



YTL
E-SOLUTIONS
BERHAD 236137-K

the journey continues...

annual report **2007**

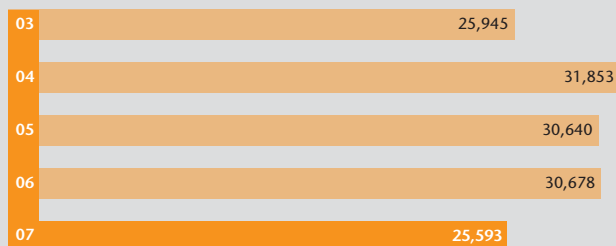


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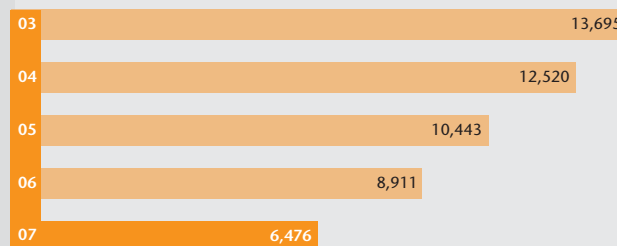
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Financial Highlights

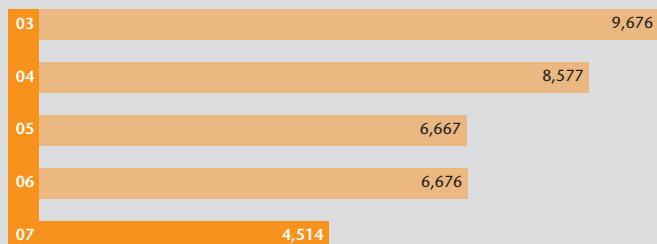
	2007	2006	2005	2004	2003
Revenue (RM'000)	25,593	30,678	30,640	31,853	25,945
Profit Before Taxation (RM'000)	6,476	8,911	10,443	12,520	13,695
Profit After Taxation (RM'000)	4,514	6,676	6,667	8,577	9,676
Profit for the Year Attributable to Equity Holders of the Company (RM'000)	5,051	5,764	5,133	6,588	7,619
Shareholders Funds (RM'000)	167,330	163,709	160,279	157,213	150,625
Earnings per Share (Sen)	0.37	0.43	0.38	0.49	0.56
Dividend per Share (Sen)	0.30	0.20	0.20	0.20	–
Total Assets (RM'000)	193,533	178,784	176,832	172,219	165,101
Net Assets per Share (RM)	0.12	0.12	0.12	0.12	0.11



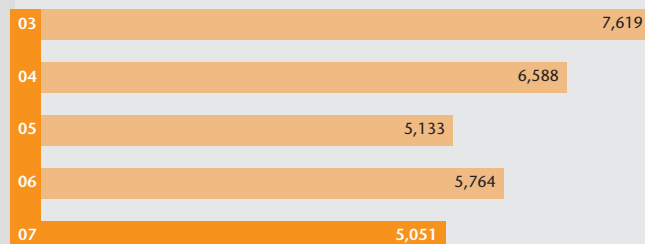
Revenue (RM'000)



Profit Before Taxation (RM'000)



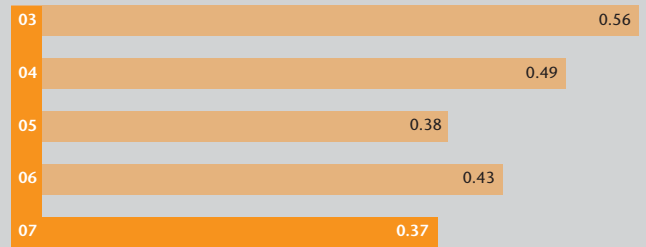
Profit After Taxation (RM'000)



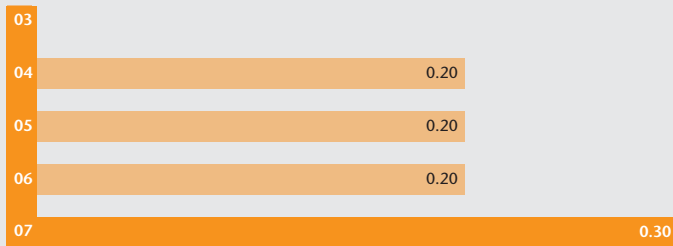
Profit for the Year Attributable to
Equity Holders of the Company (RM'000)



Shareholders Funds (RM'000)



Earnings per Share (Sen)



Dividend per Share (Sen)



Total Assets (RM'000)



Net Assets per Share (RM)

Chairman's Statement

On behalf of the Board of Directors of YTL e-Solutions Berhad ("YTL e-Solutions" or "Company"), I have the pleasure of presenting to you the Annual Report and audited financial statements of the Company and its subsidiaries ("Group") for the financial year ended 30 June 2007.

OVERVIEW

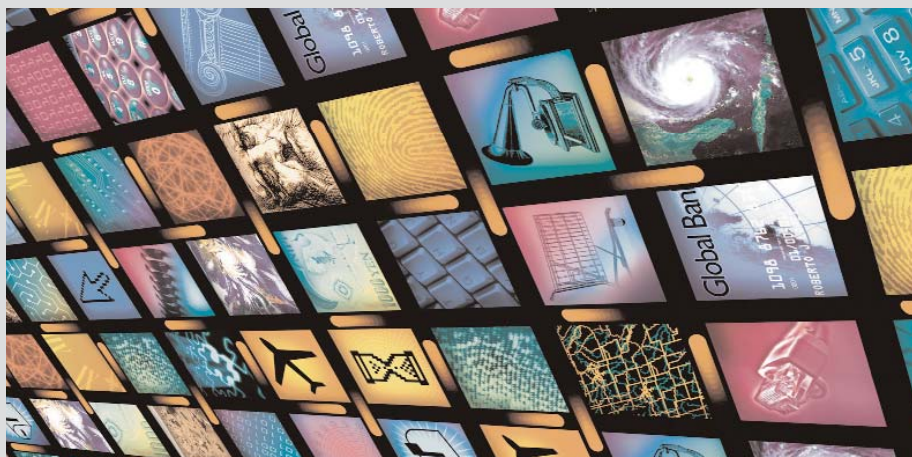
YTL e-Solutions achieved a satisfactory level of performance during the year under review, despite challenging market conditions arising from the dearth of viable investment opportunities in the local information technology ("IT") and e-commerce sectors that meet YTL e-Solutions' strategic investment requirements.

During the year under review, YTL e-Solutions acquired a controlling interest in Y-Max Networks Sdn Bhd (formerly known as Bizsurf (M) Sdn Bhd) ("Y-Max Networks"), which was subsequently awarded one of only four Worldwide Interoperability for Microwave Access ("WiMAX") licences for a 2.3GHz broadband wireless access spectrum by the Malaysia Communications & Multimedia Commission ("MCMC"). With this spectrum, Y-Max Networks will roll out its WiMAX network, with the aim of providing wider coverage and bandwidth suited for both rural and urban areas, and this is expected to further boost the broadband penetration rate throughout the country.

On the economic front, the Malaysian economy has remained robust with real gross domestic product (GDP) projected to grow by 6.0% for the 2007 calendar year, compared to 5.9% in 2006. The Government's continued focus on the information and communications technology ("ICT") industry, which manifested itself in initiatives such as the award of the four WiMAX licenses mentioned above in March 2007, bodes extremely well for the Group, as this is where the bulk of YTL e-Solutions' activities are concentrated.



TAN SRI DATO' (DR) FRANCIS YEOH SEOK PING, CBE
Executive Chairman & Managing Director



YTL e-Solutions' stable of businesses currently comprises Extiva Communications Sdn Bhd ("Extiva"), Infoscreen Networks Plc ("INP") and its wholly-owned subsidiary, YTL Info Screen Sdn Bhd ("YTLIS"), Intellectual Learning Sdn Bhd, PropertyNetAsia (M) Sdn Bhd and Y-Max Networks. During the year under review, YTL e-Solutions acquired an additional 20% in Extiva, increasing its equity interest to 90%, and also disposed of its 70% interest in Hipmobile (M) Sdn Bhd ("Hipmobile").

FINANCIAL PERFORMANCE

The Group's revenue for the financial year ended 30 June 2007 declined 16.6% to RM25.593 million compared to RM30.678 million for the financial year ended 30 June 2006, mainly due to the absence of one-off project income of RM3.564 million recognised in the previous year. Excluding this one-off item, revenue dropped by 5.6% for the year under review.

