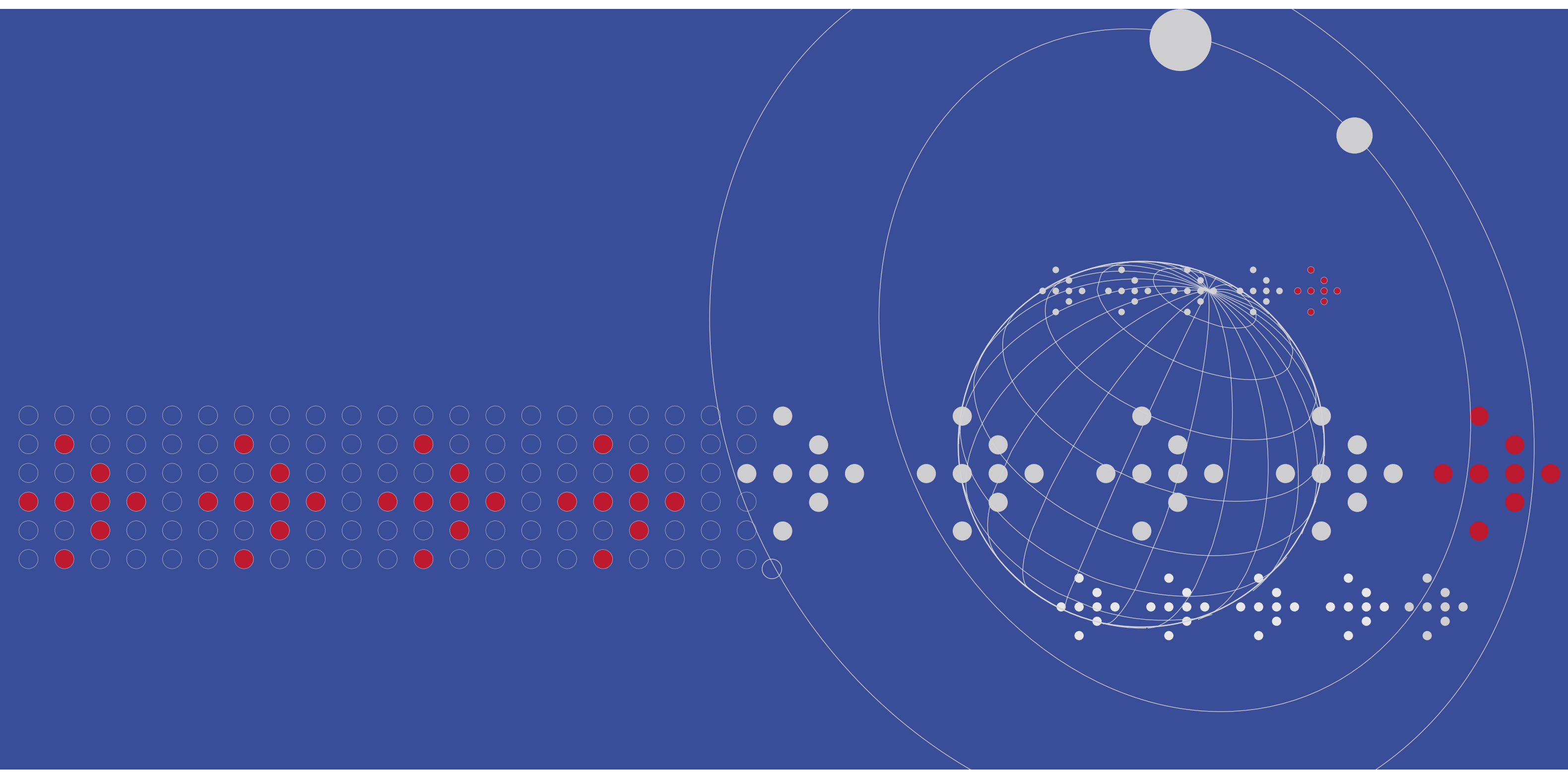

DGSB

DIVERSIFIED GATEWAY SOLUTIONS BERHAD

(Formerly known as ISS CONSULTING SOLUTIONS BERHAD)
(Company No. 675362-P)

Level 16, Menara Maxisegar,
Jalan Pandan Indah 4/2,
Pandan Indah,
55100 Kuala Lumpur,
MALAYSIA.
Tel : +603 4291 9233
Fax : +603 4291 7633
URL : www.dgsbgroup.com

DIVERSIFIED GATEWAY SOLUTIONS BERHAD (675362-P)

Annual Report 2012

DGSB

DIVERSIFIED GATEWAY SOLUTIONS BERHAD

(Formerly known as ISS CONSULTING SOLUTIONS BERHAD)
(Company No. 675362-P)

Adding **Value** Together

Annual Report **2012**

BUSINESS SEGMENTS

Subsidiaries in the two core I.T. business segments of the Group

NETWORKS

Provision of a comprehensive range of tele/data communication and networking solutions and services.

Diversified Gateway Berhad

SOLUTIONS

Provision of integrated business solutions based on SAP software.

ISS Consulting (Malaysia) Sdn Bhd
ISS Consulting (S) Pte Ltd
ISS Consulting (Thailand) Ltd

CONTACT PARTICULARS OF SUBSIDIARIES

DIVERSIFIED GATEWAY BERHAD (Co. No. 301306-T)
Level 16, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur, Malaysia
TEL (603) 4291 9233 **FAX** (603) 4291 7633

ISS CONSULTING (MALAYSIA) SDN BHD (Co. No. 446809-P)
16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur, Malaysia
TEL (603) 2078 4488 **FAX** (603) 2070 6893

ISS CONSULTING (S) PTE LTD (Co. No. 199805226N)
20 Kallang Avenue, Level 6 PICO Creative Centre, Singapore 339411
TEL (65) 6887 3418 **FAX** (65) 6887 3581

ISS CONSULTING (THAILAND) LTD (Co. No. (5) 1662/2542)
323 United Center Building, Level 19, Unit 1903A, Silom Road, Silom, Bangrak Bangkok 10500
TEL (662) 237 0553 **FAX** (662) 237 0554

Table of Contents

Corporate Profile

Diversified Gateway Solutions Berhad (DGSB) Group of Companies' solution offerings include being a leading service provider of integrated business solutions in the SAP environment as well as a leading networking systems integrator. With its Head office in Malaysia, the DGSB Group has a total staff force of close to 100 SAP Consultants employed in Singapore, Thailand and Malaysia as well as more than 50 network engineers. On the strength of a diversified and renowned customer base built up over the years, the Group has deployed state-of-the art SAP solutions across various industries and spanning over the continent of Asia as well as a full range of tele/data communications solutions in Local Area Network, Wide Area Network, Transmission, Switching and Operation Support Systems throughout Malaysia.

ISS (M), ISS (T) and ISS (S) (collectively "ISS"), wholly owned subsidiaries of DGSB represent the Solutions Segment of the DGSB Group and respectively offer tailored solutions and service portfolio for the entire life cycle of an IT investment on the software and Enterprise Resource Planning front in Malaysia, Thailand and Singapore. Our combined industry competence and SAP industry solutions make us a strategic partner for medium-sized companies. At the same time, Large Enterprise rely on our subject competence of SAP's innovative solutions, where ISS leads the path in implementing SAP's latest products, helping customers to deploy new solutions that are launched by SAP.

On the Networks Segment, DGB, another wholly owned subsidiary of DGSB, has extensive experience and success in providing services such as requirement studies, network design, installation, maintenance, consultancy, project management, operation and management and implementing and supporting large carrier and enterprise networks in Malaysia. DGB, also has nationwide service centres manned directly by staff employed by DGB to support its customers across Malaysia.

THE SOLUTIONS

Software and Enterprise Resource Planning

> **SAP BUSINESS SUITE – *Business Process Efficiency across the Enterprise***

SAP Business Suite is modular enterprise software that supports end-to-end industry processes. Using SAP Suite allows a company to effectively coordinate business and IT strategies at the same time. Comprehensive business process support, with industry level specifics, helps a company execute strategies that save operational costs or stimulate productivity, without the complexity of managing multiple technology platforms.

Business and IT decision makers can use SAP Business Suite applications to improve visibility into mission critical business processes – and expand and innovative without disruption through proven, built-in best practises for access to information anytime, anywhere.

Built on an open, service-oriented architecture (SOA) – and powered by the SAP NetWeaver technology platform, SAP Business Suite offers companies the opportunity to transform business processes efficiently and integrate business process effectively.

> **ISS XPRESS SOLUTIONS – *Empowering Small and Medium-Sized Business***

ISS is a proven expert at helping companies evolve and grow, delivering the robust power of SAP in a real, sustainable way. With more than a decade of experience and trust, ISS has built up expertise in various industries, such as chemicals, pharmaceuticals, agribusiness, maritime, automotive, retail as well as manufacturing and distribution.

> ISS XPRESS SOLUTIONS – *Empowering Small and Medium-Sized Business* (Cont'd)

With this industry knowledge, ISS has developed its Xpress suite of solutions based on the SAP ERP platform. These products incorporate SAP's state of-the-art functionality, Best Industry Practices, ISS industry experience and a proven implementation methodology to deliver affordable pre-configured and industry specific solutions for the mid-market segment. Today, we have developed and commercialized solutions, such as:

- CHEM XPRESS
- AUTO XPRESS
- IMC XPRESS
- PLANTATION XPRESS
- PHARMA XPRESS
- HighTech-One

With speed in implementation, ISS Xpress Solutions allows companies to streamline their business processes, improve operational efficiency and gain visibility across the entire enterprise, within weeks instead of months.

> BUSINESS OBJECTS – *Visualizing Business Information*

SAP BusinessObjects offers a broad portfolio of tools and applications designed to help companies optimize business performance by connecting people, information and business across business networks.

SAP BusinessObjects XI solutions include SAP BusinessObjects Enterprise Software, as well as software for information discovery and delivery; information management; and query, reporting and analysis. With these solutions, ISS help companies establish a business intelligence (BI) platform that provides immediate access to trusted business information.

Crystal Reports, the leading report generation software that allows reports designers to create highly formatted reports that are connected to virtually any data source.

It helps customers with on-report sorting and filtering, giving them the tool to make informed decisions instantly. Xcelcius, the leading Dashboard and Visualization software from Business Objects, allows the creation of dynamic and interactive dashboards, which can be embedded in Microsoft Office files, or other familiar formats.

> BPC – *Business Planning & Consolidation*

ISS offers large corporations (who have multiple subsidiaries be it locally or abroad) a sophisticated solution for their planning, budgeting and consolidation needs.

Using familiar interfaces such as Microsoft Excel, BPC allows companies to implement their own planning methods and adjust them with the ever-changing market environments. Integration with SAP ERP allows comprehensive variance reporting, what-if-analysis and scenario planning.

The Consolidation module covers all consolidation-related activities such as currency conversion, intercompany elimination and multi-tier allocations. A predefined schedule provides an overview of the status of ongoing consolidation activities.

Integrated with Business Object Reporting tools, BPC can also make full use of a range of reporting tools from ad-hoc reports using Web Intelligence to Dashboard reporting.

Network

> Core and Long Haul Network Solution

An integrated carrier grade solution offered to service providers and/or large enterprises for its backbone or transport services over IP, Ethernet (Packet based) or SONET, SDH, WDM (Optical based).

Packet based solutions allow our customers to confidently offer private lines, VPN and advance services on a single integrated backbone whilst SONET and SDH technologies are primarily used to support traditional TDM voice and emerging packet solutions and additional services which are not supported by packet solutions such as Television distribution, Fiber Channel Storage and many installed security systems. These networks can further leverage on the bandwidth and distance extensions provided by an underlying DWDM network.

> Wireless Connectivity Solution

Wireless connectivity solutions offered include high speed broadband wireless from 52Mbps up to 1.25Gbps for both Enterprise LAN and Service Provider mobile wireless network, together with metro access. The solution is based on FSO (Free Space Optic Technology) and is ideal to deliver the speed of fiber with the flexibility of wireless connectivity for distances of 10m to 5km.

Further, digital microwave radio/spread spectrum transmission technology is also offered as a wireless connectivity solution. The said solution caters for both voice and data application over public or private networks. The advantage of deploying digital microwave radio technology is that it delivers very low bit error rate links that are highly immune to interference.

The applications supported over the wireless network include wireless local loop (WLL), Wide Area Networking (WAN) and Metropolitan Area Networking (MAN). The high performance links offered are ideal for frame relay applications and last mile feeders into optical and satellite networks. The obvious advantages of wireless connectivity are less time consuming and more cost effective as compared to fiber trenching.

> WAN – *Wide Area Networking*

Our expertise in networking solutions include providing data communication solutions that support several networking technologies such as ATM, Frame Relay, IP and Voice on a single platform or more aptly known as convergence technology.

The technologies and solutions offered are ideal for both enterprises and service providers for access adaptation or backbone switching. In detail, it supports core connectivity and allows revenue generating services to be technically and commercially deployed in the most effective manner.

The services supported under this platform are Intranet services, Internet access, extranets, next-generation wireless networks including TDMA, GSM, GPRS, UMTS, CDMA radio technologies & packet voice networking.

> Service Providers Network Solutions

Our expertise in networking solutions include providing revenue generating solutions to service providers in the area of Storage Area Network (SAN) for mission critical customers especially in the financial industry where business continuity is of utmost importance in the event of crisis. This service can be delivered via the DWDM technology.

The optical network technology and solution offered will also enable service provider to offer data, VOIP (Voice over IP), voice and multimedia centric application, broadcast, IP Video, Ethernet VPN and even broadband solution via readily infrastructure.

> **Local Area Network (LAN) Solutions**

We also focus on delivering a complete LAN solution to our customers in the areas of Structured Cabling and LAN switching (2 tier or 3 tier network topology). The structured cabling encompasses both the horizontal cabling (Cat.5e and Cat.6 UTP cabling) and vertical fiber optic cabling (singlemode and multimode).

Together with LAN switching, we also provide Network performance monitoring and Bandwidth Management solutions that ensures the smooth operation of networks. Further, we also offer network security solutions such as multi-tiered Firewall architecture and also IDS (Intrusion Detection System) as well as IPS (Intrusion Prevention System) against virus attacks, worms and hackers.

Physical encryption devices to encrypt and ensure secured data and voice communication between point to point and multipoint are also available in the form of fax, telephone, mobile phone, modem, leased line, ISDN encryption device with SBLH, 256 bit encryption algorithms.

THE SERVICES

Software and Enterprise Resource Planning

> **SAP Consulting – *Providing End-to-End Solutions***

ISS offers a wide scope of SAP services ranging from feasibility studies to full scale implementation for growing companies and established multinational organizations. With a strong commitment in providing our clients with comprehensive end-to-end business solutions through a high degree of team work and the ideal project methodology, we have successfully delivered the desired results consistently.

We also provide key user and end-user training, conduct spot consulting and quality assessment checks. Our team has the technical expertise that can be called upon to supplement your existing internal SAP competence centre, as and when required.

> **Application Management Support – *Expertise on Request***

ISS maintains a certified SAP Helpdesk Centre that provides support services for our customers across Asia. With teams in Malaysia, Singapore and Thailand, we support customers of all sizes with services ranging from 1st level telephone support to remote installation and development of enhancements. We provide complete technical competence and ensure the smooth running of SAP systems, so customers can concentrate on their core business without having to invest in large internal SAP support teams.

> **Upgrade & Migration – *Continuous Improvement***

ISS provides upgrade & migration services that include key user training, delta training, technical and application support as well as data migration services. We have executed many upgrade projects and helped our customers through all phases of the upgrade. With the full resources and best practices of ISS knowledgeable support, customers are able to continuously benefit from the latest products offered by SAP.

> **International Rollout Projects**

Over the last 10 years ISS has established itself as an SAP Rollout Specialist in Asia. We have helped a significant number of customers with rollout projects covering countries such as China, Japan, Korea, Australia, New Zealand and others in Asia. Using a mix of local and regional consultants for such rollouts, ISS provides a cost effective alternative to address both local, cultural and legal issues as well as regional standardization requirements.

> Customized Development

An experienced team of Java, PHP and ABAP Developers is available to develop any requested custom-build solution. We have delivered solutions across the whole spectrum of bespoke requirements: from enhancements to existing SAP installation to a completely custom developed ERP solution for the steel industry.

We have developed point-of-sale systems which are being deployed by leading retailers in the region and integrated those into SAP back-office solutions. Using state-of-the-art development tools, we have created solutions for hand-held devices to automate and improve Warehouse Management operations, interface solutions between system and companies, and have been responsible for various solutions covering the full range of the software development lifecycle.

Network

> Support Services

DGB provides a wide-range of support services options for customers to choose from in accordance with their needs and budgets.

a. Maintenance services

We offer flexible Maintenance Services for customers who have requirement constraints as well as budget constraints. Our options include differing radius coverage, response times, number of spares coverage as well as number of days and/or hours of coverage (option to include Sat, Sun or even Public Holidays).

We are one of the few integration companies in the nation that has our own service centers nationwide. Our service team are hired and trained with the necessary technological skills by our principals and consultants in order to provide maintenance and support to our customers on a 24 hours basis, if necessary. We also offer a response time of between 2 to 4 hours, one of the fastest in the IT industry.

The products that we support ranges from modems (standalone or rack mount), PCs, Point-of-Sales, Servers to network equipment such as network switches, routers, wireless equipment and optical switches covering customer head quarters, state branches, as well as agents on a nationwide basis. We currently maintain networks deployed by Internet Service Providers (ISPs), Financial Service Institutions, Telco Providers, Insurance companies, Banks and Oil and Gas companies.

We also cater to customers who require Preventive Maintenance to their systems on a monthly, quarterly or half yearly basis. The scope of work here encompasses checking and running diagnostic tests on machines to ensure that parts are working correctly and potential problems are eradicated or minimised.

b. Technical Services

Services such as installation, testing, demonstrations, commissioning, network management, performance tuning as well as monitoring are also available. Our engineers are skilled with many multitudes of hardware and software (SCO Unix, HP Unix, NT etc) and are more technologically oriented rather than product oriented. This makes them versatile to deal with problems in a multi-vendor environment.

