(loss) per ordinary share as at 31 March 2017 is arrived at by dividing the Group's profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	31.03.2017	*30.09.2015*
Profit/(loss) attributable to owners of the Company (RM)	501,626	(5,371,500)
Weighted average ordinary shares issued as at 31 March 2017/30 September 2015	489,000,000	306,797,260
Basic earnings/(loss) per share (Sen)	0.10	(1.75)

	Group	
	31.03.2017	*30.09.2015*
Weighted average number of ordinary shares		
Issued ordinary shares as at 1 October	489,000,000	163,000,000
Effect of ordinary shares issued during the financial period/ year	-	143,797,260
Weighted average number of ordinary shares as at 31 March 2017/30 September 2015	489,000,000	306,797,260

Diluted Earnings/(Loss) Per Share

	Group	
	31.03.2017	*30.09.2015*
Profit/(loss) attributable to owners of the Company (RM)	501,626	(5,371,500)
Weighted average ordinary shares issued as at 31 March 2017/30 September 2015	489,000,000	306,797,260
Effects of exercised of warrants	244,500,000	244,500,000
Weighted average ordinary shares issued as at 31 March 2017/30 September 2015	733,500,000	551,297,260
Diluted earnings/(loss) per share (Sen)	0.07	*

* The diluted loss per ordinary share is not presented as the warrants would be anti-dilutive since the exercise price is higher than the fair value of the Company's share.

26. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	Group		*Company*	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*From 01.10.2015 to 31.03.2017*	*From 01.10.2014 to 30.09.2015*
	RM	RM	RM	RM
Salaries and wages	1,361,480	1,029,030	772,701	662,721
Defined contribution plan	115,642	103,070	47,158	50,706
Other employee benefit expenses	104,871	90,633	69,147	33,927
	1,581,993	1,222,733	889,006	747,354

Included in staff costs are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group and Company	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*
	RM	RM
Directors' remuneration		
- fees	378,000	252,000

27. RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) The Company has controlling related party relationships with its subsidiary companies; and

(ii) The directors of the Company and the directors of the subsidiary companies who are the key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial period/year as follows:

Key management compensation

	Group and Company	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*
	RM	RM
Short term employee benefits	378,000	252,000

28. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as chief operating decision makers in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows:-

(i) Proprietary software

Licensing fee for the right to use the Group's customised in-house software and annual licensing, maintenance and technical support and project and contract fees.

(ii) Value added products and services

Engineering services provided and supply of consumables.

(iii) AIDC hardware/equipment

Sale of bar code and radio frequency identification reading equipment, hand-held computers and radio frequency data communication systems.

The Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

The Executive Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties.

Business segments

Group *From 01.10.2015 to 31.03.2017*	Proprietary software RM	Value added products and services RM	AIDC hardware/ equipment RM	Elimination RM	Total RM
Revenue					
External revenue	757,944	14,140,034	28,017	-	14,925,995
Inter-segment revenue	-	-	6,187,260	(6,187,260)	-
	757,944	14,140,034	6,215,277	(6,187,260)	14,925,995
Results					
Segment results					286,299
Interest income					213,275
Profit before taxation					499,574
Income tax expense					-
Profit after taxation					499,574
Assets					
Segment assets					39,724,639
Liabilities					
Segment liabilities					2,348,118
Other information					
Capital expenditures					3,050,000
Depreciation					877,727
Fair value adjustment for other investments					236,309
Impairment losses on trade receivables					47,839
Inventories written off					637,212
Gain on disposal of property, plant and equipment					(1,970)
Gain on foreign exchange - unrealised					(3,591)

Group *From 01.10.2014 to 30.09.2015*	Proprietary software RM	Value added products and services RM	AIDC hardware/ equipment RM	Elimination RM	Total RM
Revenue					
External revenue	722,438	1,631,628	3,701,482	-	6,055,548
Inter-segment revenue	4,796	74,370	25,631	(104,797)	-
	727,234	1,705,998	3,727,113	(104,797)	6,055,548
Results					
Segment results					(5,646,268)
Interest income					242,526
Loss before taxation					(5,403,742)
Income tax expense					-
Loss after taxation					(5,403,742)
Assets					
Segment assets					42,574,985
Liabilities					
Segment liabilities					3,863,348
Other information					
Capital expenditures					1,369,910
Amortisation of intangible assets					817,766
Bad debts written off					98,000
Depreciation					164,781
Fair value adjustment for other investments					200,547
Impairment losses on:					
- goodwill					182,871
- intangible assets					1,733,663
- trade receivables					371,844
Inventories written off					32,888
Loss on foreign exchange - unrealised					100,138
Property, plant and equipment written off					12,227
Gain on disposal of property, plant and equipment					(78)
Reversal of impairment loss on trade receivables					(14,932)
Reversal of inventories written down					(54,605)