Meanwhile, profit before taxation decreased by 27.3% to RM6.476 million, a decline of RM2.435 million compared to the financial year ended 30 June 2006. However, excluding the one-off project income highlighted above, the Group's profit before taxation grew by 21.1%, mainly due to higher other operating income, partially offset by one-off impairment loss adjustments recognised during the financial year. These results also reflect increasing costs attributable to pre-start-up and planning costs attributable to the Group's WiMAX initiatives, which are expected to be a significant driver of revenue in the coming few years.

DIVIDEND

In line with the Group's policy of rewarding shareholders and enhancing shareholder value, the Board of Directors of YTL e-Solutions is pleased to recommend for shareholders' approval a First and Final Dividend of 3% less Malaysian income tax for the year ended 30 June 2007.

SIGNIFICANT CORPORATE DEVELOPMENTS

- On 22 December 2006, YTL e-Solutions announced that it had entered into an agreement to subscribe for 13,500,000 ordinary shares of RM0.10 each representing 50% of the issued and paid up share capital of Y-Max Networks for a cash consideration of RM1,350,000.00. Subsequently, on 27 March 2007, the Company announced that it had acquired an additional 1 ordinary share of RM0.10 representing the controlling share in the issued and paid-up share capital of Y-Max Networks for a cash consideration of RM0.10, resulting in Y-Max Networks becoming a subsidiary of YTL e-Solutions.
- On 27 March 2007, YTL e-Solutions disposed of its entire equity interest of 70,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up capital of Hipmobile for a total cash consideration of RM27,000. As a result of this disposal, Hipmobile and its 100% owned subsidiary, Hipmobile Singapore Pte Ltd, ceased to be subsidiaries of YTL e-Solutions.

Chairman's Statement



- On 25 June 2007, the Company acquired an additional 100,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital of Extiva for a total cash consideration of RM4,000,000. With this acquisition, the Group's equity stake in Extiva increased from 70% to 90%.
 - On 16 May 2007, the Company subscribed for 3,499,998 ordinary shares of RM1.00 each and 31,500,000 redeemable preference shares of RM0.10 each for a total cash consideration of RM34,999,998 in the capital of Y-Max Solutions Holdings Sdn Bhd ("YMS"). The share subscription represents 70% of the issued and paid-up share capital of YMS and resulted in YMS becoming a subsidiary of YTL e-Solutions. YMS will be principally involved in investment holding related to the business of providing broadband internet access and other value added services.
 - On 24 May 2007, YTL e-Solutions announced a proposal to seek shareholders' approval to authorise the Company to purchase up to 10% of its own shares. The shareholders of the Company approved this proposal at an Extraordinary General Meeting held on 30 August 2007.
 - On 6 August 2007, YMS entered into a Subscription cum Shareholders' Agreement with Webtransact Sdn Bhd and Airzed Broadband Sdn Bhd ("Airzed Broadband") to set out, inter alia, the terms and conditions of YMS's subscription of 1,400,000 ordinary shares of RM1.00 each and 5,600,000 redeemable convertible preference shares of RM0.10 each in Airzed Broadband ("Proposed Subscription"). The Proposed Subscription is subject to the approval of the Foreign Investment Committee and any other relevant government authorities.
- Airzed Broadband is a licensed service provider, principally engaged in the business of providing broadband internet access utilising 2.5Ghz and 3.5Ghz spectrums and other value added services. Airzed Broadband has also received broadband spectrum licences issued by MCMC which are expected to contribute to the Group's capabilities in the provision of wireless broadband services.
- On 8 October 2007, the Company announced that it had entered into an agreement to acquire 80 ordinary shares of £1.00 each representing 80% of the total shares to be issued, fully paid in the share capital of Wimax Capital Management Limited ("WCM") for a total cash consideration of £80. WCM will be principally conducting business related to WiMAX technology, including the purchase and exploitation of WiMAX spectrum bandwidth.



REVIEW OF OPERATIONS

Investment Objectives

YTL e-Solutions' strategy is to pursue investment opportunities in high growth, knowledge-intensive companies that develop or utilise new technologies, and to enhance the value of these investments using the internal and external resources available to the Group. Where possible, YTL e-Solutions endeavours to integrate its investee companies into a collaborative network that leverages on their inter-related or complementary resources and sales channels.

WiMAX Initiatives

The newest addition to the Group, Y-Max Networks, pioneered the provision of wireless internet broadband services in Malaysia in 2001 and currently provides broadband internet connectivity to over 500 buildings and more than 1500 customers throughout the Klang Valley, with coverage of about 700 square kilometres.

With this existing network, facilities and capabilities, Y-Max Networks is well-positioned to further increase its share of the internet broadband market in conjunction with its WiMAX licence for a 2.3GHz broadband wireless access spectrum and the future roll-out of its WiMAX network.

WiMAX is a wireless standard intended for large coverage areas spanning several kilometres, compared to current standards which limit coverage to several hundred metres. The value of a WiMAX network lies in its "interoperability", as opposed to most existing data transfer infrastructures, which were designed for specific purposes. A cellular system, for example, is designed to provide voice services, whilst consumer satellite connections are best suited for the transmission of data in one direction only, such as video broadcasts. The most similar standard, Wireless Fidelity or Wi-Fi, is designed to cater primarily for short distance networks in homes and offices. As a result, whilst these infrastructures may generally be co-opted for internet protocol (IP) applications, they are not optimised for them and generate their own limitations in use. WiMAX, on the other hand, represents a standard for broadband data, as well as voice, video and data applications over much longer distances.

YTL e-Solutions is also a member of the WiMAX Spectrum Owners Alliance ("WiSOA"), a global organisation composed exclusively of owners of WiMAX spectrum. WiSOA's key objective is to accelerate the acceptance and deployment of interoperable WiMAX networks through a coordinated global effort. The organisation is dedicated to educating and informing its members, industry representatives and government regulators of the importance of WiMAX spectrum, its use, and the potential for WiMAX to revolutionise broadband and data access.

On 8 October 2007, the Company announced that it had agreed, through WCM, to lead participate in WiSOA's initiative to enable the future commercial development of roaming for WiMAX. Under this participation in WISOA, WCM will earn 50% of all revenues derived by WISOA from global roaming, in perpetuity. Roaming is intended to allow subscribers of a WiMAX service to successfully interconnect with service providers around the world, and is expected to provide a significant value-added service for the Group's customers in Malaysia by enabling them to remain connected to wireless broadband services throughout South East Asia and the world.

Chairman's Statement



Digital Media Applications

YTLIS achieved good growth levels in its advertising revenue during the year under review, attributed to greater media sales from leading local and multi-national brands on its digital narrowcast media networks in the Bintang Walk area of Kuala Lumpur, including Sungei Wang Plaza, and on the KL Express Rail Link (KLIA Ekspres) trains. YTLIS is an innovator in the narrowcast digital media sector in Malaysia, both as a digital media network owner and operator, and as a developer of narrowcast digital media solutions.

Telephony Services

Extiva experienced challenging conditions in the Alternative Voice Service Provider ("AVSP") market during the year under review, resulting in a lower revenue contribution from this segment. In addressing these conditions, Extiva continues to explore new technologies related to voice applications over broadband channels to potentially capitalise on the technological advances in this area and improved broadband penetration in Malaysia. Extiva will also continue to explore alternative revenue streams that are synergistic to its current services.

Utilisation of Proceeds

As at 30 June 2007, YTL e-Solutions had fully utilised all proceeds raised from its initial public offering in July 2002 as proposed, for investments and incubation activities, capital expenditure, listing expenses and working capital.

CORPORATE SOCIAL RESPONSIBILITY

The Group believes that effective corporate responsibility can deliver benefits to its businesses and, in turn, to its shareholders, by enhancing reputation and business trust, risk management performance, relationships with regulators, staff motivation and attraction of talent, customer preference and loyalty, the goodwill of local communities and long-term shareholder value.

Every employee of the Group is expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships and the Group is held to the same standard in its compliance with all applicable legal and regulatory requirements.