Corporate Information

BOARD OF DIRECTORS

Dato' Gan Nyap Liou @ Gan Nyap Liow
Independent Non-Executive Chairman

Mr Lau Chi Chiang
Executive Director and Chief Executive Officer

Mr Robin Lim Jin Hee
Executive Director and Chief Operating Officer

Ms Neo Poh Lian
Executive Director

Mr Hoe Kah Soon
Mr Chan Hiok Khiang
Mr Au Yong Kam Weng
Independent Non-Executive Directors

BOARD COMMITTEES

Audit Committee
Mr Hoe Kah Soon *(Chairman)*
Mr Au Yong Kam Weng
Mr Chan Hiok Khiang

Nomination Committee
Dato' Gan Nyap Liou @ Gan Nyap Liow *(Chairman)*
Mr Au Yong Kam Weng
Mr Hoe Kah Soon

Remuneration Committee
Dato' Gan Nyap Liou @ Gan Nyap Liow *(Chairman)*
Mr Chan Hiok Khiang
Mr Lau Chi Chiang

Executive Committee of the Board
Mr Chan Hiok Khiang *(Chairman)*
Mr Lau Chi Chiang
Mr Robin Lim Jin Hee
Mr Albert Boudville

COMPANY SECRETARY

Ms Lim Shook Nyee
[MAICSA No. 7007640]

SHARE REGISTRAR

Bina Management (M) Sdn Bhd (50164 V)
Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya,
Selangor Darul Ehsan.
Tel : +603 7784 3922
Fax : +603 7784 1988

AUDITORS

Crowe Horwath
Level 16, Tower C, Megan Avenue II,
12 Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel : +603 2788 9999
Fax : +603 2788 9998

SPONSOR

M & A Securities Sdn Bhd
45-3 The Boulevard,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : +603 2284 2911
Fax : +603 2284 2718

REGISTERED OFFICE

16th Floor, KH Tower,
8 Lorong P. Ramlee,
50250 Kuala Lumpur.
Tel : +603 2078 4488
Fax : +603 2070 6893

HEAD OFFICE

Level 16, Menara Maxisegar,
Jalan Pandan Indah 4/2,
Pandan Indah,
55100 Kuala Lumpur.
Tel : +603 4291 9233
Fax : +603 4291 7633

STOCK EXCHANGE LISTING

ACE Market,
Bursa Malaysia Securities Berhad

PRINCIPAL BANKERS

Public Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
EON Bank Berhad
Hong Leong Islamic Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad

WEBSITE ADDRESS

www.dgsbgroup.com

Corporate Structure

BRIEF SUMMARY

The Company changed its name to Diversified Gateway Solutions Berhad ("DGSB") after its Annual General Meeting on 22 September 2011. This change marked the completion of the reverse acquisition of ISS Consulting Solutions Berhad and a new era for the DGSB group. To this extent, the group has successfully streamlined its policies, procedures and processes and has also successfully resolved most of the outstanding issues that was previously plaguing the Company. As such, for the financial year ended 31March 2012 ("FY 2012"), the solutions segment of the group had been undergoing a market repositioning exercise, an exercise which will be seen continuing on into this new financial year.

Over and above the said market repositioning exercise of the solutions segment, DGSB is looking into increasing its suite of solution offerings by way of organic growth and through strategic partnerships and acquisitions to complement its current networking business. As the DGSB group looks into expanding its business, corporate exercises have been proposed to shareholders of DGSB in order to position the group for such plans.

PERFORMANCE

The Group recorded total consolidated revenue of RM63.7 million an increase of approximately 3.6% from the preceding financial year and consolidated loss before tax of RM4.7 million for FY 2012 a 69.4% improvement from the preceding financial year. Notably, the stark improvement in consolidated losses by RM10.7 million was largely due to:

a) a higher gross profit margin of RM3.8 million compared to a significantly depressed gross profit margin of RM1.1 million for the previous year in the solutions segment; and
b) lower expenses by approximately RM5.8 million due to a reduction in workforce associated with a market repositioning exercise of the solutions segment.

Despite the improvement in gross profit margin and lower employee related expenses during FY2012, the Group still suffered a loss before tax of RM4.7 million mainly as a result of the following factors:-

a) a provision made by the Group for impairment in value of goodwill of RM3 million in two of its subsidiaries; and
b) allowance for impairment loss and bad debts written off on trade receivables made by the Group amounting to approximately RM3.2 million; and
c) cost written off for a foreseeable loss of approximately RM4.5 million in one of the existing projects of a subsidiary.

CORPORATE PROPOSALS

On 26 March 2012, the Company announced its proposal to undertake a Renounceable Rights Issue of up to 338,969,273 new ordinary shares of RM0.10 each in DGSB ("Rights Shares") together with up to 338,969,273 Free Detachable Warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every four (4) existing ordinary shares of RM0.10 each held in DGSB ("DGSB Shares") together with one (1) free Warrant for every one (1) Rights Share subscribed at an entitlement date, to be determined later by the board of directors ("Board") ("Proposed Rights Issue with Warrants").

Bursa Securities had vide its letter dated 6 July 2012 approved the following:

(i) Listing of up to 338,969,273 new DGSB Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
(ii) Admission to the Official List and the listing and quotation of up to 338,969,273 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
(iii) Listing of up to 338,969,273 new DGSB Shares to be issued pursuant to the exercise of the Warrants.

Bank Negara Malaysia had also vide its letter dated 19 July 2012 approved the issuance of the Warrants to non-residents of the Company.

OPERATIONS

The year in review was definitely a better year for the management team as they work towards resolving the last few outstanding legacy issues. In this regard, provisions for the impairment of bad debts and costs were made by the Group.

With most of these issues behind us, I am confident that the worst is over for the DGSB Group. As such, together with our strategic plans for both the solutions and network segments and market repositioning exercise for the solutions segment, moving forward, business for the DGSB group will grow from strength to strength.

However, lest we become too complacent, do rest assured that the Board and senior management shall continually review the effectiveness of the management team to ensure that the Group is on track in achieving its goals.

PROSPECTS

The ICT sector continues to be a key focus for Malaysia and is expected to gain greater momentum as the contribution of the ICT industry to GDP is targeted to increase to 10.2% by 2015 under the 10th Malaysia Plan.

The government's National Broadband Initiatives has seen an increase in capital spending in the communication sub-sector of the Information and Communication and Technology (ICT) sector. Key industry players have not only been upgrading their mobile broadband infrastructure, but have also been expanding their network and broadband coverage to rural areas. As a result of which, broadband penetration rate has risen to 62.3% of households as at end 2011 an improvement by 7% vis a vis 2010.

The DGSB group is most excited with these initiatives by the Government to promote the connectivity of households and businesses as it has and will hopefully continue to translate to more business opportunities for the network segment of the group. In addition, the group sees this increase in connectivity as a positive step for the solutions segment of the group as the improvement of network and broadband coverage will once again transform the way businesses are conducted as solutions become increasingly accessible via the cloud.

APPRECIATION & ACKNOWLEDGEMENT

I would like to record my deepest appreciation to my fellow Directors who have resigned namely Dato' Hairuddin and Mr Wong Kit Leong during FY 2012. We thank you for your commitment, dedication and contribution to the DGSB Group and wish you every success in your future endeavors. I would also like to take this opportunity to extend a warm welcome to the newly appointed directors. I look forward to very exciting times ahead with all of you.

Appreciation must also be extended to the employees of the DGSB Group for their relentless commitment and contribution to the Company. With your continued hard work and dedication, I firmly believe that we are well positioned to grow from strength to strength in the coming years.

Last but certainly not least, to all our customers, shareholders, business partners and associates, I thank you for your unwavering support and look forward to your continuous support in the years to come.

Thank you.

Dato' Larry Gan Nyap Liou
CHAIRMAN

DATE: 25 July 2012

Profile of Directors

DATO' (LARRY) GAN NYAP LIOU @ GAN NYAP LIOW

- *Chairman of the Board, Independent Non-Executive Director*
- *Age 57, Malaysian*

Dato' Larry Gan became a member of the Board on 6 March 2012 and was appointed to be the Chairman of the Board, Nomination Committee and Remuneration Committee on 20 April 2012.

Dato' Larry Gan is a Certified Management Consultant and a Chartered Accountant.

Dato' Larry Gan was with Accenture, a global management and technology consulting firm for 26 years until his retirement in December 2004. He was a worldwide partner for 16 years and held many global leadership positions including Managing Partner of Asia and Corporate Development Asia Pacific. He was Chairman of the CEO Advisory Council and a member of the Global Management Council from 1997 to 2004.

He had served as Chairman of the Association of Computer Industry Malaysia (PIKOM), and a member of the Ministry of Science and Technology Think Tank, Copyright Tribunal, and the Labuan International Financial Exchange Committee.

Dato' Larry Gan is currently the Chairman of Cuscapi Berhad and Catcha Media Berhad. He sits on the Boards of AMMB Holdings Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad, Tien Wah Press Holdings Berhad, Amcorp Properties Berhad, Tanjong Public Limited Company, Prestariang Berhad, Formis Resources Berhad and Saujana Resort (M) Berhad. He is a Director of Minority Shareholder Watchdog Group and Chairman & Director of British Malaysian Chamber of Commerce.

MR LAU CHI CHIANG

- *Executive Director and Chief Executive Officer*
- *Age 48, Malaysian*

Mr Lau was appointed as Chief Executive Officer of the Company on 14 April 2010 and as an Executive Director of the Company on 6 March 2012. On 20 April 2012, he was appointed a member of the Remuneration Committee and Executive Committee of the Board.

Mr Lau graduated with a Bachelor of Arts (Honours) from Universiti of Malaya, Malaysia. Thereafter, he pursued and obtained his Master of Business Administration from Southern Cross University, Australia.

Mr. Lau started his career as an Account Manager at Innovest Systems and Services Sdn Bhd in 1989 and later left to join Digital Transmission Systems Sdn Bhd in 1991 as General Sales Manager, a position which he held until he left in 1997.

Mr. Lau joined Diversified Gateway Berhad ("DGB") in 1997 and currently also serves as Managing Director of DGB.

MR ROBIN LIM JIN HEE

- *Executive Director and Chief Operating Officer*
- *Age 50, Malaysian*

Mr Robin Lim joined the Board as an Executive Director on 14 April 2010 and was appointed a member of the Remuneration Committee on 20 April 2010, a position he held until 20 April 2012. On 4 April 2011, Mr. Robin Lim was appointed as the Chief Operating Officer of the Company. He was thereafter also appointed a member of the Executive Committee of the Board on 20 April 2012.

Mr Robin Lim obtained a Bachelor of Science degree specialising in Computer Science and with a major in mathematics from University of Toronto, Canada. He joined Diversified Gateway Berhad in 1997 as General Manager and was appointed as Executive Director in 2003. Having been in the information technology industry since 1983, he has been exposed to various lines of employment covering software customisation to marketing. Some of his previous employers include AIM Computer Sdn Bhd, Computer Protocol Sdn Bhd and Digital Transmission Systems Sdn Bhd.

He currently serves as Director on the board of Diversified Gateway Berhad.

MS NEO POH LIAN

- *Executive Director*
- *Age 51, Malaysian*

Ms Neo joined the Board as an Executive Director on 14 April 2010.

Ms Neo obtained a B.A (Hons) in Finance with Accounting from University of East London. Upon her graduation, she remained in London for three years for her articleship. She returned to Malaysia in early 1988 and later joined Formis Computer Services Sdn Bhd ("FCS") in June as Finance Executive. In the following year, she was promoted to Finance and Administration Manager. In 1994, she was involved in a Management Buy-Out of FCS and was subsequently appointed to the Board in the same year. Ms Neo was appointed Executive Director of Perduren (M) Berhad from 2000 to 2006.

She was then appointed to Formis Resources Berhad ("FRB") upon completion of its acquisition of all the information technology businesses of Perduren (M) Berhad in 2006. Ms Neo, in her capacity as Corporate Vice President, Operations is responsible for all matters relating to operations of FRB group of companies including finance and accounting.

She currently serves as Director on the board of Formis Holdings Berhad, Diversified Gateway Berhad and several other private companies.

MR AU YONG KAM WENG

- *Independent Non-Executive Director*
- *Age 56, Malaysian*

Mr Au Yong joined the Board on 2 April 2010. He was also appointed a member of the Audit Committee on the same date. On 20 April 2010, he was appointed the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. On 20 April 2012, he relinquished his role as the Chairman of the Audit Committee and a member of the Remuneration Committee and remained a member of the Audit Committee.

A MACPA graduate, Mr Au Yong is also a member of the Malaysian Institute of Accountants. He was employed as a financial controller as well as a general manager for several large Malaysian companies, such as Avetani (M) Sdn Bhd, South Malaysia Industries Berhad and Asian Pac Holdings Berhad. Thereafter he took up his current employment as a remisier at Hwang-DBS Securities Berhad. Mr Au Yong continues to keep updated with the development in accounting standards and risk management. With his extensive training and experience in the field of accounts and finance, Mr Au Yong contributed significantly to the Group in the areas of financial reporting and compliance.

He currently serves as an independent non-executive director on the board of Formis Resources Berhad.

MR CHAN HIOK KHIANG

- *Independent Non-Executive Director*
- *Age 55, Malaysian*

Mr Chan joined the Board on 1 December 2011. On 20 April 2012, he was appointed a member of the Audit Committee and Remuneration Committee and the Chairman of the Executive Committee of the Board.

Mr Chan is a graduate from Imperial College, London where he obtained his Bachelor of Science (Engineering) with 1st Class Honors. He was also awarded the Sarawak Shell Scholarship for his studies in Imperial College from 1976 to 1979.

Mr Chan has over 25 years of experience in management and engineering consulting. He was formerly a consulting partner with Accenture, the largest global management consulting firm. Before he resigned from Accenture in December 2004, he was head of Products Industry for Malaysia and Thailand with special emphasis on automotive and health care. He spent a total of 21 years with Accenture in KL and Singapore. While with Accenture, he served in a variety of industries and management positions including being responsible for staff training, recruitment and business process consulting for Malaysia and eCommerce in Asia. In his role as a management consultant, he led and managed large IT systems implementation projects, developed business and technology strategy for large enterprises and led numerous business consulting engagements. Between 2000 and 2002, he was one of the general partners dealing with venture capital investments and corporate development work for Accenture in Asia Pacific.

Between 2005 and 2009, he served as an independent director with IFCA MSC Sdn Bhd.

MR HOE KAH SOON

- *Independent Non-Executive Director*
- *Age 53, Malaysian*

Mr Hoe joined the Board on 6 March 2012. He was then appointed the Chairman of the Audit Committee and a member of the Nomination Committee on 20 April 2012.

Mr Hoe holds a Bachelor of Accounting Degree from University Malaya, with a first class honours.

After graduation in 1982, he joined Arthur Andersen (Audit Division) where he successfully completed his MACPA examinations. In 1984, he transferred to its Consulting Division (which eventually became Accenture) and was admitted to global partnership in 1995. During his 23 years at Accenture, he specialised in program managing large scale business systems integration projects. He also assumed several leadership positions including Country Managing Partner Taiwan, member of the Accenture Global People Matters (HR) advisory committee and Head of Malaysia Resources Operating Group.

He is also an Independent Non-Executive Director of IFCA MSC Berhad.

Save where disclosed above, none of the Directors has :

- any family relationship with any Director and/or major shareholder of the Company
- any conflict of interest with the Company
- any conviction for offences within the past 10 years other than traffic offences

Notice of Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Thursday, 13 September 2012 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2012 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve payment of Directors' fees amounting to RM143,288 for the financial year ended 31 March 2012. **Resolution 2**

3. To re-elect Neo Poh Lian, who retires pursuant to Article 111 of the Company's Articles of Association and being eligible, offered herself for re-election. **Resolution 3**

4. To re-elect the following Directors retiring pursuant to Article 97 of the Company's Articles of Association and being eligible, offered themselves for re-election:

   (a) Chan Hiok Khiang **Resolution 4**
   (b) Dato' Gan Nyap Liou @ Gan Nyap Liow **Resolution 5**
   (c) Lau Chi Chiang **Resolution 6**
   (d) Hoe Kah Soon **Resolution 7**

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 8**

As Special Business

6. To consider and if thought fit, pass the following resolution as Ordinary Resolution :

   AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **Resolution 9**

   "THAT subject always to the Companies Act, 1965 and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To consider and if thought fit, pass the following resolution as Ordinary Resolution:

   PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE **Resolution 10**

   "THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in section 2.3 of the Circular to Shareholders dated 17 August 2012 subject to the following:-

i) the transactions are of a revenue or trading in nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholders' mandate in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give effect to the shareholders' mandate."

8. To consider and if thought fit, pass the following resolution as Special Resolution :

SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS") **Resolution 11**

"THAT the proposed amendments to the Articles of Association of the Company ("Proposed Amendments") as set out on page 17 of the Annual Report 2012 be and are hereby approved and adopted.

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the Proposed Amendments as set out on page 17 of the Annual Report 2012."

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

By Order of the Board

LIM SHOOK NYEE [MAICSA No. 7007640]
Company Secretary

Kuala Lumpur
17 August 2012

NOTES:

i) A member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

ii) A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.

iv) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company at 16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.

NOTES ON SPECIAL BUSINESS:

i) Resolution pursuant to Section 132D of the Companies Act, 1965

This is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last Annual General Meeting ("AGM") of the Company on 10 September 2011. The Company did not issue any new shares after the previous mandate was obtained at the last AGM.

The proposed Resolution 9, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors consider it to be in the best interest of the Company. Any delay arising from and cost involved in convening a general meeting to approve such issuance of shares should be eliminated. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

ii) Resolution pertaining to the Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

For Resolution 10, further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 17 August 2012 which is dispatched together with the Company's Annual Report 2012.

iii) Resolution pertaining to the proposed amendments to the Articles of Association of the Company ("Proposed Amendments")

The proposed Resolution 11, if passed, will bring the Articles of Association of the Company in line with the recent amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Details of the Proposed Amendments are set out on page 17 of the Annual Report 2012.

Proposed Amendments to the Articles of Association of The Company

In compliance with the recent amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company proposes to implement the following amendments to the Articles of Association of the Company (differences of which are highlighted in bold below under the column "Proposed Amended Articles"):

Existing Articles	Proposed Amended Articles
Article 88 – Voting rights of proxy A proxy shall be entitled to vote both on a show of hands and on a poll on any question at any General Meeting. Save for the authorised nominee defined under Article 89(3) below, a proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.	**Article 88 – Voting rights of proxy, qualification and rights of proxy to speak** A proxy shall be entitled to vote both on a show of hands and on a poll on any question at any General Meeting. Save for the **exempt** authorised nominee defined under Article 89(3) below, a proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. **There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting**.
Article 89 (3) – <u>Proxies by Nominees</u> Where a member of the company is an authorised nominee <u>as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.</u>	**Article 89 (3) – Appointment of multiple proxies** 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA**.