Geographical information

	Group			
	Revenue		Non-current assets	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
Malaysia	1,028,937	1,054,462	3,506,969	1,297,294
China	7,000,000	-	-	-
Singapore	601,085	129,758	21,166	59,360
Hong Kong	-	2,800,000	-	-
Indonesia	2,450,000	1,071,558	-	-
Others*	3,845,973	999,770	-	-
	14,925,995	6,055,548	3,528,135	1,356,654

* Comprises countries with no individually revenue that is more than 10% of the total consolidated revenue.

Information about major customers

Major customers' information are revenues from transactions with a single external customer, the amount of which is ten per cent (10%) or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer.

	Group	
	From 01.10.2015 to 31.03.2017	*From 01.10.2014 to 30.09.2015*
	RM	RM
Customer I	3,850,000	1,054,462
Customer II	3,200,000	964,489
Customer III	116,659	2,800,000

29. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to interest rate risk, equity price risk, credit risk, foreign currency risk and liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

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

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposures to interest rate risk arise mainly from fixed deposits with licensed banks. The Group's and the Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Fair Value Sensitivity Analysis For Fixed Rate Instrument

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amount as at the end of the reporting period were as follows:-

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	-	15,188,670

(ii) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flow of the financial statements will fluctuate because of changes in market prices (other than currency or interest rate).

The Group is exposed to equity price risk arising from its investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). These instruments are classified as financial assets classified as fair value through profit or loss financial assets. The Group does not have exposure to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% (30.09.2015: 10%) increase in the market price of the quoted shares as at the end of the reporting period would have increased profit/equity by RM49,100 (30.09.2015: RM73,418). A 10% (2015: 10%) decrease in market price would have had equal but opposite effect on profit/equity.

(iii) Credit Risk

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counterpart default on its obligations. The Group's and the Company's exposures to credit risk, or the risk of counterparties defaulting, arise mainly from trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of these financial asset in the statements of financial position reduced by the effects of any netting arrangements with counterparties.

The Group and the Company establish an allowance for impairment that represent their 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.

Credit Risk Concentration Profile

The Group and Company have significant concentration of credit risk that may arise from exposure from the amount owing by two (30.09.2015: one) major customers constituting approximately 94% and 100% (30.09.2015: 84% and 96%) respectively, of the outstanding trade receivables of the Group and the Company at the reporting date.

Exposure to Credit Risk

At the reporting date, the Group's and the Company's maximum exposures to credit risk are represented by the carrying amount of each class of financial assets recognised in the statements of the financial position.

Ageing Analysis

The ageing analysis of the Group's and the Company's trade receivables at the reporting date is as follows:-

	Group		Company	
	31.03.2017	30.09.2015	31.03.2017	30.09.2015
	RM	RM	RM	RM
Not past due	4,050,926	40,912	3,850,000	-
Past due but not impaired:				
- 31 to 90 days	26,765	3,024,412	-	2,904,755
- more than 90 days	3,392,309	262,199	3,200,000	-
	3,419,074	3,286,611	3,200,000	2,904,755
Impaired	918,709	870,870	475,899	475,899
	8,388,709	4,198,393	7,525,899	3,380,654

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and with the Company.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of the Group's entities.

The currencies giving rise to this risk are primarily Singapore Dollar (SGD), United States Dollar (USD) and Hong Kong Dollar (HKD). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after taxation/equity		
Strengthened by 10%		
- SGD	20,347	25,454
- HKD	-	4,351
- USD	-	4,261
Weakened by 10%		
- SGD	(20,347)	(25,454)
- HKD	-	(4,351)
- USD	-	(4,261)

(v) Liquidity and Cash Flow Risks

Liquidity and cash flow risks are the risks that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as 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):