Social responsibility is one of the Group's key values and YTL e-Solutions places a high priority on acting responsibly in every aspect of its business. The Group is also part of the wider network of the YTL group of companies under the umbrella of its parent company, YTL Corporation Berhad, with a long-standing commitment to creating successful, profitable and sustainable businesses. The sustainability of these businesses, in turn, benefits the surrounding community through the creation of sustained value for shareholders, secure and stable jobs for the Group's employees, support for the arts and culture in Malaysia and contributions to promote education for the benefit of future generations.

Technology incubation, the core focus of YTL e-Solutions, enables the Group to develop its intellectual capital and communications for the benefit of all stakeholders, by leveraging on new technologies which enhance and integrate with the Group's existing businesses. Media and online communication tools, for example, enhance the community aspect through social inclusion, updating all stakeholders and customers on the Group's latest developments thereby encouraging transparency and knowledge of its operations, products and services.



The Group's Statement on Corporate Governance and Internal Control, which elaborates further on its systems and controls, can be found as a separate section in this Annual Report.

FUTURE PROSPECTS

YTL e-Solutions made solid strides this year with its expansion into the broadband industry. The Group's exposure, through its investments in Y-Max Networks and companies such as Airzed Broadband and WCM, to the wired and nascent wireless internet broadband industry will provide the Group with important new and growing revenue streams. Although an increase in costs attributable to WiMAX initiatives, including further pre-start-up and planning costs associated with the roll-out of its WiMAX network in Peninsular Malaysia, is expected in forthcoming financial years, this area is expected to be a significant driver of future revenues.

The Government's target, reiterated in the 2008 Budget, to increase the residential broadband penetration rate to 50% of households by 2010 from 12% currently, augurs well for companies with the infrastructure, funding and ability to develop these avenues for growth, and the Group believes it is well-positioned to capitalise on these opportunities.

Meanwhile, notwithstanding the very competitive conditions in the AVSP industry, the Group through Extiva, continues to perform with its strong operational efficiencies. The intensity of competition in the AVSP industry and the overall growth of the "outdoor" advertising industry in Malaysia, are key factors that will dictate the Group's financial performance in the next financial year.

In line with its development objectives, the Group will continue to actively pursue investment opportunities synergistic to its core knowledge competencies in these areas and in key overseas markets, in addition to leveraging on its availability of funds to identify new evolving and market demand technologies. The integrity and reliability of the selection and assessment process have served to mitigate the very high risks inherent in the business of technology incubation and the Group is committed to maintaining this growth strategy.

As the Group embarks on another year and strives to deliver stronger earnings growth and further enhance shareholder value, the Board of Directors of YTL e-Solutions would like to thank our investors, customers, business associates and the regulatory authorities, for their continued support. As always, we thank the management and staff for their continued dedication and commitment to the Group.

TAN SRI DATO (DR) FRANCIS YEOH SOCK PING

PSM, CBE, SIMP, DPMS, DPMP, JMN, JP

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF YTL E-SOLUTIONS BERHAD WILL BE HELD AT STARHILL 2, LEVEL 4, JW MARRIOTT HOTEL KUALA LUMPUR, 183, JALAN BUKIT BINTANG, 55100 KUALA LUMPUR ON FRIDAY, THE 7TH DAY OF DECEMBER, 2007 AT 12.00 NOON TO TRANSACT THE FOLLOWING BUSINESS:

AS ORDINARY BUSINESS

- 1 To receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Reports of the Directors and Auditors thereon; **Resolution 1**
- 2 To sanction the declaration of a First and Final Dividend of 3% gross less Malaysian Income Tax in respect of the financial year ended 30 June 2007; **Resolution 2**
- 3 To re-elect the following Directors who retire pursuant to Article 83 of the Company's Articles of Association:
 - i Dato' Chong Keap Thai @ Cheong Keap Tai **Resolution 3**
 - ii Dato' Yeoh Seok Hong **Resolution 4**
 - iii Amarjit Singh Chhina **Resolution 5**
- 4 To re-elect Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman who retires pursuant to Article 90 of the Company's Articles of Association; **Resolution 6**
- 5 To approve the payment of Directors' fees amounting to RM162,500 for the financial year ended 30 June 2007; **Resolution 7**
- 6 To re-appoint the Auditors and to authorise the Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTION 1

- 7 PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share 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 Bursa Malaysia Securities Berhad."

Resolution 9

ORDINARY RESOLUTION 2

- 8 PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market ("MMLR") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:

- i The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders'

mandate for share buy-back which was obtained at the Extraordinary General Meeting held on 30 August 2007, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;

- ii The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits and the Share Premium Account of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 30 June 2007, the audited Retained Profits and Share Premium Account of the Company were RM8,406,394.00 and RM1,475,017.00 respectively; and
- iii The shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in all or any of the following manner:
 - a the shares so purchased may be cancelled; and/or
 - b the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
 - c part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

AND THAT such authority shall commence upon the passing of this resolution, 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 by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the MMLR and all other relevant governmental/regulatory authorities." **Resolution 10**

ORDINARY RESOLUTION 3

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

"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 a major shareholder, as specified in section 2.1.2 of the Circular to Shareholders dated 15 November 2007 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 Listing Requirements of Bursa Malaysia Securities Berhad for the Mesdaq Market.

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 full effect to the shareholders' mandate." **Resolution 11**

Notice of Annual General Meeting

SPECIAL RESOLUTION 1

10 PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

"THAT the alterations, deletions, modifications and additions to the Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 15 November 2007 be and are hereby approved." **Resolution 12**

NOTICE OF BOOK CLOSURE

Notice is hereby given that the Register of Members of the Company will be closed at 5.00 p.m. on 12 December 2007 for the entitlement of the following:

Proposed First and Final Dividend of three percent (3%) gross less Malaysian Income Tax in respect of the financial year ended 30 June 2007 as recommended by the Directors on 23 August 2007.

A Depositor shall qualify for entitlement to the Proposed First and Final Dividend only in respect of:

- a shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 December 2007 in respect of transfers; and
- b shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Notice is also hereby given that the Dividend Payment Date of the Proposed First and Final Dividend of three percent (3%) gross less Malaysian Income Tax in respect of the financial year ended 30 June 2007, if approved by the shareholders at the forthcoming Fifteenth Annual General Meeting, shall be on 31 December 2007.

By Order of the Board,

HO SAY KENG

Company Secretary

KUALA LUMPUR
15 November 2007

Notes:

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. An instrument appointing a proxy shall be deposited at the Registered Office of the Company at least 48 hours before the appointed time for holding the meeting. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 59(ii) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 30 November 2007. Only a depositor whose name appears on the General Meeting Record of Depositors as at 30 November 2007 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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

The Company is actively pursuing business opportunities in prospective areas so as to broaden the operating base and earnings potential of the Company. Such expansion plans may require the issue of new shares not exceeding ten per centum of the Company's issued share capital. With the passing of the Resolution 9 mentioned above by the shareholders of the Company at the forthcoming Annual General Meeting, the Directors would avoid delay and cost of convening further general meetings to approve issue of such shares for such purposes.

Resolution pertaining to the renewal of Authority To Buy-Back Shares of the Company

For Resolution 10, further information on the Share Buy-Back is set out in the Share Buy-Back Statement dated 15 November 2007 which is despatched together with the Company's Annual Report 2007.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 11, further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 15 November 2007 which is despatched together with the Company's Annual Report 2007.