Statement on Corporate Governance

The Board of Directors ("the Board") of Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad) ("the Company") continues to maintain a high standard of corporate governance by adopting the substance and spirit of the principles and best practices advocated by the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") wherever possible and to ensure that effective self-regulatory controls exist throughout the Group to safeguard the Group's assets. The Board especially recognises the importance of good corporate governance in building and enhancing long term shareholders value and financial performance of the Group.

The Board is pleased to provide the following statement, which outlines the main corporate governance that has been in place throughout the financial year ended 31 March 2012.

1. DIRECTORS

Board Responsibilities

The Board is responsible for the overall governance of the Group by ensuring that the strategic guidance and succession plan of the Group, the effective monitoring of management goals, and accountability to the Group and shareholders as well as ensuring that the Group's internal controls, risk management and reporting procedures are well in place. The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with relevant rules and regulations, directives and guidelines. The Board members are attentive in applying high ethical standards in their decision-making, taking into account the interests of all stakeholders.

The core responsibilities of the Board include reviewing and approving the Group's business strategies and plans, significant policies and monitoring the Management's performance in implementing them. The Board assumes the six principal responsibilities specified in the Code when discharging its leadership and control responsibilities.

The Board has established four (4) Committees, namely the Audit Committee, the Executive Committee of the Board, the Remuneration Committee and the Nomination Committee (collectively referred to as "Board Committees"), each with specific authorities and responsibilities, to assist the Board to discharge its duties and responsibilities effectively. The Board Committees operate within clearly defined terms of reference and have the authority to examine particular issues delegated to them and report back to the Board with their recommendations and comments. The ultimate responsibility for the final decision on all significant matters proposed by the Board Committees, however, lies with the Board as a whole.

The current compositions of the Board Committees are as set out on page 7 of this Annual Report.

Composition and Board Balance

The Board presently comprises seven (7) members, of which four (4) are Independent Non-Executive Directors and three (3) Executive Directors. This composition complies with Rule 15.02 of the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") ("ACE Market Listing Requirements") which requires at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is higher, to be independent Directors. The Board, through annual review by the Nomination Committee, viewed the current Board composition to be appropriate in terms of its membership and size.

The Board's composition has the mix of knowledge, skill, expertise and strength in those qualities which are relevant and which enable the Board to carry out its responsibilities in an effective and competent manner. There is also a balance in the Board with the presence of Independent Non-Executive Directors of the necessary caliber and experience to carry sufficient weight in the Board's decisions. Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important to provide an independent view, advice and judgement and to take into account the interest of the Group, its shareholders, employees and communities in which the Group conducts its business. The profiles of the members of the Board are presented on pages 11 to 13 of this Annual Report.

Composition and Board Balance (Cont'd)

All Independent Directors of the Board are always within reach to the shareholders and thus, the Board does not consider it necessary to appoint a Senior Independent Non-Executive Director to serve as a point of contact for shareholders and other stakeholders to voice their concerns.

The Independent Non-Executive Chairman presides over all meetings of the Board and is responsible in ensuring that there is adequate deliberation and evaluation of proposals and information provided by the Management. The roles and responsibilities of the Independent Non-Executive Chairman and of the Executive Directors are clearly established, each having separate and clearly defined scope of responsibilities and authority. The division of roles and responsibilities ensures that there is no excessive concentration of power in the Independent Non-Executive Chairman and the Executive Directors. The Executive Directors have overall responsibility for the operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. The Independent Non-Executive Chairman is responsible for the leadership of the Board, ensuring its effectiveness and ensuring that proper strategy and business conduct are proposed to the Board for deliberation. He is constantly in touch with and maintains regular dialogue with the Executive Directors.

Appointments to the Board

The Nomination Committee has been established by the Board comprising entirely of Independent Non-Executive Directors. The Nomination Committee recommends to the Board suitable candidates for appointment as Directors, and filling the vacant seats of Board Committees. Meetings of the Nomination Committee are held as and when required, and at least once a year. The Nomination Committee had met twice during the financial year ended 31 March 2012.

The Nomination Committee has a formal assessment mechanism to assess the effectiveness of the Board as a whole and the contribution of each individual director. The current composition of the Nomination Committee is as set out on page 7 of this Annual Report.

Re-election

In accordance with the Company's Articles of Association, one third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election, provided always that all Directors shall retire from office once at least three (3) years but shall be eligible for re-election. The Directors to retire in that particular year shall be those who have been longest in office since their last election.

The Articles of Association of the Company further provides that Directors who are appointed by the Board to fill a casual vacancy or as an addition to the existing Board are subject to re-election by the shareholders at the next Annual General Meeting following their appointment.

Board Meetings

The Board meets at least four (4) times a year with additional meetings convened as and when necessary. The Agenda and Board papers for each meeting are circulated in advance before each meeting to the Board members. Urgent papers may be presented for tabling at the Board meetings under supplemental agenda. All deliberations by the Board, including issues discussed and decisions made are recorded by the Company Secretary in the minutes of meetings which are properly kept and produced for inspection, if required.

Senior management, if necessary, may be invited to attend these meetings to explain and clarify matters being tabled.

Board Meetings (Cont'd)

The Board met six (6) times during the financial year ended 31 March 2012 during which it reviewed and approved various issues including the quarterly financial results of the Group for the announcement to Bursa Securities as well as the business performance of the Group. The Board members also deliberate, and in the process, evaluate the feasibility of business propositions and corporate proposals as well as any principal risks that would have significant impact on the Group's business and the measures to mitigate such risks. Details of the attendances of the Directors at the Board meetings during the financial year ended 31 March 2012 are tabulated below:

Directors		Total Meetings Attended
Ms Neo Poh Lian		6/6
Mr Robin Lim Jin Hee		6/6
Mr Au Yong Kam Weng		6/6
Mr Chan Hiok Khiang	*(Appointed w.e.f. 1 December 2011)*	1/2
Dato' Gan Nyap Liou @ Gan Nyap Liow	*(Appointed w.e.f. 6 March 2012)*	1/1
Mr Lau Chi Chiang	*(Appointed w.e.f. 6 March 2012)*	1/1
Mr Hoe Kah Soon	*(Appointed w.e.f. 6 March 2012)*	1/1
Dato' Hairuddin Bin Mohamed	*(Resigned w.e.f. 31 March 2012)*	6/6
Mr Wong Kit Leong	*(Resigned w.e.f. 31 March 2012)*	5/6

Supply of Information

The Board has timely access to relevant information pertaining to the Group. Prior to each Board meeting, the Agenda for every Board meeting, together with comprehensive management reports, proposal papers and supporting documents, are furnished to all Directors. This is to facilitate the Directors to peruse the Board papers and seek clarifications that they may require from the Management or the Company Secretary well ahead of the meeting date.

All Directors have full and unrestricted access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board may consult with other Group employees and seek additional information where appropriate. Likewise, the Directors have access to independent professional advice whenever such services are needed to assist them in carrying out their duties, at the Company's expense.

Directors' Training

All the Directors of the Company have completed the Mandatory Accreditation Training Programme prescribed by Bursa Securities.

The Board of Directors shall be responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

During the financial year ended 31 March 2012, the Directors were briefed and updated from time to time during Board Meetings, particularly on topics including amendments to the ACE Market Listing Requirements and Financial Reporting.

In addition, members of the Board had also attended various training programmes, seminars and forum, with the exception of Ms Neo Poh Lian and Mr Chan Hiok Khiang who have not attended any training programme due to their tight schedule and business commitments, for the financial year ended 31 March 2012.

2. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and one (1) Executive Director. The Remuneration Committee is entrusted under its Terms of Reference to assist the Board, amongst others, to carry out annual review of salaries, incentive arrangements and other employment conditions of the Executive Directors. Meetings of the Remuneration Committee are held as and when required, and at least once a year. The Remuneration Committee met once during the financial year ended 31 March 2012 to review the remuneration of the Executive Directors.

The current composition of the Remuneration Committee is as set out on page 7 of this Annual Report.

Remuneration Policy and Procedure

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the caliber needed to lead the Group successfully.

The remuneration of the Executive Directors is structured so as to link rewards to corporate and individual performance. In the case of the Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Remuneration Committee reviews and recommends to the Board the remuneration package of each of the Executive Directors. It is the responsibility of the entire Board to approve the remuneration of these Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. The Executive or Non-Executive Directors play no part in the decision making with regards to their own remuneration.

The fees of the Directors are subject to approval of shareholders at the Annual General Meeting. The Non-Executive Directors are also paid meeting attendance allowance for each Board meeting, Board Committees meeting and Shareholders meeting that they attend.

The remuneration for Executive and Non-Executive Directors paid/payable by the Group for the year under review is as set out in the accompanying table:

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' Salaries and Other Emoluments	1,660,088	19,900
Directors' Fees	-	143,288

Remuneration Band (in RM per annum)	Executive Directors	Non-Executive Directors
Below 50,000	1	4
750,001 – 800,000	1	-
850,001 – 900,000	1	-

3. SHAREHOLDERS

Dialogue between the Company and Investors

The Company recognises the importance of timely and thorough dissemination of information to shareholders. The Company communicates regularly with shareholders and investors through annual reports, quarterly financial reports and various announcements made to Bursa Securities. Shareholders, investors and stakeholders can conveniently access up-to-date information on the Company's projects, quarterly financial position, investor relations and general corporate information at its regularly updated corporate public website www.dgsbgroup.com.

Annual General Meeting

Dialogue between shareholders and the Company is fostered at the Annual General Meeting ("AGM") and any other meetings of the shareholders, including any Extraordinary General Meeting. At such meetings, each individual shareholder can raise questions or concerns with regard to the Company as a whole. Shareholders are also encouraged to participate in the question and answer session. The Board, senior management and relevant advisors are on hand to answer questions raised and give clarifications required by the shareholders. Where appropriate, the Board will undertake to provide written answers to any questions that cannot be readily answered at the meeting.

The Board will also ensure that each item of special business included in the notice of meeting is accompanied by a full explanation of the effects of a proposed resolution to facilitate understanding and evaluation of the issues involved.

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. In preparing the financial statements, the Directors consider that the Group had used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial positions and prospects to shareholders, investors and regulatory authorities. The quarterly and annual financial statements are reviewed by the Audit Committee and recommended to the Board for approval before releasing to Bursa Securities.

The statement by Directors of their responsibilities for preparing the audited financial statements is set out on page 31 of this Annual Report in accordance with Rule 15.26 (a) of ACE Market Listing Requirements.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls which encompasses financial, operational and compliance controls and risk management necessary for the Group to achieve its corporate objectives within an acceptable risk profile. These controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets.

Details of the Group's internal control systems and the state of internal controls are further elaborated under the Statement on Internal Control, which has been reviewed by the Company's external auditor, provided separately on pages 24 to 26 of this Annual Report.

Relationship with Auditors

(i) With the External Auditor

The external auditors continue to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. The Company has always maintained a formal and transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards. It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. These meetings are held without the presence of the Executive Directors.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on page 29 of this Annual Report.

(ii) With the Internal Auditor

The Internal Audit function of the Group is undertaken by the ultimate holding company's internal auditor. The ultimate holding company has outsourced the internal audit function to a professional firm. The internal auditors perform its functions with impartiality, proficiency and due professional care. It undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.

The internal audit reports are presented to the Audit Committee for its review and deliberation. The Audit Committee will be briefed on the progress made in respect of each recommendation, and of each corrective measure taken as recommended by the audit findings. The internal auditors report directly to the Audit Committee to ensure independency.

Statement of Compliance with the Best Practices of the Code

The Board is of the opinion that it has adhered to the principles and complied in all material respect with the Best Practices outlined in the Code.

This Statement is made in accordance with the resolution of the Board of Directors at its meeting held on 25 July 2012.

Statement on Internal Control

INTRODUCTION

Rule 15.26(b) of the ACE Market Listing Requirements requires all Malaysian public listed companies to make a statement about its company's state of internal control, as a Group, in their annual report. The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement in accordance to the requirement, outlining the nature and scope of internal controls of the Group.

BOARD RESPONSIBILITIES

The Board of Directors ("Board") acknowledges its responsibilities for the Group's system of internal control. This system is designed to identify and manage risk facing the business in pursuit of the Group's objective and covers financial, organizational, operational and compliance controls to safeguard shareholders' investment and the Group's assets.

The system of internal control adopted by the Group is designed to manage, rather than to eliminate, the risk of failure of the Group's business objectives in view of limitations that are inherent in any system of internal control. This system therefore, only provides reasonable and not absolute assurance against material misstatement, losses or fraud.

The Board confirms that the Management of the Group constantly reviews the system of internal control and implements appropriate measures to improve the system as and when the Management finds that the system is lacking in terms of compliance.

The Management of the Group is responsible for identifying and assessing the risks that are attributable to the area of business and for formulating appropriate controls to mitigate the risk. They are also responsible for creating a risk-awareness culture and for building the necessary knowledge for risk management. They also have the responsibility of managing risks and setting internal controls associated with the operations, ensuring compliance with applicable laws and regulations.

The significant risk areas and controls are communicated to the Board which meets regularly during the year to ensure that all the directors maintain a full and effective control over all significant strategic and operational issues.

Key elements of the Group's internal control system include:

- Organised and defined management structure of the Group including areas of responsibility, segregation of authorities and limits are clearly set out. Discretional authority limits and operational authorities are also clearly defined. These authority limits are in place for all subsidiaries and are subject to continuous review throughout the year.

- Risk profiles which are reviewed periodically for relevance and applicability as well as tracking of criticality of likelihood and impact of occurrence.

- Standard Operating Procedures used by operating units. These processes are reviewed on a regular basis to reflect changing risks or to resolve any operational deficiencies. It is also to promote efficiency and accountability for the group.

- Segregation of duties to reduce the scope of error and to avoid collusion.

- Training and development programmes have been established to ensure that staff are constantly kept up-to-date with the constant evolution of technology in order to remain relevant and competitive in the Information Technology industry in line with achieving the Group's business objectives.

- Monthly Group senior management meetings are held to review, discuss and plan the operational, financial and strategic issues affecting the Group where all matters arising are promptly and efficiently dealt with.

- Regular management and departmental meetings at operating units where operational and financial issues are deliberated.

- Established strategic business plan and budgeting process requiring all operating units to prepare annual operation and capital budgets, to be discussed and approved by the Board.

BOARD RESPONSIBILITIES (Cont'd)

Governance Mechanism

In the last quarter of the financial year end, individual Heads of Companies meet with the overall business sector Head to review/discuss/revisit on business objective and strategies for the following year business plan. Once the plan has been agreed upon, one month before the financial year end, Heads of Companies of the respective subsidiaries presented their business plan for the new financial year to the Senior Management for adoption and thereafter to the Board of Directors for their review and approval. Upon approval, the operational and financial budgets are then conveyed to all employees of the respective subsidiaries to execute the company's strategy for the new financial year. The Senior Management will conduct a mid year review by assessing each company's progress against the budgeted business plan and financial budget. This review provides a forum for all to raise their concerns and suggestions, for periodical monitoring of performance and for major variances to be followed up. Management actions are immediately adopted on areas required. The Senior Management will also, during the financial year, discuss with the respective Head of Companies on issues and challenges that the company faces, and advise on action plans to move forward.

Enterprise Risk Management Framework ("ERM")

The Group, through its Ultimate Holding Company, has in place a Risk Policy Document ("RPD") which incorporates, amongst others, a structured process for identifying, evaluating and prioritizing risks as well as clearly defining the risk responsibilities and escalation process of significant risks and an ERM oversight framework. This RPD is reassessed to ensure the Group's objectives/strategies meet the dynamics of its operating environment.

The Board's primary objective and direction in managing the Group's risks are focused on the achievement of subsidiaries of the Group. Detailed areas of review are matched against the Risk Profiles and assessment, if any, as confirmation of material risks being covered and any changes to the audit focus will be discussed with the management of the Group for concurrence.

Quarterly monitoring reports are presented to the Audit Committee ("AC") and thereafter to the Board for the required review and approvals. Management also has a process in place to conduct follow-up updates on its risk assessment yearly or when there is a significant change to the Group's risk profile or business environment.

Assurance Mechanism

(i) Internal Audit Function

The internal audit function of the Group is undertaken by the Ultimate Holding Company's Internal Auditor. The Ultimate Holding Company has outsourced the internal audit function to a professional firm. The internal audit function provides the AC and the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control.

Its principal responsibility is to undertake regular and systematic reviews of the system of internal control, risk management and governance processes reports on findings to the AC on a quarterly basis. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group.

One (1) internal audit review has been conducted and improvement opportunities were reported at the Group's quarterly Board meetings.

Assurance Mechanism (Cont'd)

(ii) Audit Committee

The AC is empowered by the Board with responsibilities relating to the Group's accounting and reporting practices as well as with the duty of reviewing and monitoring the effectiveness and adequacy of the Group's system of internal controls and to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board.

The AC periodically receives and assesses reports from the independent assurance functions of the Group. The Internal Audit function provides the AC with an assessment on the adequacy and integrity of the Group's system of internal control via reports from visits conducted at various operating units.

The external auditor provides assurance in the form of their annual statutory audit of the financial statements. Areas for improvement identified during the course of the statutory audit by the external auditor are brought to the attention of the AC through management letters, or are articulated at the AC meetings.

The AC has met with the external auditor twice during the financial year without the presence of Executive Directors.

Convening at a minimum on a quarterly basis, the Committee monitors and reviews the implementation of safeguards as well as the implementation and progress of any remedial action recommended so as to ensure that the risk management and control processes in relation to the Group are always in place.

CONCLUSION

The Board is cognisant of the value a sound internal control system generates and has put in place plans to continuously improve its system of internal control. By striving to maintain a sound internal control system, the Board believes that a balanced achievement of its business objectives and operational efficiency will be attained.

In view of the Group's current business activities, the Board is of the view that the above monitoring and reporting processes which have been in place throughout the year, provide an adequate form of check and balance as well as constitute a sufficient platform for timely and continuous identification of the Group's principal risks. Nevertheless, the Board recognizes that the system must continuously evolve to keep pace with the Group's business activities. As such, the Board, in striving for continuous improvement, will continue to put in place appropriate action plans, when necessary, to further strengthen the Group's system of internal control to safeguard the shareholders' investment, the interests of customers, regulators and employees and the Group's assets.