Group	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within 1 year RM
31.03.2017			
Trade payables	474,772	474,772	474,772
Other payables and accruals	1,286,967	1,286,967	1,286,967
Amount owing to a director	586,379	586,379	586,379
	2,348,118	2,348,118	2,348,118
30.09.2015			
Trade payables	2,951,967	2,951,967	2,951,967
Other payables and accruals	885,381	885,381	885,381
Amount owing to a director	26,000	26,000	26,000
	3,863,348	3,863,348	3,863,348

Company	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within 1 year RM
31.03.2017			
Trade payables	232,698	232,698	232,698
Other payables and accruals	898,920	898,920	898,920
Amount owing to a director	283,212	283,212	283,212
	1,414,830	1,414,830	1,414,830
30.09.2015			
Trade payables	140,304	140,304	140,304
Other payables and accruals	380,297	380,297	380,297
Amount owing to a director	26,000	26,000	26,000
	546,601	546,601	546,601

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjust the amount of dividends paid to shareholders, return capital to shareholders and issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group and the Company are calculated as trade and other payables, amount owing to a director plus accruals less cash and cash equivalents.

The cash and cash equivalents of the Group and of the Company are sufficient to settle all the debts outstanding as at the end of the financial period. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial period.

(c) Classification of Financial Instruments

	Group		*Company*	
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
Financial Assets				
Financial Assets At Fair Value Through Profit Or Loss				
Other investments	491,004	734,180	-	-
Loans And Receivables				
Trade receivables	7,470,000	3,327,523	7,050,000	2,904,755
Other receivables and deposits	6,872,071	3,223,735	6,762,987	3,140,304
Amount owing by subsidiary companies	-	-	4,252,139	-
Fixed deposits with licensed banks	-	15,188,670	-	15,188,670
Cash and bank balances	14,791,654	11,809,773	13,580,776	10,949,241
	29,133,725	33,549,701	31,645,902	32,182,970
Financial Liabilities				
Other Financial Liabilities				
Trade payables	474,772	2,951,967	232,698	140,304
Other payables and accruals	1,286,967	885,381	898,920	380,297
Amount owing to a director	586,379	26,000	283,212	26,000
	2,348,118	3,863,348	1,414,830	546,601

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for:

Quoted shares in other investments

Quoted shares in other investments are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 March 2017 are as follows:

(i) Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2: fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Group and Company	
	31.03.2017	*30.09.2015*
	RM	RM
Level 1		
Quoted shares	491,004	734,180

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 March 2017.

30. COMMITMENTS

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating lease commitments are as follows:-

	Group	
	31.03.2017	*30.09.2015*
	RM	RM
Future minimum lease payments payable:		
Not later than 1 year	-	137,215

31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) On 28 January 2016, the Company announced that it had on 30 December 2015 acquired one (1) ordinary share with a par value of USD1.00, representing 100% equity interest in Southern Gold for a cash consideration of USD1.00 only ("the Acquisition"). Upon the Acquisition, Southern Gold has become a wholly-owned subsidiary company of the Company.

(b) On 26 May 2016, the Company announced its proposals to undertake the following:-

i. proposed reduction of the existing issued share capital involving the cancellation of RM0.06 from the par value of every existing ordinary share of RM0.10 each in the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction") and proposed reduction of the share premium account of RM3,604,660 pursuant to Sections 60(2) and 64 of the Act ("Proposed Share Premium Reduction"); and

ii. proposed amendment to the Memorandum of Association of the Company.

On 25 August 2016, the Company announced that the High Court had granted an order confirming the Proposed Par Value Reduction and Proposed Share Premium Reduction pursuant to Sections 60(2) and 64 of the Act ("Court Order").

The sealed copy of the Court Order is in the process of being finalised and extracted. Thereafter, an office copy of the same will be lodged with the Registrar of Companies for the Proposed Par Value Reduction and Proposed Share Premium Reduction to take effect.

On 13 September 2016, the Company announced that an office copy of the sealed Court Order has been lodged with the Registrar of Companies. Accordingly, the Proposed Par Value Reduction and Proposed Share Premium Reduction shall take effect and deemed completed on the same day.

(c) On 1 November 2016, the Company announced that it has on 31 October 2016 resolved to extend the time frame for the utilisation of the proceeds raised from the Rights Issue of Shares with Warrants for another twelve (12) months period until 31 October 2017.

(d) On 28 November 2016, the Company announced on the change of financial year end from 30 September 2016 to 31 March 2017.