Proposed Amendments to Articles of Association

For Resolution 12, details of the Proposed Amendments to Articles of Association are set out in the Circular to Shareholders dated 15 November 2007 which is despatched together with the Company's Annual Report 2007.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Rule 8.36(2) of the Listing Requirements of Bursa Malaysia Securities Berhad for Mesdaq Market)

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the Fifteenth Annual General Meeting of the Company.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman and Managing Director

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping

PSM, CBE, SIMP, DPMS, DPMP, JMN, JP

Hon D Eng (Kingston), B Sc (Hons) Civil Engineering,

FFB, F Inst D, MBIM, RIM

Directors

Tan Sri Datuk Seri Panglima Dr. Abu

Hassan Bin Othman

PSM, SPDK, DSNS, JSM, DNS, PGBP, PMC

PhD (Sociology), MA & BA (Hons), D Agr Sc (Hon),

D Mgmt (Hon)

Dato' Cheong Keap Tai

Dato' Yeoh Seok Hong

DSPN, JP

BE (Hons) Civil & Structural Engineering, FFB

Dato' Michael Yeoh Sock Siong

DIMP

BE (Hons) Civil & Structural Engineering, FFB

Dato' Mark Yeoh Seok Kah

DSSA

LLB (Hons)

Syed Abdullah Bin Syed Abd. Kadir

B Sc (Engineering Production), B Com (Economics)

Amarjit Singh Chhina

CIOB I (Eng)

Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin

BE (Hons) Automotive Engineering

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

11th Floor, Yeoh Tiong Lay Plaza

55 Jalan Bukit Bintang

55100 Kuala Lumpur

Tel • 603 2117 0088

• 603 2142 6633

Fax • 603 2141 2703

BUSINESS OFFICE

Levels 1 & 3, Annexe Block

Lot 10 Shopping Centre

50 Jalan Sultan Ismail

50250 Kuala Lumpur

Tel • 603 2330 2700

Fax • 603 2330 2703

REGISTRAR

YTL Corporation Berhad

11th Floor, Yeoh Tiong Lay Plaza

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55100 Kuala Lumpur

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SOLICITORS

Lee, Perara & Tan

AUDIT COMMITTEE

Dato' Cheong Keap Tai

(Chairman and Independent Non-Executive Director)

Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman

(Independent Non Executive Director)

Amarjit Singh Chhina

(Executive Director)

Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin

(Independent Non-Executive Director)

AUDITORS

HLB Ler Lum (AF 0276)

Chartered Accountants

(A member of HLB International)

PRINCIPAL BANKERS OF THE GROUP

CIMB Bank Berhad (formerly known as

Bumiputra-Commerce Bank Berhad)

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

MESDAQ Market (2.7.2002)

Profile of the Board of Directors

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, Malaysian, aged 53, was appointed to the Board on 26 April 2000 as an Executive Chairman and Managing Director. Tan Sri Francis studied at Kingston University, UK, where he obtained a Bachelor of Science (Hons) in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. He became the Managing Director of YTL Corporation Berhad Group in 1988 which under his stewardship, has grown from a single listed entity into a force comprising six listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad and Starhill Real Estate Investment Trust. He is presently Managing Director of YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad. Besides the listed entities in YTL Group, Tan Sri Francis also sits on the board of several public companies such as YTL Industries Berhad, YTL Foundation and the prominent private utilities companies in United Kingdom, Wessex Water Limited and Wessex Water Services Limited. He is also a director and Chief Executive Officer of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council. He is also a member of The Nature Conservancy Asia Pacific Council, the Asia Business Council and Trustee of the Asia Society. He is also a member of the Advisory Council of London Business School, Wharton School and Insead.

He was ranked by both Fortune Magazine and Business Week Magazine as Asia's 25 Most Powerful and Influential Business Personalities. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia and CNBC Asia Pacific recently named him Malaysia CEO of the Year.

He was appointed as member of Barclays Asia-Pacific Advisory Committee in 2005. He also sits on the IBLF International Advisory Board, which is chaired by James Wolfensohn, Former President of the World Bank.

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II.

TAN SRI DATUK SERI PANGLIMA DR. ABU HASSAN BIN OTHMAN, Malaysian, aged 67, was appointed to the Board on 29 December 2006 as an Independent Non-Executive Director. He is also a member of the Audit Committee. Tan Sri Datuk Seri Panglima Dr. Abu Hassan holds a PhD in Sociology from Michigan State University, U.S.A., a MA and Bachelor of Arts (Hons) 2nd Class Upper from University of Malaya (UM), a D.Agr.Sc. (Honorary) from Kinki University, Japan and D. Mgmt. (Honorary) from Open University Malaysia.

He served as Tutor in the Faculty of Arts of UM from 1969 to 1971. This was followed by 23 years of service with University Kebangsaan Malaysia where he held various positions as Lecturer, Department Head to Professor in the Department of Anthropology & Sociology, Dean of the Faculty of Social Sciences & Humanities, and Deputy Vice Chancellor of Student Affairs. From 1994 to 2005, Tan Sri Datuk Seri Panglima Dr. Abu Hassan who was a Distinguished Fulbright Hays scholar, served as the Founding and First Vice Chancellor of University Malaysia Sabah. While serving as Vice Chancellor, he also held distinguished appointments both nationally and internationally. Nationally, he was Chairman of the Malaysian Vice Chancellors Committee, Chairman of the Malaysian Examination Council, Member of the Malaysian National Higher Education Council and Board Member, National Productivity Corporation. On the international front, he represented Malaysia as Chairman, Council of the University Mobility of Asia Pacific (UMAP), Chairman of the Malaysian-Australian Vice Chancellors Committee, Board Member of the Association of Commonwealth Universities (ACU) as well as Board Member of the Association of South East Asian Institutions of Higher Learning (ASAIHL). Tan Sri Datuk Seri Panglima Dr. Abu Hassan is a director of YTL Land & Development Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad and also the Chairman of both Permai Polyclinic Group Sdn Bhd and Malaysian-American Commission on Educational Exchange (MACEE).

Profile of the Board of Directors

DATO' CHEONG KEAP TAI, Malaysian, aged 59, was appointed to the Board on 30 September 2004 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee. Dato' Cheong graduated from the University of Singapore with a degree of Bachelor of Accountancy. He is a Chartered Accountant of Malaysian Institute of Accountants, a Member of the Malaysian Institute of Certified Public Accountants and a Member of the Institute of Chartered Secretaries and Administrators. He was the Executive Director and Partner of Coopers & Lybrand and upon its merger with Price Waterhouse was the Executive Director and Partner of PricewaterhouseCoopers until his retirement in December 2003. He is also a director of YTL Corporation Berhad, YTL Land & Development Berhad, Cement Industries of Malaysia Berhad, Opus International Group Plc and Gromutual Berhad and certain private limited companies.

DATO' YEOH SEOK HONG, Malaysian, aged 48, was appointed to the Board of the Company on 26 April 2000 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group's construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. He continues to be actively involved in the construction activities of the YTL Group, his most recent project being the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station, and is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group. He is also a director of YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the board of other public companies such as YTL Industries Berhad, YTL Foundation and the prominent private utilities companies in United Kingdom, Wessex Water Limited and Wessex Water Services Limited.

DATO' MICHAEL YEOH SOCK SIONG, Malaysian, aged 47, was appointed to the Board on 15 May 2000 as an Executive Director. He graduated from the University of Bradford, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Michael Yeoh is primarily responsible for YTL Group's Manufacturing Division which activities involve cement manufacturing, ready-mixed concrete and other building material industries. He is also a director of YTL Corporation Berhad, YTL Cement Berhad, YTL Power International Berhad and YTL Land & Development Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad. He also sits on the board of other public companies such as YTL Industries Berhad, Sentul Raya Golf Club Berhad and private utilities company, Wessex Water Limited.

DATO' MARK YEOH SEOK KAH, Malaysian, aged 42, was appointed to the Board on 26 April 2000 as an Executive Director. He graduated from King's College, University of London with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the takeovers of ElectraNet SA (Australia), Wessex Water Limited (UK) and P.T. Jawa Power (Indonesia). He also serves on the board of YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad. He is also a board member of other public companies such as YTL Vacation Club Berhad and private utilities company, Wessex Water Limited.

SYED ABDULLAH BIN SYED ABD. KADIR, Malaysian, aged 53, was appointed to the Board on 26 April 2000 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the Bank. Prior to joining YTL Corporation Berhad Group, he was the general manager of Amanah Capital Partners Berhad, a public listed company with subsidiaries involved in, *inter alia*, discount, money broking, unit trusts, finance and fund management operations from November 1994 to February 1996. He also serves on the board of YTL Corporation Berhad, YTL Power International Berhad, Iris Corporation Berhad and Versatile Creative Berhad.

AMARJIT SINGH CHHINA, British, aged 40, was appointed to the Board on 26 April 2000 as an Executive Director and is also a member of the Audit Committee. He is also the Chief Executive Officer of Infoscreen Networks PLC. He has attained professional qualifications from the Institute of Bankers (U.K.), the London International Stock Exchange, the Stock Exchange of Singapore and has previously been licensed by the Securities and Futures Authority (U.K.) and the Monetary Authority of Singapore. He has 12 years of international investment banking and equity market experience, beginning his career with the stockbrokers, Grieveson Grant & Co. in London and then going on to become a UK Equity Fund Manager with Kleinwort Benson Investment Management. In 1990, he joined Barclays de Zoete Wedd Securities Ltd. ("BZW") in London as a UK Equity Analyst where he advised on a number of equity capital raisings for listed UK Building & Construction companies, and acted as one of the advisors to Steetley PLC in its defence of the USD1.2 billion hostile takeover bid from Redland PLC. In 1993, he was seconded to BZW Asia and over the next 5 years held posts in Hong Kong, Singapore and Malaysia as Associate Director. In 1998, he was appointed Associate Sales Director of HSBC Securities Pte. Ltd. in Singapore, eventually leaving found a high technology manufacturing company.