Audit Committee Report

The Audit Committee ("AC") has three (3) members, all of whom are Independent Non-Executive Directors, including the AC Chairman. The current composition of the AC is set out on page 7 of this Annual Report.

Terms of Reference

In performing its duties and discharging its responsibilities, the AC is guided by its Terms of Reference.

Objectives

The primary objective of the AC is to assist the Board of Directors in the following responsibilities relating to the Group :

a. to provide assistance to the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies and practices and financial management and control;

b. to provide greater emphasis on the audit functions by increasing the objectivity and independence of external and internal auditors and providing a forum for discussion that is independent of the Management; and

c. to maintain a direct line of communication between the Board and the external auditors, internal auditors and Management, through regularly scheduled meetings.

Roles and Responsibilities

The roles and responsibilities of the AC are as follows :

(a) To review with the external auditor on:

- (i) the audit plan, its scope and nature;
- (ii) the audit report;
- (iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- (iv) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with the Management encountered during the audit.

(b) To review the adequacy of the scope, functions, competency and resources and set the standards of the internal audit function.

(c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control, management information and risk management practices of the Group.

(d) To review the internal audit programme, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(e) To take cognisance of resignation of the outsourced internal audit service provider and provide an opportunity for them to explain the reasons for resigning.

(f) To review with the Management:

- (i) audit reports and Management letters issued by the external auditors and the implementation of audit recommendations;
- (ii) interim financial information; and
- (iii) the assistance given by the officers of the Company to external auditors.

(g) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of Management where necessary).

Roles and Responsibilities (Cont'd)

(h) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(i) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:

- (i) changes in or implementation of major accounting policy and practices;
- (ii) significant and / or unusual matters arising from the audit;
- (iii) the going concern assumption; and
- (iv) compliance with accounting standards and other legal requirements.

(j) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the board.

(k) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

Meetings

During the financial year, the AC held a total of five (5) meetings. Details of attendance of the members of the AC are as follows:

Committee Members		Total Meetings Attended
Mr Au Yong Kam Weng		5/5
Mr Hoe Kah Soon	*(Appointed w.e.f. 20 April 2012)*	0/0
Mr Chan Hiok Khiang	*(Appointed w.e.f. 20 April 2012)*	0/0
Mr Wong Kit Leong	*(Resigned w.e.f. 31 March 2012)*	5/5
Dato' Hairuddin Bin Mohamed	*(Resigned w.e.f. 31 March 2012)*	5/5

Summary of Activities

The following is a summary of the main activities carried out by the AC during the financial year ended 31 March 2012:

- reviewed and recommended the quarterly financial results and the annual audited financial statements of the Company and the Group to the Board of Directors for consideration and approval;
- reviewed and recommended the appointment of the external auditor, Messrs Crowe Horwath to the Board of Directors for consideration;
- reviewed with the external auditor the scope of work, audit plan and fees for the statutory audit and thereafter recommended to the Board of Directors for approval;
- reviewed the status report and recommendations for corrective action plans submitted by the internal auditor and received regular updates on the implementation by the Group of the corrective action plans;
- discussed any pertinent points/reservations on issues arising from audit of the Company's accounts which the external auditor may have to raise to the AC, in the absence of the executive Board members;
- reviewed related party transactions within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of Management integrity;
- reviewed with the external auditor and the internal auditor on issues affecting the operations of the Group as well as the necessary remedial actions and thereafter reported the same to the Board of Directors; and
- reported to the Board of Directors on its activities, any significant issues and results.

Internal Audit Function

The Internal Audit function of the Group is undertaken by the ultimate holding company's internal auditor. The ultimate holding company has outsourced the internal audit function to a professional firm. The Internal Audit function supports the AC and the Board with much of the assurance it requires regarding the adequacy and integrity of the sound system of internal control.

During the financial year ended 31 March 2012, the internal auditor provided the AC with reports on the state of internal control of the various operating subsidiaries within the Group and the extent of compliance of the subsidiaries with the Group's established policies and procedures as well as relevant statutory requirements. The AC reviewed the reports prepared by the internal auditor and carried out the recommendations as deemed fit and continuously monitored the state of internal control of the Group and reported the status of the progress of its recommendations to the Board on a regular basis.

Further details of the Group Internal Audit function are set out in the Statement on Internal Control on pages 24 to 26 of this Annual Report.

Corporate Social Responsibility Statement

The Board of Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad) Group ("Group") recognises the importance of playing its part as a socially responsible corporate citizen in the workplace, community, environment and marketplace and is committed to ensuring that the interests of our stakeholders including customers, employees, shareholders and communities are taken care of. Good corporate governance through practicing accountability, honesty, transparency coupled with effective adoption of corporate social responsibility ("CSR") will ensure sustainability in the competitive corporate world and positive influence on the Group's business strategy and performance in the short-term and long-term. The Group emphasises CSR on four (4) focal areas, namely the workplace, the community, the environment and the marketplace.

The Workplace

The Group acknowledges and fully supports the importance of having a good and safe working environment. We believe also that effective control of occupational and industrial hazards will secure the safety, health and welfare of our employees.

The Group recognises its workforce as valuable human capital essential for the sustainable success of its operations. Motivating and developing the workforce is a continuous and unrelenting corporate responsibility. All employees in the Company are encouraged to seek self improvement through training programmes provided by the Group not only to improve their skills but also prepare themselves for advancement in their careers when opportunities arise.

The Community

As a good corporate citizen, the Group acknowledges its responsibilities to work in partnership with the community. Several initiatives were carried out by the Group as its contribution towards the well being of the community.

The Environment

The Group is fully committed to ensure that its processes are managed, maintained and refined in line with its business needs to meet all legal and regulatory commitments on the environment. All these are to ensure that the environment is protected for future generations and the sustainability of local communities are safeguarded. The Group recognises the importance of reducing wastage and conserving the energy and environment. Therefore, we encourage all our staff to adopt eco-friendly practices such as the efficient utilisation of stationeries, water, electricity as well as recycling.

The Marketplace

The Company has zero tolerance for fraud and unethical practices and conduct in all its business dealings with its stakeholders and within the Company. This Culture of ethical business ethics is proactively managed at all levels.

To live out this commitment, the Group has implemented a compliance and ethics programme, namely, a framework of internal controls, processes and principles that work together to provide reasonable assurance of the Group's compliance to regulatory requirements, as well as the Group's corporate policies.

Conclusion

The Group views CSR as a contribution to society, environment and human resource which will enable our organisation to generate value and in turn share with the providers of these values. The Group is committed to continue its efforts and to further be involved in and contribute to the four focal areas so that a sustainable value is channeled to society at large.

Statement on Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 1965, which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the results and cash flows of the Group for the financial year.

In preparing the financial statements, the Directors have :

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards and provisions of the Companies Act, 1965 have been followed; and
- based such statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility of ensuring that the Group maintains accounting records which disclose with reasonable accuracy the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965; applicable approved accounting standards and other regulatory provisions.

The Directors have overall responsibilities for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Financial Statements

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

CHANGE OF NAME

On 22 September 2011, the Company changed its name from ISS Consulting Solutions Berhad to Diversified Gateway Solutions Berhad.

RESULTS

	THE GROUP RM	THE COMPANY RM
Loss after taxation for the financial year	(7,063,649)	(25,582,515)
Non-controlling interests	(45,541)	-
Loss attributable to owners of the Company	(7,109,190)	(25,582,515)

DIVIDENDS

No dividend was paid since the end of the previous financial period and the Directors do not recommend the payment of any dividends for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issue of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading or inappropriate.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year to secure the liabilities of any other person; or

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

AU YONG KAM WENG	
ROBIN LIM JIN HEE	
NEO POH LIAN	
CHAN HIOK KHIANG	(APPOINTED ON 1 DECEMBER 2011)
LAU CHI CHIANG	(APPOINTED ON 6 MARCH 2012)
DATO' GAN NYAP LIOU @ GAN NYAP LIOW	(APPOINTED ON 6 MARCH 2012)
HOE KAH SOON	(APPOINTED ON 6 MARCH 2012)
DATO' HAIRUDDIN BIN MOHAMED	(RESIGNED ON 31 MARCH 2012)
WONG KIT LEONG	(RESIGNED ON 31 MARCH 2012)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors holding office at the end of the financial year in shares of the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.4.2011/ DATE OF APPOINTMENT	BOUGHT	SOLD	AT 31.3.2012
THE COMPANY				
DIRECT INTERESTS				
ROBIN LIM JIN HEE	44,101,000	-	-	44,101,000
LAU CHI CHIANG	70,925,000	-	-	70,925,000
INDIRECT INTERESTS				
ROBIN LIM JIN HEE*	2,000	-	-	2,000
LAU CHI CHIANG*	40,000	-	-	40,000

DIRECTORS' INTERESTS (CONT'D)

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	AT 1.4.2011/ DATE OF APPOINTMENT	BOUGHT	SOLD	AT 31.3.2012
THE ULTIMATE HOLDING COMPANY				
FORMIS RESOURCES BERHAD				
DIRECT INTERESTS				
ROBIN LIM JIN HEE	101,000	-	-	101,000
LAU CHI CHIANG	4,015,000	-	-	4,015,000
INDIRECT INTERESTS				
ROBIN LIM JIN HEE*	2,000	-	-	2,000
LAU CHI CHIANG*	40,000	-	-	40,000

	NUMBER OF WARRANTS			
	AT 1.4.2011/ DATE OF APPOINTMENT	ADDITION	SOLD	AT 31.3.2012
THE ULTIMATE HOLDING COMPANY				
FORMIS RESOURCES BERHAD				
DIRECT INTERESTS				
ROBIN LIM JIN HEE	-	50,500	(50,500)	-
LAU CHI CHIANG	-	250,000	-	250,000
INDIRECT INTERESTS				
ROBIN LIM JIN HEE*	-	1,000	-	1,000
LAU CHI CHIANG*	-	20,000	(20,000)	-

* Deemed interests by virtue of indirect shareholdings held by their spouses.

Save for the above, the other Directors holding office at the end of the financial year had no interests in the ordinary shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by certain Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to have arisen by virtue of the remuneration received and receivable by the Directors from the related corporations in their capacity as Directors/Executives of those corporations.

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

HOLDING COMPANIES

The immediate and ultimate holding companies are Formis Holdings Berhad and Formis Resources Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, respectively. Both the companies are incorporated in Malaysia.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 JULY 2012

Robin Lim Jin Hee

Lau Chi Chiang

STATEMENT BY DIRECTORS

We, Robin Lim Jin Hee and Lau Chi Chiang, being two of the Directors of Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad), state that, in the opinion of the Directors, the financial statements set out on pages 41 to 95 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 41 to the financial statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 JULY 2012

Robin Lim Jin Hee

Lau Chi Chiang

STATUTORY DECLARATION

I, Neo Poh Lian, being the Director primarily responsible for the financial management of Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad), do solemnly and sincerely declare that the financial statements set out on pages 41 to 95 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed
at Kuala Lumpur in the Federal Territory
on this 25 July 2012

Neo Poh Lian

Before me
Datin Hajah Raihela Wanchik (W-275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIVERSIFIED GATEWAY SOLUTIONS BERHAD
(formerly known as ISS Consulting Solutions Berhad)

Report on the Financial Statements

We have audited the financial statements of Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad), which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 41 to 95.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2012 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 41 on Page 96 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
25 July 2012

James Chan Kuan Chee
Approval No: 2271/10/13 (J)
Chartered Accountant

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2012

	NOTE	THE GROUP 31.3.2012 RM	THE GROUP 31.3.2011 RM	THE COMPANY 31.3.2012 RM	THE COMPANY 31.3.2011 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	110,927,300	132,462,809
Property, plant and equipment	7	1,737,151	1,373,067	-	-
Deferred tax assets	8	66,380	300,748	-	-
Goodwill on consolidation	9	10,928,375	13,928,375	-	-
		12,731,906	15,602,190	110,927,300	132,462,809
CURRENT ASSETS					
Inventories	10	7,824,094	8,527,021	-	-
Trade receivables	11	9,751,055	19,112,356	-	-
Other receivables, deposits and prepayments	12	11,551,460	12,718,301	1,035,645	-
Amounts owing by subsidiaries	13	-	-	7,161,505	10,039,685
Amounts owing by related companies	14	10,958,768	1,828,651	-	-
Short-term investments	15	-	1,114,760	-	-
Current tax assets		429,410	560,533	-	-
Cash and cash equivalents	16	17,804,337	23,502,431	325,308	2,311
		58,319,124	67,364,053	8,522,458	10,041,996
TOTAL ASSETS		71,051,030	82,966,243	119,449,758	142,504,805

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

	NOTE	THE GROUP 31.3.2012 RM	THE GROUP 31.3.2011 RM	THE COMPANY 31.3.2012 RM	THE COMPANY 31.3.2011 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	135,587,709	135,587,709	135,587,709	135,587,709
Share premium	18	-	-	15,246,120	15,246,120
Reserves	19	(99,749,615)	(92,685,066)	(56,209,753)	(30,627,238)
Non-controlling interests		45,541	-	-	-
TOTAL EQUITY		35,883,635	42,902,643	94,624,076	120,206,591
NON-CURRENT LIABILITIES					
Long-term borrowings	20	172,027	70,578	-	-
Provision for post-employment benefits	25	87,346	-	-	-
		259,373	70,578	-	-
CURRENT LIABILITIES					
Trade payables	26	8,897,665	8,774,631	-	-
Other payables and accruals	27	12,289,435	17,768,389	702,209	639,744
Amount owing to subsidiaries	13	-	-	23,521,473	21,656,470
Amounts owing to related companies	14	3,135,960	2,160,693	602,000	2,000
Amount owing to ultimate holding company	28	680,081	248,231	-	-
Current tax payable		10,988	29,222	-	-
Short-term borrowings	20	9,893,893	11,011,856	-	-
		34,908,022	39,993,022	24,825,682	22,298,214
TOTAL LIABILITIES		35,167,395	40,063,600	24,825,682	22,298,214
TOTAL EQUITY AND LIABILITIES		71,051,030	82,966,243	119,449,758	142,504,805
NET ASSETS PER SHARE (SEN)	29	2.65	3.16		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	NOTE	THE GROUP 1.4.2011 to 31.3.2012 (12 months) RM	THE GROUP 1.4.2010 to 31.3.2011 (12 months) RM	THE COMPANY 1.4.2011 to 31.3.2012 (12 months) RM	THE COMPANY 1.1.2010 to 31.3.2011 (15 months) RM
REVENUE	30	63,742,086	61,538,350	-	-
CHANGES IN INVENTORIES		(588,763)	(1,559,537)	-	-
PURCHASES		(31,154,470)	(22,103,843)	-	-
DIRECT EXPENSES		(6,681,440)	(16,242,829)	-	-
OTHER INCOME		3,587,785	3,683,540	6	449
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	7	(384,222)	(610,775)	-	-
EMPLOYEE BENEFITS	31	(20,172,844)	(25,999,053)	(1,267)	-
OTHER OPERATING EXPENSES		(11,968,243)	(13,452,955)	(24,980,161)	(31,579,989)
FINANCE COSTS		(1,114,583)	(703,483)	(601,093)	(358,933)
LOSS BEFORE TAX	32	(4,734,694)	(15,450,585)	(25,582,515)	(31,938,473)
INCOME TAX EXPENSE	33	(2,328,955)	(2,578,356)	-	-
LOSS AFTER TAX		(7,063,649)	(18,028,941)	(25,582,515)	(31,938,473)
OTHER COMPREHENSIVE INCOME, NET OF TAX					
- Foreign currency translation		44,641	159,471	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR/PERIOD		(7,019,008)	(17,869,470)	(25,582,515)	(31,938,473)
LOSS AFTER TAX ATTRIBUTABLE TO:-					
Owners of the Company		(7,109,190)	(17,941,147)	(25,582,515)	(31,938,473)
Non-controlling interests		45,541	(87,794)	-	-
		(7,063,649)	(18,028,941)	(25,582,515)	(31,938,473)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:-					
Owners of the Company		(7,064,549)	(17,781,676)	(25,582,515)	(31,938,473)
Non-controlling interests		45,541	(87,794)	-	-
		(7,019,008)	(17,869,470)	(25,582,515)	(31,938,473)
LOSS PER SHARE (SEN)					
Basic	34	(0.52)	(1.33)		
Diluted	34	Not applicable	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	NON-DISTRIBUTABLE			DISTRIBUTABLE			
	SHARE CAPITAL RM	REVERSE ACQUISITION RESERVE RM	EXCHANGE TRANSLATION RESERVE RM	RETAINED PROFITS RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
THE GROUP							
Balance at 1.4.2010	630,000	-	-	40,863,510	41,493,510	-	41,493,510
Contributions by and distribution to owners of the Company:							
- Adjustment arising from reverse acquisition	134,957,709	(115,766,900)	-	-	19,190,809	87,794	19,278,603
Loss after tax for the financial year	-	-	-	(17,941,147)	(17,941,147)	(87,794)	(18,028,941)
Other comprehensive income for the financial year, net of tax:							
- Foreign currency translation	-	-	159,471	-	159,471	-	159,471
Total comprehensive income/(loss) for the financial year	-	-	159,471	(17,941,147)	(17,781,676)	(87,794)	(17,869,470)
Balance at 31.3.2011/1.4.2011	135,587,709	(115,766,900)	159,471	22,922,363	42,902,643	-	42,902,643
Loss after tax for the financial year	-	-	-	(7,109,190)	(7,109,190)	45,541	(7,063,649)
Other comprehensive income for the financial year, net of tax							
- Foreign currency translation	-	-	44,641	-	44,641	-	44,641
Total comprehensive income/(loss) for the financial year	-	-	44,641	(7,109,190)	(7,064,549)	45,541	(7,019,008)
Balance at 31.3.2012	135,587,709	(115,766,900)	204,112	15,813,173	35,838,094	45,541	35,883,635

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 (CONT'D)

	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	RETAINED PROFITS/ (ACCUMULATED LOSSES) RM	TOTAL EQUITY RM
THE COMPANY					
Balance at 1.1.2010		25,587,709	15,246,120	1,311,235	42,145,064
Loss after tax for the financial period/ Total comprehensive loss for the financial period		-	-	(31,938,473)	(31,938,473)
Contributions by and distribution to owners of the Company: - Issuance of shares	17	110,000,000	-	-	110,000,000
Balance at 31.3.2011/1.4.2011		135,587,709	15,246,120	(30,627,238)	120,206,591
Loss after tax for the financial year/ Total comprehensive loss for the financial year		-	-	(25,582,515)	(25,582,515)
Balance at 31.3.2012		135,587,709	15,246,120	(56,209,753)	94,624,076