(e) On 1 December 2016, the Company announced that it had accepted a letter of offer issued by CLI Investment Limited ("CLI Limited") to subscribe for 2,040,000 new ordinary shares of USD1.00 each in CLI Investment, representing not less than 17% of the eventual enlarged issued share capital of CLI Investment, for a subscription consideration of USD2.04 million (approximately RM9.06 million).

32. SUBSEQUENT EVENTS AFTER THE FINANCIAL PERIOD

On 25 April 2017, the Company announced on the proposal to undertake a private placement of new ordinary shares in the Company of up to ten percent (10%) of the existing total number of issued shares of the Company (excluding treasury shares) to third party investor(s) to be identified later and at an issue price to be determined later ("Proposed Private Placement").

On 27 April 2017, the Company announced that the listing application in respect of the Proposed Private Placement has been submitted to Bursa Securities.

On 9 May 2017, the Company announced that Bursa Securities had approved the listing and quotation of up to 48,900,000 new ordinary shares in the Company to be issued pursuant to the Proposed Private Placement.

On 17 July 2017, the Company announced that the Proposed Private Placement has been completed and the new ordinary shares have been issued at an issue price of RM0.0376 per share.

33. CHANGE OF FINANCIAL YEAR END

The financial year end of the Company has been changed from 30 September to 31 March during the financial period.

34. COMPARATIVE FIGURES

The Company and its subsidiary companies have changed their financial year end from 30 September to 31 March. Accordingly, the financial statements of the Group and of the Company for the financial period ended 31 March 2017 covered a 18 months period from 1 October 2015 to 31 March 2017 as compared to the previous financial year end which covered 12 months period from 1 October 2014 to 30 September 2015.

The comparative figures of the Group and of the Company were audited by another firm of Chartered Accountants.

35. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 19 July 2017 by the Board of Directors.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURES OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company at the end of the reporting period into realised and unrealised profits or losses is 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.

	Group		*Company*	
	31.03.2017	*30.09.2015*	*31.03.2017*	*30.09.2015*
	RM	RM	RM	RM
Total retained profits/(accumulated losses) of the Group and of the Company				
- Realised	9,246,657	(24,095,900)	1,884,026	(31,420,155)
- Unrealised	3,591	(100,138)	-	877,507
Retained profits/(accumulated losses) of the Group and of the Company	9,250,248	(24,196,038)	1,884,026	(30,542,648)

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 JUNE 2017

Total number of issued shares	:	489,000,000 ordinary shares
Class of Equity Securities	:	Ordinary shares
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 Shares	%
Less than 100 shares	6	240	*
100 - 1,000 shares	86	49,249	0.01
1,001 - 10,000 shares	332	2,269,690	0.46
10,001 - 100,000 shares	1,225	66,102,384	13.52
100,001 - less than 5% of issued shares	624	352,738,237	72.14
5% and above of issued shares	1	67,840,200	13.87
Total	**2,274**	**489,000,000**	**100.00**

* Negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders)

The Company does not have substantial shareholders as per the Register of Substantial Shareholders.

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Dato' Sri Ahmad Said Bin Hamdan	–	–	–	–
Dato' Sri Dr. Pang Chow Huat	18,000,000	3.68	–	–
Kua Khai Shyuan	–	–	–	–
Muhammad Radhi Bin Azizan[(1)]	–	–	–	–
Ong Tee Kein	–	–	–	–

Notes:
(1) En. Muhammad Radhi Bin Azizan has resigned as an Independent Non-Executive Director of the Company on 14 July 2017.

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 JUNE 2017
(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt an for KGI Asia Ltd.	67,840,200	13.87
2.	TA Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Pang Chow Huat	18,000,000	3.68
3.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Pang Kia Fatt	17,377,400	3.55
4.	Foo Fook Min	9,000,000	1.84
5.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for BSI SA	9,000,000	1.84
6.	Affin Hwang Nominees (Asing) Sdn. Bhd. Exempt an for Sanston Financial Group Limited	8,000,000	1.64
7.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Quek Soon Tiang	6,300,137	1.29
8.	Lim Peng Kak @ Lim Beng Kok	5,281,400	1.08
9.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Yong Wan Keong	5,100,000	1.04
10.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Lai Tze Jin	4,500,000	0.92
11.	Mr. Serm Juthamongkhon	4,316,800	0.88
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Abdul Rashid bin Hadi Munir @ A Hadi	4,016,300	0.82
13.	Yoo Kee Mo	4,000,000	0.82
14.	Tan Sui Lan	3,987,400	0.82
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Tay Soo Cheng	3,750,000	0.77
16.	Lee Fook Sang	3,509,000	0.72
17.	Tan Meng Chow	3,160,000	0.65