MOHAMAD ZAID BIN DATO' HJ MOHD ZAINAL ABIDIN, Malaysian, aged 28, was appointed to the Board on 20 October 2003 as an Independent Non-Executive Director. He is also a member of the Audit Committee. He graduated from University of Hertfordshire, Hatfield, Hert in 2003 with a Bachelor of Engineering (Hons) in Automotive Engineering. Encik Mohamad Zaid underwent 9 months of industrial placement at Perusahaan Otomobil Nasional Berhad under the Research & Development Department. He is experienced in design using CATIA and simulation using LS-DYNA.

Notes:

- 1 Family Relationship with Director and/or Major Shareholder**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Hong, Dato' Michael Yeoh Sock Siong and Dato' Mark Yeoh Seok Kah are siblings. Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, the father of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Hong, Dato' Michael Yeoh Sock Siong and Dato' Mark Yeoh Seok Kah, is a deemed major shareholder of the Company. Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of the Company.
- 2 Conflict of Interest**
None of the Directors has any conflict of interest with the Company.
- 3 Conviction of Offences**
None of the Directors has been convicted of any offences in the past ten (10) years.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 5 Board meetings (the last meeting of which was held on 24.05.2007) were held and the details of attendance are as follows:

	Attendance
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	5
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman (Appointed w.e.f. 29.12.2006)	2
Dato' Cheong Keap Tai	5
Dato' Yeoh Seok Hong	5
Dato' Michael Yeoh Sock Siong	4
Dato' Mark Yeoh Seok Kah	5
Syed Abdullah Bin Syed Abd. Kadir	4
Amarjit Singh Chhina	5
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	5

Statement of Directors' Responsibilities

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 30 June 2007, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

Audit Committee Report

MEMBERS

Dato' Cheong Keap Tai

(Chairman/Independent Non-Executive Director)

Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman

(Member/Independent Non-Executive Director)

Amarjit Singh Chhina

(Member/Executive Director)

Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin

(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

Primary Purposes

The Committee shall:

- 1 Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for YTL e-Solutions Berhad and all its wholly and majority owned subsidiaries ("Group").
- 2 Improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results.
- 3 Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- 4 Enhance the independence of both the external and internal auditors' function through active participation in the audit process.
- 5 Strengthen the role of the Independent Directors by giving them a greater depth of knowledge as to the operations of the Company and of the Group through their participation in the Committee.

- 6 Act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to the management of the Group.
- 7 Review existing practices and recommend to Management to formalise an ethics code for all executives and members of the staff of the Group.
- 8 Create a climate of discipline and control which will reduce opportunity of fraud.

Membership

- 1 The Committee shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members, majority of whom should be Independent Directors.
- 2 At least one member of the Audit Committee:
 - a must be a member of the Malaysian Institute of Accountants; or
 - b if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - i he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or
 - c fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").
- 3 The Board must ensure that no chief executive officer or alternate director is appointed as a member of the Audit Committee.
- 4 The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

Audit Committee Report

Authority

The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

- 1 have explicit authority to investigate any matter within its terms of reference;
- 2 have the resources which are required to perform its duties;
- 3 have full and unrestricted access to any information pertaining to the Company;
- 4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
- 5 be able to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- 6 be able to convene meetings with the external auditors excluding the attendance of the executive members of the Company, whenever deemed necessary.

Functions And Duties

The Committee shall, amongst others, discharge the following functions:

- 1 Review the following and report the same to the Board of the Company:
 - a with the external auditors, the audit plan;
 - b with the external auditors, his evaluation of the quality and effectiveness of the entire accounting system, the adequacy and the integrity of the internal control system and the efficiency of the Group's operations and efforts and processes taken to reduce the Group's operational risks;
 - c with the external auditors, the audit report;
 - d the assistance given by the employees of the Company to the external auditors;

- e the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- f the internal audit programme, processes, 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;
- g the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focussing particularly on:
 - changes in or implementation of major accounting policy changes
 - significant and unusual events
 - the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group
 - compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
- h any related party transaction and conflict of interest situation that may arise within the Company/Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- i any letter of resignation from the external auditors of the Company;
- j whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- k all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- l any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors.

- 2 Recommend the nomination of a person or persons as external auditors and the external audit fee.
- 3 Promptly report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Listing Requirements of Bursa Securities for the Mesdaq Market.
- 4 Carry out any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

Meetings

- 1 To form a quorum in respect of a meeting of the Committee, the majority of members present must be Independent Directors.
- 2 The Committee shall meet at least five (5) times a year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda shall be sent to all members of the Committee and any other persons who may be required/invited to attend. All meetings to review the quarterly results and annual financial statements, shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.
- 3 Notwithstanding paragraph 2 above, upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter which should be brought to the attention of the Directors or shareholders.
- 4 The external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.
- 5 The Committee may invite any Board member or any member of the Senior Management or any relevant employee within the Company who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports.

- 6 The internal auditors shall be in attendance at meetings of the Committee to present and discuss the audit reports of findings and the recommendations relating thereto and to follow up on decisions made at these meetings.
- 7 The Committee may establish any regulations from time to time to govern its administration.

Retirement And Resignation

In the event of any vacancy in the Audit Committee resulting in the non-compliance of sub-Rule 15.09(1) of the Listing Requirements of Bursa Securities for the Mesdaq Market, the Company must fill the vacancy within three months.

Minutes

- 1 The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
- 2 Minutes of each meeting shall also be distributed to all attendees at the meetings and members of the Committee.
- 3 Detailed minutes of the Committee's meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the Committee.
- 4 The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office of the Company and shall be opened to the inspection of any member of the Committee and of the Board.

Secretary

The Secretary to the Committee shall be the Company Secretary.

Audit Committee Report

ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 30 June 2007 in discharging its functions:

- 1 Review of the external auditors' scope of work and their audit plan.
- 2 Reviewing with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.
- 3 Review of audit reports presented by internal auditors on findings and recommendations and management's responses thereto and ensure their material findings are adequately addressed by management.
- 4 Review of the quarterly unaudited financial results announcements and recommending for the Board of Directors' approval.
- 5 Reviewing the audited financial statements before recommending for the Board of Directors' approval.
- 6 Reviewing the Company's compliance, in particular the quarterly and year end financial statements, with the Listing Requirements of Bursa Securities for the Mesdaq Market and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- 7 Review of the related party transactions entered into by the Group.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 5 Audit Committee Meetings (the last meeting being held on 23.05.2007) were held and the details of attendance are as follows:

	Attendance
Dato' Cheong Keap Tai	5
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman (Appointed w.e.f. 29.12.2006)	2
Amarjit Singh Chhina	5
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	5

Statement on Corporate Governance & Internal Control

YTL e-Solutions Berhad (“YTL e-Solutions” or “Company”) and its subsidiaries (“YTL e-Solutions Group”) are committed to ensuring that the highest standards of corporate governance are practiced throughout the YTL e-Solutions Group. Good corporate governance is a fundamental responsibility of the Board of Directors (“Board”) to protect and enhance long term shareholder value and the financial performance of the YTL e-Solutions Group, whilst taking into account the interests of other stakeholders.

In assessing its corporate governance practices, the YTL e-Solutions Group is governed by the Listing Requirements of the MESDAQ Market of Bursa Malaysia Securities Berhad (“MESDAQ”) (“Listing Requirements”) and Guidance Note 11 on Disclosure in relation to the Malaysian Code on Corporate Governance and the State of Internal Control (“Guidance Note”). The Guidance Note represents the recommended best practices with which listed companies are expected to comply. The YTL e-Solutions Group has also endeavoured to comply with applicable sections of the Malaysian Code on Corporate Governance (“Code”).

This section of the Annual Report details the measures implemented by the YTL e-Solutions Group to enhance its corporate governance practices and compliance with the Listing Requirements, the Guidance Note and the Code.