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	NOTE	THE GROUP 1.4.2011 to 31.3.2012 (12 months) RM	THE GROUP 1.4.2010 to 31.3.2011 (12 months) RM	THE COMPANY 1.4.2011 to 31.3.2012 (12 months) RM	THE COMPANY 1.1.2010 to 31.3.2011 (15 months) RM
CASH FLOWS FOR OPERATING ACTIVITIES					
Loss before tax		(4,734,694)	(15,450,585)	(25,582,515)	(31,938,473)
Adjustments for:-					
Allowance for impairment losses on:					
- goodwill	9	3,000,000	3,739,951	-	-
- amounts owing by subsidiaries		-	-	3,000,020	12,467,052
- trade receivables	11	1,147,239	2,807,829	-	-
- investment in subsidiaries	6	-	-	21,535,509	17,163,228
Bad debts written off		2,034,495	349,332	-	-
Changes in fair value of other investments		177,572	103,583	-	-
Depreciation of property, plant and equipment	7	384,222	610,775	-	-
Dividend income		(61,040)	(73,988)	-	-
Gain on disposal of property, plant and equipment		-	(44,928)	-	-
Interest expense		1,043,312	630,712	587,040	358,933
Interest income		(458,369)	(324,169)	-	(449)
Inventories written off		114,163	204,860	-	-
Loss on disposal of property, plant and equipment		9,400	190,367	-	-
Loss on disposal of quoted investments		104,057	-	-	-
Property, plant and equipment written off		1,962	412,220	-	-
Provision for post-employment benefits	25	87,346	-	-	-
Unrealised loss on foreign exchange		222,814	17,462	-	-
Unrealised gain on foreign exchange		(232,478)	(1,164,078)	-	-
Writeback of impairment losses on trade receivables	11	(1,642,839)	(854,564)	-	-
Operating profit/(loss) before working capital changes		1,197,162	(8,845,221)	(459,946)	(1,949,709)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 (CONT'D)

	NOTE	THE GROUP 1.4.2011 to 31.3.2012 (12 months) RM	THE GROUP 1.4.2010 to 31.3.2011 (12 months) RM	THE COMPANY 1.4.2011 to 31.3.2012 (12 months) RM	THE COMPANY 1.1.2010 to 31.3.2011 (15 months) RM
BALANCE BROUGHT FORWARD		1,197,162	(8,845,221)	(459,946)	(1,949,709)
Decrease in inventories		588,764	1,559,537	-	-
Decrease/(Increase) in trade and other receivables		9,074,866	(2,119,308)	(1,035,645)	350,418
Increase in amounts owing by related companies		(9,130,117)	(486,485)	-	-
(Decrease)/Increase in trade and other payables		(5,378,947)	(5,551,578)	62,465	(77,904)
Increase in amount owing to ultimate holding company		431,850	208,231	-	-
Decrease in amount owing to immediate holding company		-	(8,412)	-	-
Increase in amount owing to related companies		939,322	2,039,797	600,000	2,000
CASH FOR OPERATIONS		(2,277,100)	(13,203,439)	(833,126)	(1,675,195)
Tax (paid)/refunded		(1,982,360)	(2,477,460)	-	21,340
NET CASH FOR OPERATING ACTIVITIES		(4,259,460)	(15,680,899)	(833,126)	(1,653,855)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash acquired	6(iii)	-	5,072,984	-	-
Advances to subsidiaries		-	-	(121,840)	(19,689,235)
Dividend received		61,040	-	-	-
Interest received		458,369	324,169	-	449
Placement of fixed deposits pledged		(1,310,002)	(3,252,383)	-	-
Purchase of property, plant and equipment	7	(699,106)	(229,378)	-	-
Proceeds from disposal of investments		833,131	35,719	-	-
Proceeds from disposal of property, plant and equipment		140,000	104,008	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(516,568)	2,055,119	(121,840)	(19,688,786)
BALANCE CARRIED FORWARD		(4,776,028)	(13,625,780)	(954,966)	(21,342,641)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	1.4.2011 to 31.3.2012 (12 months) RM	1.4.2010 to 31.3.2011 (12 months) RM	1.4.2011 to 31.3.2012 (12 months) RM	1.1.2010 to 31.3.2011 (15 months) RM
BALANCE BROUGHT FORWARD		(4,776,028)	(13,625,780)	(954,966)	(21,342,641)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from subsidiaries		-	-	1,277,963	21,297,537
Interest paid		(1,043,312)	(630,712)	-	-
Repayment of short-term borrowings		(427,166)	(1,067,124)	-	-
Repayment of hire purchase payables		(96,980)	(160,576)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,567,458)	(1,858,412)	1,277,963	21,297,537
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(6,343,486)	(15,484,192)	322,997	(45,104)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		6,168,897	21,447,033	2,311	47,415
FOREIGN EXCHANGE TRANSLATION DIFFERENCES		27,758	206,056	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	16(b)	(146,831)	6,168,897	325,308	2,311

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of the Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows:-

Registered office	:	16th Floor, KH Tower, 8, Lorong P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	:	Level 16, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 July 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. CHANGE OF NAME

On 22 September 2011, the Company changed its name from ISS Consulting Solutions Berhad to Diversified Gateway Solutions Berhad.

4. BASIS OF ACCOUNTING

4.1 Basis of Preparation

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

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

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

4. BASIS OF ACCOUNTING (CONT'D)

4.1 Basis of Preparation (Cont'd)

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments) (Cont'd):-

FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 37.5 to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

4. BASIS OF ACCOUNTING (CONT'D)

4.1 Basis of Preparation (Cont'd)

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following (Cont'd):-

(iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group and the Company upon their initial application.

Furthermore, the amendments to FRS 101 (Revised) also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

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

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 1 (Revised): Government Loans	1 January 2013
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015

4. BASIS OF ACCOUNTING (CONT'D)

4.1 Basis of Preparation (Cont'd)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year (Cont'd):-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

(c) The Group's next set of financial statements for the annual period beginning on 1 April 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 January 2012.

Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting these new accounting standards in the next financial year ending 31 March 2013. The Group is currently in the process of assessing the impact of the adoption of these new accounting standards and the directors do not expect any significant impact on the financial statements arising from the adoption.

4.2 Reverse Acquisition

In the previous financial period, the Company acquired 630,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Diversified Gateway Berhad ("DGB") for a purchase consideration of RM110,000,000 satisfied entirely by the issuance of 1,100,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share.

Upon completion of the acquisition of DGB, the Company became the legal holding company of DGB whereas the former shareholders of DGB to whom the 1,100,000,000 shares were allotted became the majority shareholders of the Company, controlling about 59.6% of the issued and paid-up share capital of the Company. Further, the Company's key executive managements are those of DGB. In accordance with FRS 3 Business Combinations, the substance of such business combination between the Company and DGB constituted a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be DGB (i.e. the legal subsidiary, accounting parent) and the Company (i.e. the legal holding company, the accounting subsidiary) respectively.

Under the reverse acquisition accounting, the consolidated financial statements, although issued under the name of the legal holding company, i.e. the Company, represent a continuation of the financial statements of the legal subsidiary, i.e. DGB. Accordingly, the consolidated financial statements set out on pages 41 to 95 together with the notes thereto cover DGB (as the accounting acquirer) and the Company together with its other subsidiaries (as the accounting acquiree).

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group 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:-

(i) Changes in Estimates

FRS 116 *Property, Plant and Equipment* require the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the residual values of the motor vehicles to be based on their current market value of the same model. The revisions were accounted for prospectively as a change in accounting estimate and as a result, the depreciation charges of the Group for the current financial year have been increased by RM54,385.

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Income Taxes

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

(iv) Impairment of Non-financial Assets

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

(v) Impairment of Trade and Other Receivables

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(vi) Write-down of Inventories

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

(vii) Impairment of Goodwill

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

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

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

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

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

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

Business combinations from 1 April 2011 onwards

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

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

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

The Group has applied the FRS 3 (Revised) in accounting for business combinations from 1 April 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

Business combinations before 1 April 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) 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.

Business combinations from 1 April 2011 onwards

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

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

Business combinations before 1 April 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

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

(ii) Transactions and Balances

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

(iii) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:-

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the reporting period;

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies (Cont'd)

(iii) Foreign Operations (Cont'd)

(b) revenues and expenses for the statement of comprehensive income are translated at the average exchange rates for the year; and

(c) all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated statement of comprehensive income as part of the gain or loss on disposal.

(d) goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(e) Financial Instruments

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

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

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

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

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

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, 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 into this category upon initial recognition. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are subsequently measured at their fair value, with any gain or loss recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group and the Company's right to receive payment is established.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *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 subsequently measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

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

- *Loans and Receivables Financial Assets*

Trade and other receivables and cash and cash equivalents that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Financial assets categorised as loans and receivables are subsequently 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 subsequently measured at their fair values at the end of each reporting period. Gains or 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, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

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

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

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

(ii) Financial Liabilities

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(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.

(f) Investments in Subsidiaries

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

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

(g) Provisions

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

(h) Property, Plant and Equipment

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

Depreciation is calculated using the straight-line method to write off the depreciable amount of the assets to their residual values over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are as follows:-

Computer hardware and software	20%
Furniture and fittings	10% - 15%
Motor vehicles	20%
Office equipment	15% - 20%
Renovation	10% - 15%

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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 each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. 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 financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

An impairment loss is recognised in profit or loss immediately 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 the statement of comprehensive income, a reversal of that impairment loss is recognised as income in the statement of comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Assets under Finance Leases and Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(k) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments are made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive incomes on the straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(l) Cash and Cash Equivalents

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

(m) Income Taxes

Income taxes for the year comprise current and deferred tax.

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

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Borrowing Costs

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

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

(o) Inventories

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

Cost of computer hardware, software and spare parts are determined on a specific identification basis while cost of other inventories is determined on the first-in first-out basis. Cost of inventories comprises the original costs of purchase plus direct expenses incurred in bringing the inventories to their present location and condition.

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

When necessary, due allowance is made for all damaged, obsolete and slow moving items.

(p) Operating Segments

Following the adoption of FRS 8 *Operating Segments*, operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all the operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:-

(i) the combined reported profit of all the operating segments that did not report a loss; and

(ii) the combined reported loss of all the operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all the operating segments.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Operating Segments (Cont'd)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

(q) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

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

(iii) Termination Benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognised as a liability and an expense when the Group has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than twelve (12) months after the end of the reporting period, they are discounted to present value based on market yields at the end of the reporting period of government securities, which have currency and terms consistent with the currency and estimated terms of the obligations.

(iv) Defined Benefit Plan

The Group operates an unfunded defined benefit plan for eligible employees of the Group.

The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period adjusted for unrecognised actuarial gains and losses and unrecognised past services cost.

The Group determines the present value of the defined benefit obligations with sufficient regularity such as the amounts recognised in the financial statements do not differ materially from the amount that would be determined at the end of the reporting period.

The present value of the defined benefit obligations and the related current services cost and past services cost are determined using the projected unit credit method. The rate used to discount the obligations is based on market yields at the end of the reporting period of government securities which have currency and terms consistent with the currency and estimated terms of the obligations.

Actuarial gains and losses may result from changes in the present value of the defined benefits obligations. They are recognised under other comprehensive income over the expected average remaining working lives of the employees participating in that plan when the net cumulative unrecognised actuarial gains and losses exceed the 10% of the present value of the defined benefits obligations at that date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate over the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(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.

(s) Contingent Liabilities

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

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

(t) Revenue Recognition

(i) Products and Services

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

(ii) Interest Income

Interest income is recognised on an accrual basis.

(iii) Dividend Income

Dividend income from other investments is recognised when the right to receive payment is established.

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2012 RM	2011 RM
Unquoted shares, at cost		
At 1.4.2011/1.1.2010	149,626,037	39,626,037
Addition during the financial year/period	-	110,000,000
	149,626,037	149,626,037
Less: Accumulated impairment losses on subsidiaries	(38,698,737)	(17,163,228)
At 31.3.2012/31.3.2011	110,927,300	132,462,809
Accumulated impairment losses on subsidiaries:-		
At 1.4.2011/1.1.2010	(17,163,228)	-
Addition during the financial year/period	(21,535,509)	(17,163,228)
At 31.3.2012/31.3.2011	(38,698,737)	(17,163,228)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2012	Effective Equity Interest 2011	Principal Activities
ISS Consulting (Malaysia) Sdn. Bhd. (ISS(M))	Malaysia	100%	100%	Advisers and consultants for computer software solutions.
ISS Consulting (S) Pte. Ltd. (ISS(S))^	The Republic of Singapore	100%	100%	Advisers and consultants for computer software solutions.
ISS Consulting (Thailand) Ltd. (ISS(T))#	Thailand	*49%	*49%	Advisers and consultants for computer software solutions.
PT ISS Consulting Indonesia (ISS(I))^	Indonesia	100%	100%	Inactive.
Ledge Consulting Pte. Ltd. (Ledge) ^	The Republic of Singapore	100%	100%	Advisers and consultants for computer software solutions.
Cogent Consulting Sdn. Bhd. (Cogent(M))^	Malaysia	70%	70%	Advisers and consultants for computer software solutions.
Cogent Business Solutions (S) Pte. Ltd. (Cogent(S))^	The Republic of Singapore	100%	100%	Advisers and consultants for computer software solutions.
Diversified Gateway Berhad (DGB)	Malaysia	100%	100%	Provision of computer networking solutions and system integration.

^ These subsidiaries were audited by other firms of chartered accountants.

This subsidiary was audited by a member firm of Crowe Horwath International of which Crowe Horwath is a member.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

* In accordance with the Memorandum and Articles of Association of ISS Consulting (Thailand) Ltd., one voting right is attached to every one ordinary share and one voting right is attached to every five preference shares. Based on the existing total issued and paid-up share capital of ISS Consulting (Thailand) Ltd. of 24,500 ordinary shares of THB100 each and 25,500 preference shares of THB100 each, the total voting rights are 29,600 comprising 24,500 voting rights for ordinary shares and 5,100 voting rights for preference shares. Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad) holds 24,500 ordinary shares which carry with them 24,500 voting rights or 82.77% of the total voting rights in ISS Consulting (Thailand) Ltd. As Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad) has control over ISS Consulting (Thailand) Ltd., ISS Consulting (Thailand) Ltd. is consolidated into the Group.

Based on the Group's equity interest in the ordinary shares of ISS Consulting (Thailand) Ltd., the Group's share in the result of ISS Consulting (Thailand) Ltd. is 100%.

In the previous financial period, the Company acquired 630,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of DGB for a purchase consideration of RM110,000,000 satisfied entirely by the issuance of 1,100,000,000 new ordinary shares of RM0.10 each in the Company at par. The acquisition constituted a reverse acquisition by DGB as explained in Note 4.2 to the financial statements.

Goodwill on consolidation arising from the above acquisition amounting to RM17,668,326 has been accounted for using the purchase method of accounting.

(i) The effects of the acquisition on the financial results of the Group in the previous financial year are as follows:-

	31.3.2011 RM
Revenue	30,570,693
Cost of sales	(23,753,283)
Gross profit	6,817,410
Other operating income	2,563,527
Operating expenses	(32,701,511)
Loss before tax	(23,320,574)
Tax expense	(656,696)
Loss after tax before non-controlling interests	(23,977,270)
Non-controlling interests	87,794
Increase in Group's net loss	(23,889,476)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(ii) The effects of the acquisition on the financial position of the Group at the end of the previous financial year are as follows:-

	31.3.2011 RM
Property, plant and equipment	707,683
Deferred tax assets	55,748
Trade receivables	8,607,956
Other receivables, deposits and prepayments	9,500,242
Tax recoverable	126,979
Cash and cash equivalents	4,367,533
Trade payables	(4,980,735)
Other payables, deposits and accruals	(8,756,620)
Borrowings	(694,938)
Current tax payable	(29,222)
Increase in Group's net assets	8,904,626

(iii) The details of the net assets acquired and cash flow arising from the above acquisition were as follows:-

	THE GROUP 31.3.2011 RM
Property, plant and equipment	1,671,075
Other investment	35,719
Deferred tax assets	195,973
Trade receivables	16,392,877
Other receivables, deposits and prepayments	4,855,806
Cash and cash equivalents	5,072,984
Current tax assets	20,769
Trade payables	(16,311,037)
Other payables and accruals	(7,009,987)
Hire purchase and lease creditors	(73,240)
Short-term borrowings	(2,138,182)
Current tax payable	(1,102,481)
Non-controlling interests	(87,793)
Fair value of net assets acquired	1,522,483
Goodwill on consolidation (Note 9)	17,668,326
Total purchase consideration	19,190,809
Satisfied by the issuance of shares	(19,190,809)
Cash outflow from acquisition of subsidiaries	-
Cash and cash equivalents of subsidiaries acquired	5,072,984
Net cash inflow on acquisition of subsidiaries	5,072,984

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.4.2011 RM	ADDITIONS RM	DISPOSALS/ WRITTEN OFF RM	DEPRECIATION CHARGE RM	TRANSLATION DIFFERENCE RM	AT 31.3.2012 RM
Computer hardware and software	484,187	111,707	(1,962)	(147,411)	(4,444)	442,077
Furniture and fittings	135,144	4,001	-	(52,019)	(46)	87,080
Motor vehicles	471,400	452,911	(149,400)	(98,785)	-	676,126
Office equipment	153,651	330,487	-	(55,883)	178	428,433
Renovation	128,685	-	-	(30,124)	4,874	103,435
	1,373,067	899,106	(151,362)	(384,222)	562	1,737,151

THE GROUP	AT 1.4.2010 RM	ADDITIONS RM	ACQUISITION OF SUBSIDIARIES RM	DISPOSALS/ WRITTEN OFF RM	DEPRECIATION CHARGE RM	TRANSLATION DIFFERENCE RM	AT 31.3.2011 RM
Computer hardware and software	107,267	143,650	675,938	(9,998)	(432,938)	268	484,187
Furniture and fittings	7,675	1,084	372,330	(198,574)	(47,206)	(165)	135,144
Motor vehicles	483,600	-	52,143	(45,342)	(19,001)	-	471,400
Office equipment	139,644	16,924	74,410	(3,229)	(74,448)	350	153,651
Renovation	4,454	67,720	496,254	(404,525)	(37,182)	1,964	128,685
	742,640	229,378	1,671,075	(661,668)	(610,775)	2,417	1,373,067

THE GROUP	COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.3.2012			
Computer hardware and software	3,921,007	(3,478,930)	442,077
Furniture and fittings	525,281	(438,201)	87,080
Motor vehicles	833,849	(157,723)	676,126
Office equipment	1,654,648	(1,226,215)	428,433
Renovation	441,048	(337,613)	103,435
	7,375,833	(5,638,682)	1,737,151
AT 31.3.2011			
Computer hardware and software	3,809,088	(3,324,901)	484,187
Furniture and fittings	525,031	(389,887)	135,144
Motor vehicles	676,938	(205,538)	471,400
Office equipment	1,322,437	(1,168,786)	153,651
Renovation	432,793	(304,108)	128,685
	6,766,287	(5,393,220)	1,373,067

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group made the following cash payments to purchase property, plant and equipment during the financial year:-

	THE GROUP	
	2012 RM	2011 RM
Cost of property, plant and equipment purchased	899,106	229,378
Financed by hire purchase arrangements	(200,000)	-
Cash payments for purchase of property, plant and equipment	699,106	229,378

At the end of the reporting period, the carrying amount of property, plant and equipment acquired under hire purchase arrangements was RM537,591 (2011 - RM431,800).