No	Name	No. of Shares held	%
18.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Kho Chong Yau	3,040,000	0.62
19.	Chen Lee Han	2,926,200	0.60
20.	Yeap Poh Gan	2,770,000	0.57
21.	Wong Ah Yong	2,500,000	0.51
22.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Wong Ah Yong	2,500,000	0.51
23.	Ng Yew Choy	2,407,000	0.49
24.	SJ Sec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chan Sai Kim	2,400,000	0.49
25.	AmBank (M) Berhad Pledged securities account for Wong Ah Yong	2,219,600	0.45
26.	Ewe Wah Foo	2,100,000	0.43
27.	Tan Wee Hwang	2,099,000	0.43
28.	Lim Chong Yaw	2,030,000	0.42
29.	Liew Shui Hong	2,020,000	0.41
30.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Koay Ai Ling	2,000,000	0.41

ANALYSIS OF **WARRANT HOLDINGS**
AS AT 30 JUNE 2017

Type of Securities	:	Warrants 2015/2018
No. of Warrants Issued	:	244,500,000
Exercise Price	:	RM0.11
Exercise Period	:	23 April 2015 to 22 April 2018

DISTRIBUTION OF 2015/2018 WARRANT HOLDINGS

Size of Holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100	58	2,853	*
100 - 1,000	12	6,750	*
1,001 - 10,000	61	382,250	0.16
10,001 - 100,000	411	22,004,522	9.00
100,001 - less than 5% of issued warrants	360	190,116,225	77.76
5% and above of issued warrants	2	31,987,400	13.08
Total	**904**	**244,500,000**	**100.00**

* Negligible

DIRECTORS' WARRANT HOLDINGS
(As per the Register of Directors' Warrant Holdings)

	No. of Warrants 2015/2018 Held			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Dato' Sri Ahmad Said Bin Hamdan	–	–	–	–
Dato' Sri Dr. Pang Chow Huat	–	–	–	–
Kua Khai Shyuan	–	–	–	–
Muhammad Radhi Bin Azizan(1)	–	–	–	–
Ong Tee Kein	–	–	–	–

Notes:
(1) En. Muhammad Radhi Bin Azizan has resigned as an Independent Non-Executive Director of the Company on 14 July 2017.

THIRTY LARGEST 2015/2018 WARRANT HOLDERS AS AT 30 JUNE 2017

No	Name	No. of Shares held	%
1.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Koh Boon Poh	18,731,900	7.66
2.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Heng Yong Kang @ Wang Yong Kang	13,255,500	5.42
3.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Lai Yee Voon	8,633,900	3.53
4.	Kong Lieng Tee	6,000,000	2.45
5.	Ng Yew Choy	5,100,000	2.09
6.	Loh Hsin Yuan	4,469,000	1.83
7.	Cimsec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Pey Ling	3,991,700	1.63
8.	Tok Boon Seong	3,664,400	1.50
9.	Yeoh Chin Hoi	3,400,000	1.39
10.	Tan Yong Ping	3,083,000	1.26
11.	Affin Hwang Nominees (Asing) Sdn. Bhd. Exempt an for Sanston Financial Group Limited	3,000,000	1.23
12.	Puah Ah Chin	2,300,000	0.94
13.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Yong Wan Keong	2,250,000	0.92
14.	Goh Kha Mooi	2,000,000	0.82
15.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Wong Ah Yong	2,000,000	0.82
16.	Kor Chun Khuan	2,000,000	0.82
17.	Laila Binti Ismail	2,000,000	0.82
18.	Loh Siew Ling	1,985,400	0.81
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. Lee Yik Seng	1,810,200	0.74

No	Name	No. of Shares held	%
20.	Maybank Nominees (Tempatan) Sdn. Bhd. Ngu See Hing	1,528,300	0.63
21.	Mah Wee Hian @ Mah Siew Kung	1,525,000	0.62
22.	TA Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chua Kian Lam	1,500,000	0.61
23.	Ng Eng Howe	1,500,000	0.61
24.	Koh Mun Wai	1,500,000	0.61
25.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. Pledged securities account for Tok Boon Seong	1,500,000	0.61
26.	Ngu See Hing	1,450,000	0.59
27.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Cheong Wai Lun	1,309,000	0.54
28.	Yusof Bin Idris	1,300,000	0.53
29.	Normala Binti Mohamed	1,200,000	0.49
30.	Ngu Peah Ching	1,200,000	0.49