BOARD STRUCTURE

YTL e-Solutions is led and managed by an experienced Board with a wide and varied range of expertise. This broad spectrum of skills and experience ensures the YTL e-Solutions Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the YTL e-Solutions Group and have adopted the six primary responsibilities as listed in the Code, which facilitate the discharge of the Board’s stewardship responsibilities.

The Board currently has nine Directors comprising six executive members and three non-executive members, all of whom are independent. The Board complies with the Listing Requirements for the Board to have at least two independent directors, and for the selection and appointment of independent directors to be a matter for the Board as a whole.

Due to the strong independent component of the Board, the roles of the Managing Director and Chairman have not been divided, and both functions continue to be exercised by the same person. He is primarily responsible for the orderly conduct and working of the Board as well as responsible for the day-to-day running of the business, implementation of Board policies and making operational decisions. Together with the Executive Directors, he is accountable to the Board for the profitable operation and development of the YTL e-Solutions Group consistent with the primary aim of enhancing long term shareholder value.

The presence of Independent Non-Executive Directors brings an additional element of balance to the Board and these Independent Non-Executive Directors must have the experience to carry sufficient weight in the Board’s decisions. The differing roles of Executive and Non-Executive Directors are delineated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.

The Executive Directors are responsible for the YTL e-Solutions Group’s operations and for ensuring that strategies proposed by management are fully discussed and examined and take account of the long term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL e-Solutions Group conducts its business.

Together, the Directors possess the wide range of business, commercial and financial experience essential in the management and direction of a corporation with international presence. A brief description of the background of each Director is presented in the Profile of the Board of Directors in this Annual Report.

To date, the Board has not found it necessary to designate a senior independent non-executive to whom concerns may be conveyed mainly because the Chairman encourages full deliberation of issues affecting the YTL e-Solutions Group by all members of the Board and shareholders.

Statement on Corporate Governance & Internal Control

DIRECTORS' TRAINING

All the Directors have successfully completed the Mandatory Accreditation Programme and each Director has now obtained the applicable number of points under the Continuing Education Programme ("CEP") that they were required to obtain prior to the repeal of the CEP by Bursa Securities. During the financial year under review, the Directors attended various other conferences and programmes, including speaking engagements, to enhance their knowledge and expertise, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

BOARD MEETINGS & ACCESS TO INFORMATION

The Board met five times during the financial year ended 30 June 2007. Details of each Director's attendance of Board meetings are disclosed in the Profile of the Board of Directors in this Annual Report.

The Directors have full and unrestricted access to all information pertaining to the YTL e-Solutions Group's business and affairs, both as a full Board and in their individual capacities, to enable them to discharge their duties. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the YTL e-Solutions Group rests firmly with the Board. Prior to each Board meeting, all Directors receive the agenda together with a full set of Board papers containing information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarification, where necessary, in order to be properly briefed before each meeting.

All Directors have full access to the advice and services of the Company Secretary who ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues, and Directors' responsibilities in complying with relevant legislation and regulations.

APPOINTMENT & RE-ELECTION OF DIRECTORS

The appointment of Directors is undertaken by the Board as a whole. The Managing Director recommends candidates suitable for appointment to the Board, and the final decision lies with the entire Board to ensure that the resulting mix of experience and expertise of members of the Board is sufficient to address the issues affecting the YTL e-Solutions Group.

In accordance with the Company's Articles of Association, one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM"). Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next AGM held following their appointments. Directors who are over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965. Details of Directors seeking re-election at the forthcoming AGM are disclosed in the Statement Accompanying the Notice of AGM in this Annual Report.

DIRECTORS' REMUNERATION

Directors' remuneration is decided in line with the objective as recommended by the Code to determine the remuneration for directors so as to attract and retain directors of the calibre needed to run the YTL e-Solutions Group successfully. In general, the component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by the shareholders at the AGM.

Details of the aggregate remuneration of Directors categorised into appropriate components and the range of remuneration for each Director can be found in Note 6 of the Notes to the Financial Statements in this Annual Report (for security reasons, details are not shown with reference to Directors individually).

DIALOGUE WITH SHAREHOLDERS & INVESTORS

The YTL e-Solutions Group values dialogue with investors as a means of effective communication that enables the Board to convey information about performance, corporate strategy and other matters affecting shareholders' interests. The Board recognises the importance of timely dissemination of information to shareholders and accordingly ensures that they are well informed of any major developments of the YTL e-Solutions Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites.

The Managing Director meets with analysts, institutional shareholders and investors throughout the year. Presentations based on permissible disclosures are made to explain the YTL e-Solutions Group's performance and major development programs. Price-sensitive information that may be regarded as undisclosed material information about the YTL e-Solutions Group is, however, not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL e-Solutions Group, the resolutions being proposed and the business of the YTL e-Solutions Group in general at every AGM and Extraordinary General Meeting of the Company. The Chairman and Sponsor will respond to shareholders' questions during the meeting. Representatives of the Sponsor are also in attendance to answer questions, thereby ensuring a high level of accountability, transparency and identification with the YTL e-Solutions Group's business operations, strategy and goals. Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

THE AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises of three Non-Executive Directors and one Executive Director. The Audit Committee met five times during the financial year ended 30 June 2007. Full details of the composition, complete terms of reference and the activities of the Audit Committee during the financial year are set out in the Audit Committee Report included in this Annual Report.

FINANCIAL REPORTING

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates to present a true and fair assessment of the Company's position and prospects. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities and Securities Commission.

The Statement by Directors made pursuant to Section 169 of the Companies Act, 1965 is set out in this Annual Report.

RELATIONSHIP WITH THE AUDITORS

The Board has established formal and professional arrangements for maintaining an appropriate relationship with the Company's auditors, Messrs. HLB Ler Lum.

Statement on Corporate Governance & Internal Control

INTERNAL CONTROL

During the year under review, YTL e-Solutions continued to enhance its system of internal control and risk management. The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the YTL e-Solutions Group's assets, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management. However, the Board recognises that reviewing the YTL e-Solutions Group's system of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board believes that the YTL e-Solutions Group's system of internal control, financial or otherwise, should provide reasonable assurance regarding the achievement of the YTL e-Solutions Group's objectives in ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

The in-house internal audit department is also complemented by the internal audit functions outsourced to a professional firm. The internal auditors report to the Audit Committee, which reviews the effectiveness of the system of internal financial and accounting control as it operated during the year under review and reports its conclusions to the Board. The team advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented.

The principal features of the YTL e-Solutions Group's system of internal control can be summarised as follows:

- Definition of authorisation procedures and a clear line of accountability, with strict authorisation, responsibility levels, approval and control procedures within which senior management operates;

- Delegated authority levels for major tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions. The approval of capital and revenue proposals above authorised limits is reserved for decision by the Board;
- Interim financial results are reviewed by the Audit Committee and approved by the Board upon recommendation of the Audit Committee before release to Bursa Securities. The full year financial results and analyses of the YTL e-Solutions Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.
- Monitoring of compliance with internal financial controls through management reviews and reports which are internally reviewed by key personnel. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies;

ADDITIONAL DISCLOSURE

- **Employee Incentives:** The Board believes that maintaining the calibre of its employees is vital to ensure the continued success of the YTL e-Solutions Group and the consequent increase in returns to shareholders. To these ends, the YTL e-Solutions Group has implemented various staff retention and assessment practices, including a Thirteenth Month wage supplement, annual bonuses and biannual reviews of staff performance.

The Board is satisfied that the Company has, in all material aspects, complied with the best practices of the Code as at 30 June 2007.

This statement was approved by the Board of Directors on 25 October 2007.

Disclosure of Recurrent Related Party Transactions

for financial year ended 30 June 2007

At the last Annual General Meeting of YTL e-Solutions Berhad ("YTL e-Solutions") held on 7 December 2006, the Company had obtained a mandate from its shareholders to allow YTL e-Solutions and/or its subsidiaries ("YTL e-Solutions Group") to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Recurrent Transactions").