8. DEFERRED TAX ASSETS

	THE GROUP	
	2012 RM	2011 RM
At 1.4.2011/2010	300,748	330,000
Acquisition of subsidiaries	-	196,045
Recognised in profit or loss (Note 33)	(234,473)	(225,922)
Translation difference	105	625
At 31.3.2012/2011	66,380	300,748

Deferred tax assets are attributable to the following:-

	THE GROUP	
	2012 RM	2011 RM
Other deductible temporary differences	66,380	300,748

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

	THE GROUP	
	2012 RM	2011 RM
Unutilised tax losses	44,308,324	34,432,792
Unabsorbed capital allowances	850,790	657,028
Other deductible expenses	187,353	-
At 31.3.2012/2011	45,346,467	35,089,820

Deferred tax assets of certain subsidiaries have not been recognised as it is not probable that taxable profit of the subsidiaries will be available against which deductible temporary differences can be utilised.

The deductible temporary differences do not expire under current tax legislation.

9. GOODWILL ON CONSOLIDATION

	THE GROUP 2012 RM	THE GROUP 2011 RM
Cost		
At 1.4.2011/2010	17,668,326	-
Arising from the acquisition of subsidiaries (Note 6(iii))	-	17,668,326
	17,668,326	17,668,326
Accumulated impairment losses:-		
At 1.4.2011/2010	(3,739,951)	-
Addition during the financial year	(3,000,000)	(3,739,951)
At 31.3.2012/2011	(6,739,951)	(3,739,951)
	10,928,375	13,928,375

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	THE GROUP 2012 RM	THE GROUP 2011 RM
ISS(M)	1,753,250	2,253,250
ISS(S)	3,437,421	5,937,421
ISS(T)	5,737,704	5,737,704
	10,928,375	13,928,375

Goodwill is stated at cost and reviewed for impairment annually.

For the purpose of impairment testing, goodwill is allocated to groups of companies acquired ("the Units") at which the goodwill is monitored for internal management purposes.

Impairment losses on goodwill amounting to RM500,000 and RM2,500,000 relate to subsidiaries, ISS (M) and ISS (S) respectively, which were recognised during the financial year due to their declining business operations.

9. GOODWILL ON CONSOLIDATION (CONT'D)

Key assumptions for the value-in-use calculation

The recoverable amount of a cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from this segment computed based on the projections of financial budgets approved by management covering a period of five years.

The key assumptions used in the determination of the recoverable amount are as follows:-

	ISS(M)	ISS(S)	ISS(T)
	%	%	%
Gross profit	55	56	26
Growth rate	5	5	5
Discount rate	9.5	9.5	9.5

	Item	Basis of assumptions
(i)	Budgeted gross margin	The basis used to determine the value assigned to the budgeted gross margin is based on the expected efficiency improvements and cost saving measures.
(ii)	Growth rate	The growth rates used are based on the most recent financial budgets approved by the management covering a five year period based on the expected projection of revenue.
(iii)	Discount rate	The discount rate used is based on the weighted average cost of capital.

10. INVENTORIES

	THE GROUP	
	2012	2011
	RM	RM
At Cost		
Computer hardware and software	2,551,295	3,117,813
Computer spares	5,272,799	5,409,208
	7,824,094	8,527,021

The cost of inventories of the Group recognised as an expense during the financial year amounted to RM31,857,396 (2011: RM23,868,240).

11. TRADE RECEIVABLES

	THE GROUP 2012 RM	THE GROUP 2011 RM
Trade receivables	15,692,510	26,031,708
Allowance for impairment losses:-		
At 1.4.2011/2010	(6,919,352)	(2,168,673)
Acquisition of subsidiaries	-	(2,789,493)
Addition during the financial year	(1,147,239)	(2,807,829)
Writeback during the financial year	1,642,839	854,564
Write-off during the financial year	509,855	-
Translation difference	(27,558)	(7,921)
At 31.3.2012/2011	(5,941,455)	(6,919,352)
	9,751,055	19,112,356

The Group's normal trade credit terms range from 30 days to 60 days from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Other receivables	4,315,486	8,097,888	22,146	-
Deposits	1,491,048	1,653,224	1,002,899	-
Prepayments	5,744,926	2,967,189	10,600	-
	11,551,460	12,718,301	1,035,645	-

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY 2012 RM	THE COMPANY 2011 RM
Amount owing by subsidiaries	23,268,577	23,146,737
Less : Allowance for impairment losses	(16,107,072)	(13,107,052)
	7,161,505	10,039,685
Allowance for impairment losses:-		
At 1.4.2011/1.1.2010	(13,107,052)	(640,000)
Addition during the financial year/period	(3,000,020)	(12,467,052)
At 31.3.2012/31.3.2011	(16,107,072)	(13,107,052)

The amounts owing by/(to) the subsidiaries represent advances and payments on behalf which are unsecured, interest-free and collectible/repayable on demand in cash and cash equivalents except for a total amount of RM9,156,000 (2011 - RM14,048,766) owing to a subsidiary which bears interest of 8.1% (2011 - 7.8% to 10.5%) per annum.

14. AMOUNTS OWING BY/(TO) RELATED COMPANIES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Amount owing by:				
- Trade	10,958,768	1,828,651	-	-
Amount owing to:				
- Trade	846,794	611,597	-	-
- Non-trade	2,289,166	1,549,096	602,000	2,000
	3,135,960	2,160,693	602,000	2,000

The trade amount is subject to the normal trade credit terms ranging from 30 to 60 days from the date of invoice. The amount owing is to be settled in cash and cash equivalents.

The non-trade amounts owing to related companies of the Group and the Company represent advances and payments on behalf which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

15. SHORT-TERM INVESTMENTS

	THE GROUP	
	2012	2011
	RM	RM
Quoted shares in Malaysia – at cost	-	2,203,172
Less: Fair value adjustment	-	(1,088,412)
Quoted shares in Malaysia – at fair value	-	1,114,760
Quoted shares in Malaysia – at market value	-	1,114,760

The short-term investments of the Group were designated as financial assets at fair value through profit or loss upon initial recognition from the adoption of FRS 139.

On 2 March 2012, DGB, a wholly-owned subsidiary of the Company disposed off all the securities of Formis Resources Berhad pursuant to Section 17(4) of the Companies Act, 1965.

16. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	2,996,362	5,801,059	325,308	2,311
Fixed deposits with licensed banks	14,707,408	15,701,372	-	-
Short-term commercial papers	100,567	2,000,000	-	-
	17,804,337	23,502,431	325,308	2,311

(a) Fixed deposits with licensed banks of the Group at the end of the reporting period totalling RM8,794,770 (2011 - RM7,484,768) are pledged to the banks for credit facilities granted to certain subsidiaries.

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:-

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	2,996,362	5,801,059	325,308	2,311
Fixed deposits with licensed banks	14,707,408	15,701,372	-	-
Short-term commercial papers	100,567	2,000,000	-	-
Bank overdrafts (Note 20)	(9,156,398)	(9,848,766)	-	-
	8,647,939	13,653,665	325,308	2,311
Less: Deposits pledged to licensed banks	(8,794,770)	(7,484,768)	-	-
	(146,831)	6,168,897	325,308	2,311

17. SHARE CAPITAL

	THE COMPANY			
	2012	2011	2012	2011
	NUMBER OF SHARES		RM	RM
ORDINARY SHARES OF RM0.10 EACH:-				
AUTHORISED				
AT 1.4.2011/1.1.2010	5,000,000,000	500,000,000	500,000,000	50,000,000
Increased during the financial year/period	-	4,500,000,000	-	450,000,000
At 31.3.2012/ 31.3.2011	5,000,000,000	5,000,000,000	500,000,000	500,000,000

17. SHARE CAPITAL (CONT'D)

	THE COMPANY			
	2012	2011	2012	2011
	NUMBER OF SHARES		RM	RM
ORDINARY SHARES OF RM0.10 EACH:-				
ISSUED AND FULLY PAID-UP				
AT 1.4.2011/1.1.2010	1,355,877,090	255,877,090	135,587,709	25,587,709
Issued during the financial year/period	-	1,100,000,000	-	110,000,000
At 31.3.2012/ 31.3.2011	1,355,877,090	1,355,877,090	135,587,709	135,587,709

In the previous financial period, the issued and fully paid-up share capital of the Company increased from RM25,587,709 to RM135,587,709 by the allotment of 1,100,000,000 new ordinary shares of RM0.10 each at par as consideration for the acquisition of the entire equity interest in DGB as disclosed in Note 6 to the financial statements.

18. SHARE PREMIUM

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

19. RESERVES

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
	NOTE	RM	RM	RM	RM
Non-distributable:-					
Exchange translation reserve	(a)	204,112	159,471	-	-
Reverse acquisition reserve	(b)	(115,766,900)	(115,766,900)	-	-
		(115,562,788)	(115,607,429)	-	-
Distributable:-					
Retained profits/ (Accumulated losses)		15,813,173	22,922,363	(56,209,753)	(30,627,238)
		(99,749,615)	(92,685,066)	(56,209,753)	(30,627,638)

(a) Exchange Translation Reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entities or the foreign operations. It is not distributable by way of dividends.

19. RESERVES (CONT'D)

(b) Reverse Acquisition Reserve

The reverse acquisition reserve represents the difference between the nominal value of DGB and the total value of the enlarged issued and paid-up share capital of the Company of RM0.10 each at par after the reverse acquisition by DGB as explained in Note 4.2 to the financial statements.

20. BORROWINGS

Total borrowings

	THE GROUP	
	2012	2011
	RM	RM
Bank overdrafts (Note 21)	9,156,398	9,848,766
Hire purchase payables (Note 22)	252,830	149,810
Revolving credits (Note 23)	-	694,938
Trust receipts (Note 24)	656,692	388,920
	10,065,920	11,082,434

Non-current

	2012 RM	2011 RM
Hire purchase payables (Note 22)	172,027	70,578

Current

	2012 RM	2011 RM
Bank overdrafts (Note 21)	9,156,398	9,848,766
Hire purchase payables (Note 22)	80,803	79,232
Revolving credits (Note 23)	-	694,938
Trust receipts (Note 24)	656,692	388,920
	9,893,893	11,011,856

21. BANK OVERDRAFTS

At the end of the reporting period, the bank overdrafts of the Group bore an interest of 8.10% (2011 - 7.8%) per annum and are secured by:-

(a) a pledge of a fixed deposit of RM5,000,000 by way of Memorandum of Deposit and Letter of Set-Off; and

(b) a corporate guarantee of the immediate holding company.

22. HIRE PURCHASE PAYABLES

	THE GROUP	
	2012	2011
	RM	RM
Minimum hire purchase payments:		
- not later than one year	91,932	85,650
- later than one year and not later than five years	185,132	74,118
	277,064	159,768
Future finance charges	(24,234)	(9,958)
Present value of hire purchase payables	252,830	149,810
Current portion:		
- not later than one year (Note 20)	80,803	79,232
Non-current portion:		
- later than one year and not later than five years (Note 20)	172,027	70,578
	252,830	149,810

The effective interest rate of the hire purchase payables at the end of the reporting period was 2.64% (2011 - 2.69%) per annum.

23. REVOLVING CREDITS

The revolving credits of the Group bore an effective interest of 7% per annum at the end of the previous reporting period and were secured by:-

(a) the assignment of certain contract proceeds of a subsidiary;

(b) debentures incorporating fixed and floating charges over all the present and future assets and undertakings of a subsidiary; and

(c) a corporate guarantee of the Company.

24. TRUST RECEIPTS

At the end of the reporting period, the trust receipts bore an interest of 8.10% (2011 - 7.8%) per annum and are secured by:-

(a) a personal guarantee of two directors of the Company;

(b) a corporate guarantee of the immediate holding company; and

(c) a corporate guarantee of the ultimate holding company.

25. PROVISION FOR POST-EMPLOYMENT BENEFITS

A subsidiary operates an unfunded defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to post-employment benefits calculated by reference to their length of services and earnings.

The amount recognised in the statements of financial position is as follows:-

	THE GROUP	
	2012	2011
	RM	RM
Present value of unfunded defined benefit obligations	87,346	-

The total expense recognised in the profit or loss is as follows:-

	THE GROUP	
	2012	2011
	RM	RM
Current service cost	87,346	-

The movements during the financial year in the amount recognised in the statements of financial position in respect of the post-employment benefit plan are as follows:-

	THE GROUP	
	2012	2011
	RM	RM
Balance as at 1 April 2011/2010	-	-
Amount recognised in the profit or loss	87,346	-
Balance as at 31 March 2012/2011	87,346	-

26. TRADE PAYABLES

The normal credit terms granted to the Group range from 30 to 60 days from the date of invoice.

27. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other payables and accruals	8,273,914	13,611,610	702,209	639,744
Unearned revenue	3,900,466	4,046,123	-	-
Refundable deposits	115,055	110,656	-	-
	12,289,435	17,768,389	702,209	639,744

Included in other payables and accruals is an amount of RM1,050,000 (2011 - RM4,050,000) owing to a director in the ultimate holding company. The amount owing represents advances which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

Unearned revenue represents advance billings for maintenance services.

28. AMOUNT OWING TO ULTIMATE HOLDING COMPANY

The amount owing to the ultimate holding company of the Group represents management fee payable and payments on behalf which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

29. NET ASSETS PER SHARE

The net assets per share of the Group for the current financial year is calculated based on the net assets value at the end of the reporting period of RM35,838,094 (2011 - RM42,902,643) divided by the number of ordinary shares in issue at the end of the reporting period of 1,355,877,090 (2011 - 1,355,877,090) shares.

30. REVENUE

Revenue of the Group represents billings for the sale of computer hardware, software and accessories, project management, consultancy, maintenance and software support services rendered less discounts and service tax.

	THE GROUP	
	2012 RM	**2011 RM**
Sale of computer hardware, software and accessories	40,779,266	44,006,369
Project management, consultancy, maintenance and software support services	22,962,820	17,531,981
	63,742,086	61,538,350

31. EMPLOYEE BENEFITS

The total employee benefits recognised in the statements of comprehensive income are as follows:-

	THE GROUP	
	2012 RM	**2011 RM**
Salaries, wages, bonuses and allowances	18,050,586	22,667,700
Defined contribution plan	1,252,850	1,639,859
Other employee benefits	869,408	1,691,494
	20,172,844	25,999,053

Included in the employee benefits of the Group are Executive Directors' remuneration totalling RM1,625,288 (2011- RM1,475,729).

32. LOSS BEFORE TAX

	THE GROUP		THE COMPANY	
	1.4.2011 to 31.3.2012 RM	1.4.2010 to 31.3.2011 RM	1.4.2011 to 31.3.2012 RM	1.1.2010 to 31.3.2011 RM
Loss before tax is arrived at after charging:-				
Allowance for impairment losses on:				
- goodwill	3,000,000	3,739,951	-	-
- amounts owing by subsidiaries	-	-	3,000,020	12,467,052
- trade receivables	1,147,239	2,807,829	-	-
- investment in subsidiaries	-	-	21,535,509	17,163,228
Auditors' remuneration:				
- current financial year	153,374	149,327	17,000	15,000
- underprovision in the previous financial year	12,497	-	2,000	-
Bad debts written off	2,034,495	349,332	-	-
Changes in fair value of other investments	177,572	103,583	-	-
Depreciation of property, plant and equipment	384,222	610,775	-	-
Directors' fees	143,289	127,600	143,289	127,600
Directors' non-fee emoluments	1,645,188	1,488,129	19,900	12,400
Interest expense	1,043,312	630,712	587,040	358,933
Inventories written off	114,163	204,860	-	-
Management fee to ultimate holding company	480,000	480,000	-	-
Loss on disposal of property, plant and equipment	9,400	190,367	-	-
Loss on foreign exchange:				
- realised	207,237	21,476	-	-
- unrealised	222,814	17,462	-	-
Loss on disposal of quoted investments	104,057	-	-	-
Property, plant and equipment written off	1,962	412,220	-	-
Rental of office	1,106,594	1,061,208	-	-
Rental of office equipment	12,251	14,807	-	-
And crediting:-				
Dividend income	61,040	73,988	-	-
Gain on disposal of property, plant and equipment	-	44,928	-	-
Gain on foreign exchange:				
- realised	775,901	232,175	-	-
- unrealised	232,478	1,164,078	-	-
Writeback of impairment losses on trade receivables	1,642,839	854,564	-	-
Interest income	458,369	324,169	-	449

33. INCOME TAX EXPENSE

	THE GROUP	
	2012 RM	2011 RM
Current tax expense based on profit for the financial year:		
- Malaysian income tax	1,594,062	1,816,597
- Foreign income tax	493,831	434,084
	2,087,893	2,250,681
(Over)/Underprovision in the previous financial year		
- Malaysian income tax:	(52,865)	20,062
- Foreign income tax	59,454	81,691
	6,589	101,753
Deferred tax (Note 8):-		
Relating to originating and reversal of temporary differences		
- Malaysian tax	178,620	104,650
- Foreign tax	55,853	121,272
	234,473	225,922
	2,328,955	2,578,356

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011 - 25%) of the estimated taxable profit for the fiscal year. Taxation for other jurisdictions is calculated at the rates prevailing in those respective jurisdictions.