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of DGB Asia Berhad ("DGB" or "the Company") will be held at Kayangan Suite, Pulai Springs Resort, 20 km, Jalan Pontian Lama, 81110 Pulai, Johor Darul Takzim on Tuesday, 29 August 2017 at 11.00 a.m. to transact the following businesses:-

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 31 March 2017 together with the reports of the Directors and Auditors thereon. **Please refer to Note i**

2. To approve the payment of Directors' fees of RM378,000 and benefits of RM14,381 for the financial period ended 31 March 2017. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees and benefits of up to RM396,000 for the financial year ending 31 March 2018. **Ordinary Resolution 2**

4. To re-elect Mr. Kua Khai Shyuan who retires by rotation in accordance with Clause 104 of the Company's Constitution. **Ordinary Resolution 3**

5. To re-appoint Messrs. Siew Boon Yeong & Associates as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business
To consider and if thought fit, to pass the following resolution with or without modifications:-

6. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 5**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, 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 total number of issued shares of the Company (excluding treasury shares) 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 2016.

By order of the Board

TEA SOR HUA (MACS 01324)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan

31 July 2017

Notes:

i. The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, Agenda No. 1 is not put forward for voting.

ii. A member who is entitled to attend and vote at the Eleventh Annual General Meeting ("Meeting") shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his stead. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

iii. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

iv. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies 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 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 of 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. 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 Clause 65(3) of the Company's Constitution to issue a General Meeting Record of Depositors as at 22 August 2017. Only members whose names appear in the General Meeting Record of Depositors as at 22 August 2017 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

viii. To be valid, the instrument appointing a proxy must be deposited at the Share Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. 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 Sections 75 and 76 of the Companies Act 2016. 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 total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to 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, 48,900,000 new ordinary shares were issued by the Company via a private placement exercise at an issue price of RM0.03762 per share pursuant to the general mandate granted to the Directors at the last Annual General Meeting held on 25 February 2016. The Company has yet to utilise the gross proceeds of RM1,839,618.00 raised from the private placement exercise.

DGB ASIA BERHAD
(721605-K)

PROXY FORM

I/We____________________________________NRIC/Company No.______________________________
(full name in capital letters)

of____
(full address)

being (a) member(s) of DGB ASIA BERHAD hereby appoint ______________________________________

____NRIC No.______________________________
(full name in capital letters)

of____
(full address)

and/or* ____________________________________NRIC No.______________________________
(full name in capital letter)

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 Eleventh Annual General Meeting of the Company to be held at Kayangan Suite, Pulai Springs Resort, 20 km, Jalan Pontian Lama, 81110 Pulai, Johor Darul Takzim on Tuesday, 29 August 2017 at 11.00 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 and benefits for the financial period ended 31 March 2017.		
2.	To approve the payment of Directors' fees and benefits for the financial year ending 31 March 2018.		
3.	To re-elect Mr. Kua Khai Shyuan as Director who retires by rotation in accordance with Clause 104 of the Company's Constitution.		
4.	To re-appoint Messrs. Siew Boon Yeong & Associates as Auditors of the Company.		
5.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

*delete whichever not applicable

CDS Account No.	
Number of Shares Held	

Dated this __________ day of _____________2016.

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	**%**
Proxy 1		
Proxy 2		
TOTAL		100

____
Signature of Member(s)/Common Seal

NOTES:

i. *A member who is entitled to attend and vote at the Eleventh Annual General Meeting ("Meeting") shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his stead. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

ii. *A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*

iii. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

iv. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*

v. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of 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.*

vi. *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 Clause 65(3) of the Company's Constitution to issue a General Meeting Record of Depositors as at 22 August 2017. Only members whose names appear in the General Meeting Record of Depositors as at 22 August 2017 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*

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AFFIX
STAMP

The Share Registrar
DGB ASIA BERHAD **(721605-K)**
c/o ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Malaysia

1st fold here

DGB ASIA BERHAD
B-2-1, IOI Boulevard, Jalan Kenari 5, Bandar Puchong Jaya, 47170 Puchong, Selangor, Malaysia
Tel: +603 8079 0133 Fax : +603 8079 0155 Email: enquiry@dsc.com.my