In accordance with Rule 10.09(1)(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, details of the Recurrent Transactions conducted during the financial year ended 30 June 2007 pursuant to the said shareholders' mandate are as follows:

Companies in the YTL e-Solutions Group involved in the Recurrent Transactions	Related Parties	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
YTL e-Solutions, Extiva Communications Sdn Bhd, YTL Info Screen Sdn Bhd	⁽⁶⁾ YTL Corporation Berhad ("YTL Corporation") and its subsidiary and associate companies	Provision of information technology hardware and/or software, portal development & management services, tele-communications, and related services to Related Party; Provision of graphic design, digital imaging services, info screen and other advertising services to Related Party; Renting of 324 sq. ft premises located at 213 Jalan Bukit Gambir, Bukit Jambul, 11950 Penang for RM800 per month from Related Party; Provision of renovation works by Related Party;	Yeoh Tiong Lay & Sons Holdings Sdn Bhd ("YTL SH"); YTL Corporation; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay ["Tan Sri Yeoh Tiong Lay"] Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Hong, Dato' Michael Yeoh Sock Siong, and Dato' Mark Yeoh Seok Kah [collectively referred to as the "Yeoh Siblings"] Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Soo Keng, Datin Lim Lee Lee, Dato' Tan Kim Kuan, Datin Kathleen Chew Wai Lin, Datin Tan Siew Bee, Choy Wai Hin, and Datin Julie Teh Chooi Gan	Major Shareholder/ Person Connected ⁽¹⁾⁽²⁾ Major Shareholder/ Person Connected ⁽¹⁾⁽²⁾⁽³⁾ Directors ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Persons Connected ⁽⁵⁾	8,901

(Continued on the next page)

Disclosure of Recurrent Related Party Transactions

Companies in the YTL e-Solutions Group involved in the Recurrent Transactions	Related Parties	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
		Provision of maintenance of automatic fare collection system, internet connection, customer database and related services to Related Party;			
		Renting of 1,000 sq. ft. premises located at 9 Jalan Lumut, Off Jalan Ipoh, 50400 Kuala Lumpur for RM2,200 per month from Related Party;			
		Procurement of printing and stationary, seminar expenses, advertising and related services from Related Party;			
		Provision of services on development and management of advertising content of Bintang Walk on YTL Community to Related Party;			
		Rental of advertising and promotion space from Related Party;			
		Provision of equipment maintenance, technical and repair support services to Related Party;			
		Rental of room and facilities from Related Party.			

Notes:

- (1) YTL SH is a major shareholder of YTL e-Solutions and the Related Parties. YTL SH is a person connected with the major shareholder, Tan Sri Yeoh Tiong Lay; and the directors, the Yeoh Siblings.
- (2) YTL Corporation is a major shareholder of YTL e-Solutions and the Related Parties. YTL Corporation is a person connected with the major shareholder, Tan Sri Yeoh Tiong Lay; and the directors, the Yeoh Siblings.
- (3) Tan Sri Yeoh Tiong Lay is a major shareholder of YTL SH, YTL Corporation, YTL e-Solutions and the Related Parties. Tan Sri Yeoh Tiong Lay is also a person connected with the Yeoh Siblings. Tan Sri Yeoh Tiong Lay is also a director of YTL Corporation.
- (4) The Yeoh Siblings are also directors and shareholders of YTL Corporation.
- (5) Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Soo Keng, Datin Lim Lee Lee, Dato' Tan Kim Kuan, Datin Kathleen Chew Wai Lin, Datin Tan Siew Bee, Choy Wai Hin, and Datin Julie Teh Chooi Gan who are persons connected with Tan Sri Yeoh Tiong Lay and the Yeoh Siblings are also shareholders of YTL Corporation. Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min and Dato' Yeoh Soo Keng are also directors of YTL Corporation.
- (6) YTL Corporation Berhad is a 52.51% owned subsidiary of YTL SH. YTL Corporation Berhad holds 74.07% direct interest in YTL e-Solutions.

Analysis of Shareholdings

as at 5 October 2007

Class of shares : Ordinary Shares of RM0.10 each
 Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares	%
Less than 100	139	1.30	2,520	0.00
100 – 1,000	920	8.62	758,840	0.06
1,001 – 10,000	6,619	61.98	36,641,140	2.71
10,001 – 100,000	2,729	25.55	85,786,600	6.35
100,001 to less than 5% of issued shares	270	2.53	157,101,100	11.64
5% and above of issued shares	2	0.02	1,069,709,800	79.24
Total	10,679	100.00	1,350,000,000	100.00

THIRTY LARGEST SHAREHOLDERS

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

Name	No. of Shares	%
1 YTL Corporation Berhad	1,000,000,000	74.07
2 DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	69,709,800	5.16
3 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Velvet Properties Limited	26,737,000	1.98
4 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Orchestral Harmony Limited	17,621,700	1.31
5 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Water City Limited	16,321,600	1.21
6 HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (JPMINTL BK Ltd)	9,686,000	0.72
7 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Windchime Developments Limited	7,174,000	0.53
8 Eagletron Venture Corp.	4,389,000	0.33
9 Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	3,546,600	0.26
10 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	2,064,300	0.15
11 Pacific & Orient Insurance Co Berhad	1,700,000	0.13
12 Law Chin Wat	1,628,700	0.12
13 Elewinton Investment Limited	1,487,000	0.11
14 Seri Yakin Sdn Bhd	1,262,000	0.09
15 CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Loo Poh Keng (MM1282)	1,250,000	0.09
16 HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Ting Wong	1,063,000	0.08

Name	No. of Shares	%
17 Tan Chong Jun	1,045,400	0.08
18 Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Lim Seat Hoe	800,000	0.06
19 Yap Chu	744,000	0.06
20 Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	713,500	0.05
21 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Tan Yong Thai	707,000	0.05
22 Ding Hock Hing	700,000	0.05
23 Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Ruzina Binti Idris (100708)	690,000	0.05
24 CIMSEC Nominees (Tempatan) Sdn Bhd - DMG & Partners Securities Pte Ltd for Yeap Lean Seng Sdn Bhd	689,000	0.05
25 Tan Mei Leng	680,000	0.05
26 Jong Sek Phing	670,000	0.05
27 Hoh Chee Choy	640,000	0.05
28 Public Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Kong Loi Kin (E-KKU)	622,900	0.05
29 Foo Chit Seong	619,000	0.05
30 Chong Tong Siew	600,000	0.04
Total	1,175,561,500	87.08

SUBSTANTIAL SHAREHOLDERS (as per register of substantial shareholders)

Name	Direct	No. of Shares Held		
		%	Indirect	%
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	2,081,700	0.15	1,000,000,000 ⁽¹⁾	74.07
YTL Corporation Berhad	1,000,000,000	74.07	–	–
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	1,002,081,700 ⁽²⁾	74.22

(1) Deemed interested by virtue of its interests in YTL Corporation Berhad pursuant to section 6A of the Companies Act, 1965.

(2) Deemed interested by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn Bhd & YTL Corporation Berhad pursuant to section 6A of the Companies Act, 1965.

Statement of Directors' Interests

in the company and related corporations as at 5 October 2007

THE COMPANY

YTL E-SOLUTIONS BERHAD

Name	Direct	No. of Shares Held		
		%	Indirect	%
Syed Abdullah Bin Syed Abd Kadir	300,000	0.02	–	–
Amarjit Singh Chhina	75,000	*	–	–
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	110,000	0.01	–	–

HOLDING COMPANY

YTL CORPORATION BERHAD

Name	Direct	No. of Shares Held			No. of Share Options
		%	Indirect	%	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	14,203,652	0.95	–	–	5,000,000
Dato' Yeoh Seok Hong	5,036,490	0.34	3,228,126 ⁽¹⁾	0.22	3,000,000
Dato' Michael Yeoh Sock Siong	4,577,997	0.30	2,526,451 ⁽²⁾	0.17	3,000,000
Dato' Mark Yeoh Seok Kah	3,246,248	0.22	611,133 ⁽²⁾	0.04	3,000,000
Syed Abdullah Bin Syed Abd Kadir	752,611	0.05	2,937 ⁽²⁾	*	3,000,000
Amarjit Singh Chhina	40,000	*	–	–	25,000
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	1,000	*	–	–	–

Name	Direct	No. of Warrants 1999/2009 Held		
		%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	2,285,472	0.84	–	–
Dato' Yeoh Seok Hong	648,372	0.24	–	–
Dato' Michael Yeoh Sock Siong	550,110	0.20	547,180 ⁽²⁾	0.20
Dato' Mark Yeoh Seok Kah	271,800	0.10	–	–
Syed Abdullah Bin Syed Abd Kadir	600	*	674 ⁽²⁾	*