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

	THE GROUP		THE COMPANY	
	1.4.2011 to 31.3.2012 RM	1.4.2010 to 31.3.2011 RM	1.4.2011 to 31.3.2012 RM	1.1.2010 to 31.3.2011 RM
Loss before tax	(4,734,694)	(15,450,585)	(25,582,515)	(31,938,473)
Tax at the statutory tax rate of 25%	(1,183,674)	(3,862,646)	(6,395,629)	(7,984,618)
Tax effects in respect of:-				
Non-taxable income	(174,828)	(384,882)	-	-
Non-deductible expenses	1,223,830	2,093,329	6,395,629	7,984,618
Utilisation of deferred tax assets previously not recognised	(38,810)	-	-	-
Deferred tax assets not recognised during the financial year/period	1,637,670	4,495,186	-	-
Differential in tax rates	699,266	56,017	-	-
Others	158,912	79,599	-	-
	2,322,366	2,476,603	-	-
Underprovision in the previous financial year/period	6,589	101,753	-	-
Tax for the financial year/period	2,328,955	2,578,356	-	-

34. LOSS PER ORDINARY SHARE

Basic loss per ordinary share is calculated by dividing loss after tax and non-controlling interests for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	THE GROUP	
	2012 RM	2011 RM
Loss attributable to Owners of the Company (RM)	(7,109,190)	(17,941,147)
Weighted average number of ordinary shares issue	1,355,877,090	1,346,763,653
Basic loss per ordinary share (sen)	(0.52)	(1.33)

The fully diluted loss per share for the Group is not presented as there were no potential dilutive ordinary shares in issue as at the end of the reporting period.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if a group or a company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of senior management of the Group and the Company.

(b) In addition to the information detailed elsewhere in the financial statements, the Group carried out the following transactions with the related parties during the financial year:-

	THE GROUP	
	1.4.2011 to 31.3.2012 RM	1.4.2010 to 31.3.2011 RM
Sale of goods and services to related companies	18,101,071	5,001,386
Purchase of goods and services from related companies	1,390,581	707,864
Management fees to ultimate holding company	480,000	480,000

(c) Compensation of key management personnel

The compensation of Directors and other key management personnel during the financial year/period were as follows:-

	THE GROUP		THE COMPANY	
	1.4.2011 to 31.3.2012 RM	1.4.2010 to 31.3.2011 RM	1.4.2011 to 31.3.2012 RM	1.1.2010 to 31.3.2011 RM
Directors' fees	143,289	127,600	143,289	127,600
Salaries and other short term employee benefits	2,614,771	2,397,539	19,900	12,400

36. OPERATING SEGMENTS

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services rendered by the Group. Secondary information is reported geographically.

(b) Business segments

The Group's comprises two reportable segments, as described below, which are the group's strategic business segments. These business segments offer different products and services, and are managed separately. For each of the strategic business segment, the Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:-

Networks - Provision of a comprehensive range of tele/data communication and networking solutions and services.

Solutions - Provision of integrated business solutions based on SAP software.

Other non-reportable segments comprise operations related to investment holding.

2012	Networks RM	Solutions RM	Others RM	Elimination RM	Total RM
Revenue					
External sales	35,292,501	28,449,585	-	-	63,742,086
Inter-segment sales	-	988,321	-	(988,321)	-
Total	35,292,501	29,437,906	-	(988,321)	63,742,086
Results					
Segment results	6,906,134	(7,595,939)	(3,459,946)	-	(4,149,751)
Interest expense					(1,043,312)
Interest income					458,369
Loss before tax					(4,734,694)
Tax expense					(2,328,955)
Loss for the year					(7,063,649)
Other information					
Segment assets	43,487,898	15,273,803	12,289,329	-	71,051,030
Segment liabilities	21,169,857	12,693,329	1,304,209	-	35,167,395
Capital expenditure	810,374	88,732	-	-	899,106
Depreciation	192,051	192,171	-	-	384,222
Non-cash expenses other than depreciation	670,321	3,281,958	3,000,000	-	6,952,279

36. OPERATING SEGMENTS (CONT'D)

(b) Business segments (Cont'd)

2011	Networks RM	Solutions RM	Others RM	Elimination RM	Total RM
Revenue					
External sales	30,967,657	30,570,693	-	-	61,538,350
Inter-segment sales	-	672,780	-	(672,780)	-
Total	30,967,657	31,243,473	-	(672,780)	61,538,350
Results					
Segment results	7,610,746	(18,102,015)	(4,652,773)	-	(15,144,042)
Interest expense					(630,712)
Interest income					324,169
Loss before tax					(15,450,585)
Tax expense					(2,578,356)
Loss for the year					(18,028,941)
Other information					
Segment assets	45,671,727	23,363,829	13,930,687	-	82,966,243
Segment liabilities	24,052,990	15,368,866	641,744	-	40,063,600
Capital expenditure	44,366	185,012	-	-	229,378
Depreciation	119,368	491,407	-	-	610,775
Non-cash expenses other than depreciation	308,444	3,777,209	3,739,951	-	7,825,604

(c) Geographical segments

2012	Revenue RM	Segment assets RM	Segment liabilities RM	Capital expenditure RM	Depreciation RM
Malaysia	43,153,516	59,269,155	25,856,182	816,071	318,497
Singapore	6,973,902	2,577,424	4,148,049	3,734	36,383
Thailand	13,614,668	8,457,792	4,114,233	79,301	29,342
Indonesia	-	746,659	1,048,931	-	-
	63,742,086	71,051,030	35,167,395	899,106	384,222

36. OPERATING SEGMENTS (CONT'D)

(c) Geographical segments (Cont'd)

2011	Revenue RM	Segment assets RM	Segment liabilities RM	Capital expenditure RM	Depreciation RM
Malaysia	33,960,188	62,300,503	28,270,171	141,240	414,148
Singapore	14,797,927	13,247,759	7,938,746	-	104,278
Thailand	12,780,235	6,597,904	2,768,440	88,138	92,349
Indonesia	-	820,077	1,086,243	-	-
	61,538,350	82,966,243	40,063,600	229,378	610,775

37. FINANCIAL INSTRUMENTS

37.1 Financial Risk Management Policies

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

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

(a) Market Risk

(i) Foreign Currency Risk

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

The Group's exposure to foreign currency risk, based on the carrying amounts as at the end of the reporting period is as follows:-

The Group In RM 2012	SINGAPORE DOLLAR	UNITED STATES DOLLAR	THAI BAHT	INDONESIAN RUPIAH	EURO	RINGGIT MALAYSIA	TOTAL
Financial assets							
Trade receivables	860,604	239,010	3,366,741	-	7,416	5,277,284	9,751,055
Other receivables and deposits	149,371	-	151,522	729,737	-	4,775,904	5,806,534
Cash and cash equivalents	179,077	11,229	2,347,690	3,842	1,889	15,260,610	17,804,337
Amounts owing by related companies	-	-	-	-	-	10,958,768	10,958,768
	1,189,052	250,239	5,865,953	733,579	9,305	36,272,566	44,320,694

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group In RM 2012	SINGAPORE DOLLAR	UNITED STATES DOLLAR	THAI BAHT	INDONESIAN RUPIAH	EURO	RINGGIT MALAYSIA	TOTAL
Financial liabilities							
Amount owing to related companies	-	-	-	-	-	3,135,960	3,135,960
Amount owing to ultimate holding company	-	-	-	-	-	680,081	680,081
Trade payables	586,326	4,653,356	1,031,999	186,090	-	2,439,894	8,897,665
Other payables and accruals	2,793,568	-	2,994,888	862,841	-	5,638,138	12,289,435
Bank overdrafts	-	-	-	-	-	9,156,398	9,156,398
Hire purchase payables	-	-	-	-	-	252,830	252,830
Trust receipts	-	-	-	-	-	656,692	656,692
Provision for post-employment benefits	-	-	87,346	-	-	-	87,346
	3,379,894	4,653,356	4,114,233	1,048,931	-	21,959,993	35,156,407
Net financial (liabilities)/assets	(2,190,842)	(4,403,117)	1,751,720	(315,352)	9,305	14,312,573	9,164,287
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	2,190,842	-	(1,751,720)	315,352	-	(14,312,573)	(13,558,099)
	-	(4,403,117)	-	-	9,305	-	(4,393,812)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group In RM 2011	SINGAPORE DOLLAR	UNITED STATES DOLLAR	THAI BAHT	INDONESIAN RUPIAH	EURO	RINGGIT MALAYSIA	TOTAL
Financial assets							
Trade receivables	5,463,229	12,480	1,516,161	-	-	12,120,486	19,112,356
Other receivables and deposits	5,804,161	-	1,259,689	758,140	-	1,929,122	9,751,112
Cash and cash equivalents	1,119,195	13,187	2,999,847	4,033	1,962	19,364,207	23,502,431
Amounts owing by related companies	-	-	-	-	-	1,828,651	1,828,651
Short-term investments	-	-	-	-	-	1,114,760	1,114,760
	12,386,585	25,667	5,775,697	762,173	1,962	36,357,226	55,309,310
Financial liabilities							
Amounts owing to related companies	744,096	-	-	-	-	1,416,597	2,160,693
Amount owing to ultimate company	-	-	-	-	-	248,231	248,231
Trade payables	3,557,785	2,439,371	553,663	195,276	-	2,028,536	8,774,631
Other payables and accruals	3,636,865	-	2,111,875	890,967	-	11,128,682	17,768,389
Bank overdrafts	-	-	-	-	-	9,848,766	9,848,766
Hire purchase payables	-	-	-	-	-	149,810	149,810
Revolving credits	-	-	-	-	-	694,938	694,938
Trust receipts	-	-	-	-	-	388,920	388,920
	7,938,746	2,439,371	2,665,538	1,086,243	-	25,904,480	40,034,378
Net financial assets/ (liabilities)	4,447,839	(2,413,704)	3,110,159	(324,070)	1,962	10,452,746	15,274,932
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(4,447,839)	-	(3,110,159)	324,070	-	(10,452,746)	(17,686,674)
	-	(2,413,704)	-	-	1,962	-	(2,411,742)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY In RM 2012	SINGAPORE DOLLAR	TOTAL
Financial assets		
Amount owing by subsidiaries	6,657,217	6,657,217
2011		
Financial assets		
Amount owing by subsidiaries	8,076,279	8,076,279

Foreign currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a Ringgit Malaysia functional currency. The exposure to currency risk of Group entities which do not have Ringgit Malaysia functional currency is not material and hence, sensitivity analysis is not presented.

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:-

	THE GROUP		THE COMPANY	
	2012 Increase/ (Decrease) RM	2011 Increase/ (Decrease) RM	2012 Increase/ (Decrease) RM	2011 Increase/ (Decrease) RM
Effects on loss after tax				
United States Dollar:				
- strengthened by 10%	330,234	181,028	-	-
- weakened by 10%	(330,234)	(181,028)	-	-
Singapore Dollar:				
- strengthened by 10%	-	-	(499,292)	(605,721)
- weakened by 10%	-	-	499,292	605,721
Effects on equity				
United States Dollar:				
- strengthened by 10%	(330,234)	(181,028)	-	-
- weakened by 10%	330,234	181,028	-	-
Singapore Dollar:				
- strengthened by 10%	-	-	499,292	605,721
- weakened by 10%	-	-	(499,292)	(605,721)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

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

The Group's exposure to interest rate risk, based on the carrying amounts as at the end of the reporting period is as follows:-

	THE GROUP	
	2012 RM	2011 RM
Fixed rate instruments		
Fixed deposits with licensed banks	14,707,408	15,701,372
Hire purchase payables	(252,830)	(149,810)
Revolving credits	-	(694,938)
	14,454,578	14,856,624
Floating rate instruments		
Short-term commercial papers	100,657	2,000,000
Bank overdrafts	(9,156,398)	(9,848,766)
Trust receipts	(656,692)	(388,920)
	(9,712,433)	(8,237,686)

Interest rate risk sensitivity analysis

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

Cash flow sensitivity analysis for variable rate instruments
The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	2012 Increase/ (Decrease) RM	2011 Increase/ (Decrease) RM
Effects on loss after tax		
Increase of 100 basis points (bp)	72,843	61,783
Decrease of 100 basis points (bp)	(72,843)	(61,783)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from the Group's investment in quoted securities. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles in the previous financial year.

The Group does not have any quoted investments at the end of the reporting period and hence is not exposed to equity price risk.

(b) Credit Risk

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

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

Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

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

The exposure of credit risk for trade receivables at the end of the reporting period by geographical region is as follows:-

	THE GROUP	
	2012 RM	2011 RM
Thailand	3,366,741	1,516,161
Singapore	860,604	5,463,229
Malaysia	5,523,710	12,132,966
	9,751,055	19,112,356

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis

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

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING VALUE RM
2012				
Not past due	16,707,112	-	-	16,707,112
Past due:-				
- less than 3 months	1,916,871	-	-	1,916,871
- 3 to 6 months	1,149,198	-	-	1,149,198
- over 6 months	6,878,097	(5,941,455)	-	936,642
	26,651,278	(5,941,455)	-	20,709,823
2011				
Not past due	8,999,402	-	-	8,999,402
Past due:-				
- less than 3 months	9,440,887	-	-	9,440,887
- 3 to 6 months	1,396,384	-	-	1,396,384
- over 6 months	8,023,686	(6,919,352)	-	1,104,334
	27,860,359	(6,919,352)	-	20,941,007

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

There is no collective impairment allowance at the end of the reporting period which is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

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

The following table sets 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):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM
2012					
Amounts owing to related companies	-	3,135,960	3,135,960	3,135,960	-
Amount owing to ultimate holding company	-	680,081	680,081	680,081	-
Hire purchase payables	2.64	252,830	277,064	91,932	185,132
Bank overdrafts	8.10	9,156,398	9,156,398	9,156,398	-
Trust receipts	8.10	656,692	656,692	656,692	-
Trade payables	-	8,897,665	8,897,665	8,897,665	-
Other payables and accruals	-	12,289,435	12,289,435	12,289,435	-
Provision for post-employment benefits	-	87,346	87,346	-	87,346
		35,156,407	35,180,641	34,908,163	272,478
2011					
Amounts owing to related companies	-	2,160,693	2,160,693	2,160,693	-
Amount owing to ultimate holding company	-	248,231	248,231	248,231	-
Hire purchase payables	2.69	149,810	159,768	85,650	74,118
Bank overdrafts	7.80	9,848,766	9,848,766	9,848,766	-
Revolving credits	7.00	694,938	694,938	694,938	-
Trust receipts	7.80	388,920	388,920	388,920	-
Trade payables	-	8,774,631	8,774,631	8,774,631	-
Other payables and accruals	-	17,768,389	17,768,389	17,768,389	-
		40,034,378	40,044,336	39,970,218	74,118

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

THE COMPANY	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM
2012				
Amounts owing to subsidiaries	23,521,473	23,521,473	23,521,473	-
Amounts owing to related companies	602,000	602,000	602,000	-
Other payables and accruals	702,209	702,209	702,209	-
	24,825,682	24,825,682	24,825,682	-
2011				
Amounts owing to subsidiaries	21,656,470	21,656,470	21,656,470	-
Amounts owing to related companies	2,000	2,000	2,000	-
Other payables and accruals	639,744	639,744	639,744	-
	22,298,214	22,298,214	22,298,214	-

37.2 Capital Risk Management

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

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as total borrowings divided by total equity. The group has a target gearing ratio of 25% to 50% determined as the proportion of total borrowings to equity. The gearing ratios as at 31 March 2012 and 31 March 2011, which are within the Group's objectives for capital management, are as follows:-

	THE GROUP 2012 RM	THE GROUP 2011 RM
Total borrowings (Note 20)	10,065,920	11,082,434
Total equity	35,883,635	42,902,643
Gearing ratio	28.1%	25.8%

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Capital Risk Management (Cont'd)

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

The Group is also required to maintain a maximum debt-to-equity ratio of 0.5 to comply with a bank covenant, failing which, the bank may call an event of default. The Group has complied with this requirement.

37.3 Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Financial assets				
Fair value through profit or loss				
Short-term investments	-	1,114,760	-	-
Loans and receivables financial assets				
Trade receivables	9,751,055	19,112,356	-	-
Other receivables and deposits	5,806,534	9,751,112	1,035,645	-
Amounts owing by subsidiaries	-	-	7,161,505	10,039,685
Amounts owing by related companies	10,958,768	1,828,651	-	-
Cash and cash equivalents	17,804,337	23,502,431	325,308	2,311
	44,320,694	54,194,550	8,522,458	10,041,996
Financial liabilities				
Other financial liabilities				
Bank overdrafts	9,156,398	9,848,766	-	-
Hire purchase payables	252,830	149,810	-	-
Trust receipts	656,692	388,920	-	-
Revolving credits	-	694,938	-	-
Trade payables	8,897,665	8,774,631	-	-
Other payables and accruals	12,289,435	17,768,389	702,209	639,744
Amounts owing to subsidiaries	-	-	23,521,473	21,656,470
Amount owing to ultimate holding company	680,081	248,231	-	-
Amounts owing to related companies	3,135,960	2,160,693	602,000	2,000
Provision for post-employment benefits	87,346	-	-	-
	35,156,407	40,034,378	24,825,682	22,298,214

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 Fair Values Of Financial Instruments

The carrying amounts of the financial instruments of the Group as at the end of the reporting period approximated their fair values due to the relatively short-term maturity of the financial instruments except as set out below:-

	2012		2011	
THE GROUP	**CARRYING AMOUNT RM**	**FAIR VALUE RM**	**CARRYING AMOUNT RM**	**FAIR VALUE RM**
Non-current portion:				
- Hire purchase payables	172,027	162,321	70,578	68,046

The fair value of the non-current hire purchase payables was determined using discounted cash flow technique. The discount rate used was based on the weighted average effective rate of the hire purchase payables of the Group of 2.64% (2011 - 2.69%) per annum.

37.5 Fair Value Hierarchy

As at 31 March 2012, there were no financial instruments carried at fair values.

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 26 March 2012, the Company announced its proposal to undertake a Renounceable Rights Issue of up to 338,969,273 new ordinary shares of RM0.10 each in the Company ("Rights Share") together with up to 338,969,273 free detachable warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every four (4) existing shares held in the Company together with one (1) free warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later by the Board of Directors. The above exercise has yet to be completed as at the date of this report.

39. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 5 June 2012, DGB, a wholly-owned subsidiary of the Company, accepted a Letter of Award dated 29 May 2012 by D.G.KOM Sendirian Berhad ("DGKom") for the supply of system and network equipment and support services for DGKom's projects for a period of one (1) year commencing from 29 May 2012 to 28 May 2013, for an aggregate amount of RM20 million ("Contact Value").

The total Contract Value shall be based on the purchase order(s) to be issued by DGKom within the period of 12 months from 29 May 2012 and DGKom shall have the right not to utilise fully the Contract Value and any unutilised Contract Value shall not be claimed by DGB and/or compensated to DGB.

40. COMPARATIVES

In the previous financial period, the Company changed its financial year end from 31 December to 31 March due to the reverse acquisition of the Company by DGB as disclosed in Note 4.2 to the financial statements. Consequently, the financial statements of the previous financial period were for a period of 15 months from 1 January 2010 to 31 March 2011.

41. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSS

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits/(accumulated losses) as at the end of the reporting period may be analysed as follows:-

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits/ (accumulated losses):				
- Realised	22,242,445	25,411,620	(56,209,753)	(30,627,238)
- Unrealised	310,679	1,250,694	-	-
	22,553,124	26,662,314	(56,209,753)	(30,627,238)
Less: Consolidation adjustments	(6,739,951)	(3,739,951)	-	-
Total retained profits/ (accumulated losses) as per financial statements	15,813,173	22,922,363	(56,209,753)	(30,627,238)

ANALYSIS OF SHAREHOLDINGS
AS AT 12 JULY 2012

Authorised Share Capital	:	RM500,000,000.00
Issued and Paid-up Share Capital	:	RM135,587,709.00 divided into 1,355,877,090 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	1 vote per Ordinary Share
Number of Shareholders	:	7,565

DISTRIBUTION OF SHAREHOLDERS
according to statistical summary of the Record of Depositors as at 12 July 2012

Size of Holding	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	495	6.54	21,357	0.00
100 to 1,000 shares	3,589	47.44	1,519,429	0.11
1,001 to 10,000 shares	1,769	23.39	9,749,574	0.72
10,001 to 100,000 shares	1,246	16.47	55,439,201	4.09
100,001 to less than 5% of issued shares	464	6.13	480,865,128	35.47
5% and above of issued shares	2	0.03	808,282,401	59.61
Total	7,565	100.00	1,355,877,090	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS
according to the Record of Depositors as at 12 July 2012

	Name	No. of Shares Held	%
1.	M & A Nominee (Tempatan) Sdn Bhd Insas Credit & Leasing Sdn Bhd for Formis Holdings Bhd	450,467,916	33.22
2.	Formis Holdings Bhd	357,814,485	26.39
3.	Lau Chi Chiang	66,000,000	4.87
4.	Robin Lim Jin Hee	44,101,000	3.25
5.	Christina Ingeburg Orth	17,118,394	1.26
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abdul Halim Bin Abdul Karim	16,670,009	1.23
7.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Siew Kwok	14,792,935	1.09
8.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yip Yew Kin @ Justin	12,757,000	0.94
9.	Ngo Tong Yong	11,812,500	0.87
10.	Tan Aik Ping	11,812,500	0.87
11.	M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Megat Najmuddin Bin Haji Megat Khas	11,307,853	0.83
12.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Hong Cheat	9,135,572	0.67

LIST OF THIRTY LARGEST SHAREHOLDERS
according to the Record of Depositors as at 12 July 2012 (Cont'd)

	Name	No. of Shares Held	%
13.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Chee & Sons Sdn Bhd	8,360,000	0.62
14.	Tio Sian Hooi	6,294,400	0.46
15.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Tiang Chin	5,633,100	0.42
16.	Malaysia Venture Capital Management Berhad	5,578,563	0.41
17.	Wong Siew Len	4,800,000	0.35
18.	JF Apex Nominees (Tempatan) Sdn Bhd Teh & Lee for Chan Ngow	4,471,250	0.33
19.	JF Apex Nominees (Tempatan) Sdn Bhd Teh & Lee for Rahim Bin Baba	4,471,250	0.33
20.	JF Apex Nominees (Tempatan) Sdn Bhd Teh & Lee for Megat Najmuddin Bin Haji Megat Khas	4,471,250	0.33
21.	Hoo Ju Yang @ Foo Gaik Heang	4,467,500	0.33
22.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Tuck Choy	4,464,300	0.33
23.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Ngow	4,343,030	0.32
24.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Siew Kwok	3,196,295	0.24
25.	Maybank Nominees (Tempatan) Sdn Bhd Teoh Lay Ean	3,025,000	0.22
26.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Siew Kwok	3,018,862	0.22
27.	Lau Chi Chiang	3,000,000	0.22
28.	Maybank Nominees (Tempatan) Sdn Bhd Chiam Guik Meng	2,975,000	0.22
29.	Chan Sau Chun	2,893,700	0.21
30.	Lai Kam Keong	2,794,000	0.21
	Total	1,102,047,664	81.28

SUBSTANTIAL SHAREHOLDERS
according to the Register of Substantial Shareholders as at 12 July 2012

			No. of Shares Held		
	Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	Formis Holdings Berhad	808,282,401	59.61	-	-
2.	Formis Resources Berhad	-	-	808,282,401(1)	59.61
3.	Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas	24,895,639(4)	1.84	808,282,401(2)	59.61
4.	Lau Chi Chiang	70,925,000(4)	5.23	40,000(3)	0.003
5.	Red Zone Development Sdn Bhd	-	-	808,282,401(2)	59.61
6.	Monteiro Gerard Clair	-	-	808,282,401(5)	59.61
7.	Wong Kit Leong	-	-	808,282,401(5)	59.61
8.	Raymond Tan	860,000	0.06	808,282,401(5)	59.61

DIRECTORS' INTERESTS IN THE COMPANY AND RELATED COMPANY
according to the Register of Directors' Shareholdings as at 12 July 2012

			No. of Shares Held		
	DIVERSIFIED GATEWAY SOLUTIONS BERHAD	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	Dato' Gan Nyap Liou @ Gan Nyap Liow	-	-	-	-
2.	Lau Chi Chiang	70,925,000(4)	5.23	40,000(3)	0.003
3.	Robin Lim Jin Hee	44,101,000	3.25	2,000(3)	*
4.	Neo Poh Lian	-	-	-	-
5.	Hoe Kah Soon	-	-	-	-
6.	Chan Hiok Khiang	-	-	-	-
7.	Au Yong Kam Weng	-	-	-	-

DIRECTORS' INTERESTS IN THE COMPANY AND RELATED COMPANY
according to the Register of Directors' Shareholdings as at 12 July 2012 (Cont'd)

RELATED COMPANY		No. of Ordinary Shares Held			
		Direct Interest	**%**	**Deemed Interest**	**%**
Formis Resources Berhad					
1.	Dato' Gan Nyap Liou @ Gan Nyap Liow	-	-	5,000,000[6]	2.69
2.	Lau Chi Chiang	4,015,000[4]	2.16	40,000[3]	0.02
3.	Robin Lim Jin Hee	101,000	0.05	2,000[3]	*
4.	Chan Hiok Khiang	1,500,000[4]	0.81	-	-

RELATED COMPANY		No. of Warrants Held			
		Direct Interest	**%**	**Deemed Interest**	**%**
Formis Resources Berhad					
1.	Lau Chi Chiang	250,000	0.27	-	-
2.	Robin Lim Jin Hee	-	-	1,000[3]	*

Notes:

(1) Deemed interested by virtue of Formis Holdings Berhad ("FHB") being a wholly-owned subsidiary of Formis Resources Berhad ("FRB") pursuant to Section 6A of the Companies Act, 1965.

(2) Deemed interested by virtue of their substantial interest in FRB, the holding company of FHB pursuant to Section 6A of the Companies Act, 1965.

(3) Deemed interested by virtue of indirect shareholding of ordinary shares held by their spouses.

(4) Direct shareholdings are interests held by the shareholders and / or in the respective shareholders' name by nominee companies.

(5) Deemed interested by virtue of their substantial interest in Red Zone Development Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(6) Deemed interested by virtue of his substantial interest in PlanetBiz Investments Limited pursuant to Section 6A of the Companies Act, 1965.

* Negligible

OTHER INFORMATION

Non-Audit Fees
Non-statutory audit fee of RM8,507.12 was paid/payable to the external auditors for the financial year ended 31 March 2012.

Material Contracts
There were no material contracts entered into by the Group and the Company involving the interest of its Directors and major shareholders of the Group and of the Company which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Sixth Annual General Meeting of Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad) ("DGSB") held on 10 September 2011, the Company had obtained the approval of the shareholders for the shareholders' mandate to allow the Company and its subsidiaries ("Group") to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties ("Recurrent Transactions").

The said mandate takes effect on 10 September 2011 until the conclusion of the forthcoming Annual General Meeting of the Company.

In accordance with Paragraph 3.1.5 of the Guidance Note 8 of the ACE Market Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended ("FYE") 31 March 2012 pursuant to the said shareholders' mandate are as follows :

<table>
<tr><th>Companies within the DGSB Group transacting with the Related Parties</th><th>Nature of transactions</th><th>Related Party</th><th>Interested Major Shareholders / Persons Connected</th><th>Aggregate Value of Transactions during the FYE 31.03.12 (RM)</th></tr>
<tr><td rowspan="2">• Diversified Gateway Berhad ("DGB")
• ISS Consulting (Malaysia) Sdn Bhd ["ISS (Malaysia)"]</td><td>Supply of computer hardware and services by FNS to DGB and ISS (Malaysia)</td><td rowspan="2">Formis Network Services Sdn Bhd ("FNS") [1]</td><td rowspan="4">Interested Major Shareholder
- Formis Holdings Berhad ("FHB") [13]

Interested Persons Connected with Major Shareholder
- Formis Resources Berhad ("FRB") [14]
- Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas ("Tan Sri Megat") [15]</td><td>-</td></tr>
<tr><td>Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FNS</td><td>18,090,571.22</td></tr>
<tr><td rowspan="2">• DGB
• ISS (Malaysia)</td><td>Supply of computer hardware and services by FCS to DGB and ISS (Malaysia)</td><td rowspan="2">Formis Computer Services Sdn Bhd ("FCS") [2]</td><td>18,000.00</td></tr>
<tr><td>Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FCS</td><td>-</td></tr>
</table>

Recurrent Related Party Transactions (Cont'd)

Companies within the DGSB Group transacting with the Related Parties	Nature of transactions	Related Party	Interested Major Shareholders / Persons Connected	Aggregate Value of Transactions during the FYE 31.03.12 (RM)
• DGB • ISS (Malaysia)	Supply of computer hardware and services by FSSB to DGB and ISS (Malaysia)	First Solution Sdn Bhd ("FSSB") [3]	**Interested Major Shareholder** - Formis Holdings Berhad ("FHB") [13] **Interested Persons Connected with Major Shareholder** - Formis Resources Berhad ("FRB") [14] - Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas ("Tan Sri Megat") [15]	555,723.60
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FSSB			-
• DGB • ISS (Malaysia)	Supply of computer hardware and services by ABS to DGB and ISS (Malaysia)	Applied Business Systems Sdn Bhd ("ABS") [4]		207,168.14
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to ABS			-
• DGB • ISS (Malaysia)	Supply of computer hardware and services by FST to DGB and ISS (Malaysia)	Formis Systems & Technology Sdn Bhd ("FST") [5]		237,689.00
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FST			-
• DGB • ISS (Malaysia)	Supply of computer hardware and services by CLS to DGB and ISS (Malaysia)	Com-Line Systems Sdn Bhd ("CLS") [6]		-
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to CLS			-
• DGB • ISS (Malaysia)	Supply of computer hardware and services by FMT to DGB and ISS (Malaysia)	Formis Media Teknologi Sdn Bhd ("FMT") [7]		-
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FMT			-

Recurrent Related Party Transactions (Cont'd)

Companies within the DGSB Group transacting with the Related Parties	Nature of transactions	Related Party	Interested Major Shareholders / Persons Connected	Aggregate Value of Transactions during the FYE 31.03.12 (RM)
• DGB • ISS (Malaysia)	Supply of computer hardware and services by FSTech to DGB and ISS (Malaysia)	Formis Software & Technologies Sdn Bhd ("FSTech") (8)	**Interested Major Shareholder** - Formis Holdings Berhad ("FHB") (13)	-
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FSTech		**Interested Persons Connected with Major Shareholder** - Formis Resources Berhad ("FRB") (14) - Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas ("Tan Sri Megat") (15)	8,500.00
• DGB • ISS (Malaysia)	Supply of computer hardware and services by FES to DGB and ISS (Malaysia)	Formis e Solutions Sdn Bhd ("FES") (9)		-
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FES			-
• DGB • ISS (Malaysia)	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to CNA	Continuous Network Advisers Sdn Bhd ("CNA") (10)		-
• DGB • ISS (Malaysia)	Supply of computer hardware and services by FAS to DGB and ISS (Malaysia)	Formis Advanced Systems Sdn Bhd ("FAS") (11)		-
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FAS			-
• DGB • ISS (Malaysia)	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to Bukit Jalil Development Sdn Bhd ("BJD")	BJD (12)		-
• DGB • ISS (Malaysia)	Supply of computer hardware, software and services by FBS to DGB and ISS (Malaysia)	FORMIS BASS Software Sdn Bhd ("FBS")	Nil (16)	-
	Supply of network and software solutions inclusive of technical / maintenance services by DGB and ISS (Malaysia) to FBS			-

Recurrent Related Party Transactions (Cont'd)

Notes :-

(1) DGB and ISS (Malaysia) are related parties to FNS through a common ultimate Major Shareholder, FRB. FNS is principally involved in the provision of information technology services in terms of hardware, software, consultancy and maintenance to telecommunications, oil and gas and government sectors.

(2) DGB and ISS (Malaysia) are related parties to FCS through a common ultimate Major Shareholder, FRB. FCS is principally involved in the provision of computer technology and maintenance of computer hardware and software.

(3) DGB and ISS (Malaysia) are related parties to FSSB through a common ultimate Major Shareholder, FRB. FSSB is principally engaged in the distribution and maintenance of computer hardware and software.

(4) DGB and ISS (Malaysia) are related parties to ABS through a common ultimate Major Shareholder, FRB. ABS is principally engaged in the distribution and maintenance of computer equipment and software.

(5) DGB and ISS (Malaysia) are related parties to FST through a common ultimate Major Shareholder, FRB. FST is principally engaged in the distribution and maintenance of computer hardware and software.

(6) DGB and ISS (Malaysia) are related parties to CLS through a common ultimate Major Shareholder, FRB. CLS is principally engaged in the development of standard application packages and the provision of turnkey solution development services.

(7) DGB and ISS (Malaysia) are related parties to FMT through a common ultimate Major Shareholder, FRB. FMT is principally involved in the provision of solutions and services to multimedia industry focusing on the broadcasting and production industry.

(8) DGB and ISS (Malaysia) are related parties to FSTech through a common ultimate Major Shareholder, FRB. FSTech is principally involved in the development of application software, system integration services and the provision of hardware and software maintenance services.

(9) DGB and ISS (Malaysia) are related parties to FES through a common ultimate Major Shareholder, FRB. FES is principally involved in the development of application software, system integration services and the provision of hardware and software maintenance services.

(10) DGB and ISS (Malaysia) are related parties to CNA through a common ultimate Major Shareholder, FRB. CNA is principally involved in the provision of data communication, networking, integration of computer systems and maintenance support for related activities.

(11) DGB and ISS (Malaysia) are related parties to FAS through a common ultimate Major Shareholder, FRB. FAS is principally involved in the provision of computer technology and maintenance of computer hardware and software.

(12) DGB and ISS (Malaysia) are related parties to BJD through a common ultimate Major Shareholder, FRB. BJD is a 70% owned subsidiary of Ho Hup Construction Company Berhad which in turn is a 20.59% associated company of FHB. FHB is a wholly-owned subsidiary of FRB. The principal activity of BJD is property development.

(13) FHB is the holding company of FNS, FCS, FSSB, CLS and FMT and the penultimate holding company of DGB and ISS (Malaysia).

(14) FRB is the ultimate major shareholder of DGB and ISS (Malaysia) and the Related Parties.

(15) Tan Sri Megat is the Non-Executive Chairman of FRB. He is also a Major Shareholder of FRB by virtue of his direct interest in FRB. By virtue of his interests in FRB, Tan Sri Megat is deemed interested in the shares of FRB's subsidiary companies to the extent these companies have an interest. Tan Sri Megat's direct and indirect interests in FRB and DGSB as at 31 March 2012 are set out below:-

	% of Interest	
Name of Company	***Direct***	***Indirect***
FRB	*16.73*	*-*
DGSB	*1.84*	*59.61[(a)]*

(a) Deemed interested by virtue of his interest in FRB pursuant to Section 6A of the Act.

(16) FBS ceased to be a related party to DGB and ISS (Malaysia) with effect from 29 March 2012.

DIVERSIFIED GATEWAY SOLUTIONS BERHAD

Form of Proxy

(Formerly known as ISS Consulting Solutions Berhad)
(Company No. 675362-P)
(Incorporated in Malaysia)

I/We,.. NRIC No.: ....

of ....

being a member / members of DIVERSIFIED GATEWAY SOLUTIONS BERHAD (FORMERLY KNOWN AS ISS CONSULTING SOLUTIONS BERHAD), hereby appoint ....

.... NRIC No.: ....

of ....

or failing him/her, ... NRIC No.: ....

of ....

or failing whom, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company, to be held at Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Thursday, 13 September 2012 at 10.30 a.m. and at any adjournment thereof in the manner as indicated below:

Resolutions	For	Against
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		
RESOLUTION 9		
RESOLUTION 10		
RESOLUTION 11		

(Please indicate with an "X" in the spaces provided above to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy may vote as he or she thinks fit, or at his or her discretion, abstains from voting)

Signed this .... day of 2012

Number of Ordinary Shares Held

....
Signature of Shareholder(s)

Notes:

i) A member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

ii) A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.

iv) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company at 16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.

FOLD THIS FLAP FOR SEALING

AFFIX
STAMP
HERE

TO: THE COMPANY SECRETARY
DIVERSIFIED GATEWAY SOLUTIONS BERHAD
(FORMERLY KNOWN AS ISS CONSULTING SOLUTIONS BERHAD)
16TH FLOOR, KH TOWER,
8 LORONG P. RAMLEE,
50250 KUALA LUMPUR

FOLD THIS FLAP FOR SEALING