ULTIMATE HOLDING COMPANY
YEOH TIONG LAY & SONS HOLDINGS SDN BHD

Name	Direct	No. of Shares Held		
		%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	5,000,000	12.28	–	–
Dato' Yeoh Seok Hong	5,000,000	12.28	–	–
Dato' Michael Yeoh Sock Siong	5,000,000	12.28	–	–
Dato' Mark Yeoh Seok Kah	5,000,000	12.28	–	–

RELATED CORPORATIONS
YTL CEMENT BERHAD

Name	Direct	No. of Shares Held			No. of Share Options
		%	Indirect	%	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	2,042,923	0.43	–	–	1,400,000
Dato' Yeoh Seok Hong	225,634	0.05	45,123 ⁽²⁾	0.01	–
Dato' Michael Yeoh Sock Siong	1,265,634	0.27	1,109,388 ⁽²⁾	0.24	1,000,000
Dato' Mark Yeoh Seok Kah	187,200	0.04	135,200 ⁽²⁾	0.03	–
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	7,600	*	–	–	–

Name	Direct	No. of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Held		
		%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1,727,423	0.36	–	–
Dato' Yeoh Seok Hong	225,634	0.05	45,123 ⁽²⁾	0.01
Dato' Michael Yeoh Sock Siong	1,265,634	0.26	1,109,388 ⁽²⁾	0.23
Dato' Mark Yeoh Seok Kah	187,200	0.04	135,200 ⁽²⁾	0.03

YTL LAND & DEVELOPMENT BERHAD

Name	Direct	No. of Irredeemable Convertible Preference Shares 2001/2011 Held		
		%	Indirect	%
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	20,000	0.01	–	–

Statement of Directors' Interests

in the company and related corporations as at 5 October 2007

YTL POWER INTERNATIONAL BERHAD

Name	Direct	No. of Shares Held			No. of Share Options
		%	Indirect	%	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	13,109,251	0.26	–	–	7,000,000
Dato' Yeoh Seok Hong	6,540,529	0.13	2,100,362 ⁽²⁾	0.04	5,000,000
Dato' Michael Yeoh Sock Siong	4,023,374	0.08	700,424 ⁽²⁾	0.01	3,000,000
Dato' Mark Yeoh Seok Kah	5,218,469	0.10	734,966 ⁽²⁾	0.01	3,000,000
Syed Abdullah Bin Syed Abd Kadir	2,045,990	0.04	305 ⁽²⁾	*	3,000,000
Amarjit Singh Chhina	28,240	*	–	–	–
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	2,000	*	–	–	–

Name	Direct	No. of Warrants 2000/2010 Held		
		%	Indirect	%
Dato' Michael Yeoh Sock Siong	–	–	100,000 ⁽²⁾	0.01
Syed Abdullah Bin Syed Abd Kadir	87,000	0.01	–	–

* Negligible

(1) Deemed interested by virtue of Shares held by his spouse and children.

(2) Deemed interested by virtue of Shares/ICULS/Warrants held by their respective spouses.

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Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June, 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of incubation services including developing and incubating technology companies, internet contents of all descriptions and non-internet related businesses and provision of consultancy and advisory services in relation to the business of electronic commerce or internet commerce solutions.

The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	4,514	158
Attributable to:-		
Equity holders of the Company	5,051	158
Minority interests	(537)	-
Profit for the year	4,514	158

DIVIDENDS

The amount of dividend paid since the end of the last financial year was as follows:-

In respect of the financial year ended 30 June, 2006 as reported in the directors' report of that year:-

	RM'000
First and final dividend of 2% less 27% tax, paid on 5 January, 2007	1,971

The Board of Directors recommends for the approval of shareholders at the forthcoming Annual General Meeting the payment of a first and final dividend of 3% less Malaysian income tax for the financial year ended 30 June, 2007.

RESERVES AND PROVISIONS

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

DIRECTORS

The directors who served on the Board of the Company since the date of the last report are:-

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman (Appointed on 29.12.2006)
Dato' Chong Keap Thai @ Cheong Keap Tai
Dato' Yeoh Seok Hong
Dato' Michael Yeoh Sock Siong
Dato' Mark Yeoh Seok Kah
Syed Abdullah Bin Syed Abd. Kadir
Amarjit Singh Chhina
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin

DIRECTORS' INTERESTS

The directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, interests in shares of the Company and related companies as follows:-

THE COMPANY

YTL E-SOLUTIONS BERHAD

	Number of ordinary shares of RM0.10 each			
	Balance at 1.7.2006	Acquired	Disposed	Balance at 30.6.2007
Syed Abdullah Bin Syed Abd. Kadir	300,000	–	–	300,000
Amarjit Singh Chhina	1,000,000	–	(1,000,000)	–
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	100,000	10,000	–	110,000

HOLDING COMPANY

YTL CORPORATION BERHAD

	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2006	Acquired	Disposed	Balance at 30.6.2007
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	12,387,447	1,816,205	–	14,203,652
Dato' Yeoh Seok Hong	4,863,690	172,800	–	5,036,490
Dato' Michael Yeoh Sock Siong	4,433,997	144,000	–	4,577,997
Dato' Mark Yeoh Seok Kah	3,246,248	–	–	3,246,248
Syed Abdullah Bin Syed Abd. Kadir	752,611	–	–	752,611
Amarjit Singh Chhina	25,000	15,000	–	40,000
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	–	1,000	–	1,000

Directors' Report

HOLDING COMPANY YTL CORPORATION BERHAD

	Number of Warrants			
	Balance at 1.7.2006	Acquired	Exercised/ Disposed	Balance at 30.6.2007
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE				
- Warrants 1997/2007	573,600	206,000	(779,600)	-
- Warrants 1999/2009	2,147,472	138,000	-	2,285,472
Dato' Yeoh Seok Hong				
- Warrants 1997/2007	172,800	-	(172,800)	-
- Warrants 1999/2009	648,372	-	-	648,372
Dato' Michael Yeoh Sock Siong				
- Warrants 1997/2007	144,000	-	(144,000)	-
- Warrants 1999/2009	550,110	-	-	550,110
Dato' Mark Yeoh Seok Kah				
- Warrants 1999/2009	271,800	-	-	271,800
Syed Abdullah Bin Syed Abd. Kadir				
- Warrants 1999/2009	600	-	-	600
Amarjit Singh Chhina				
- Warrants 1997/2007	-	15,000	(15,000)	-

YTL CORPORATION BERHAD

	Number of options over ordinary shares of RM0.50 each			
	Balance at 1.7.2006	Granted	Exercised	Balance at 30.6.2007
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	5,000,000	-	-	5,000,000
Dato' Yeoh Seok Hong	3,000,000	-	-	3,000,000
Dato' Michael Yeoh Sock Siong	3,000,000	-	-	3,000,000
Dato' Mark Yeoh Seok Kah	3,000,000	-	-	3,000,000
Syed Abdullah Bin Syed Abd. Kadir	3,000,000	-	-	3,000,000
Amarjit Singh Chhina	25,000	-	-	25,000

ULTIMATE HOLDING COMPANY
YEOH TIONG LAY & SONS HOLDINGS SDN. BHD.

	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2006	Acquired	Disposed	Balance at 30.6.2007
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	5,000,000	–	–	5,000,000
Dato' Yeoh Seok Hong	5,000,000	–	–	5,000,000
Dato' Michael Yeoh Sock Siong	5,000,000	–	–	5,000,000
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	5,000,000

RELATED COMPANIES
YTL POWER INTERNATIONAL BERHAD

	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2006	Acquired	Disposed	Balance at 30.6.2007
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	10,905,834	2,203,417	–	13,109,251
Dato' Yeoh Seok Hong	5,485,322	1,055,207	–	6,540,529
Dato' Michael Yeoh Sock Siong	3,410,829	612,545	–	4,023,374
Dato' Mark Yeoh Seok Kah	4,693,134	525,335	–	5,218,469
Syed Abdullah Bin Syed Abd. Kadir	1,892,038	153,952	–	2,045,990
Amarjit Singh Chhina	–	26,240	–	26,240
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	–	2,000	–	2,000

YTL POWER INTERNATIONAL BERHAD

	Number of Warrants 2000/2010			
	Balance at 1.7.2006	Acquired	Exercised/ Disposed	Balance at 30.6.2007
Syed Abdullah Bin Syed Abd. Kadir	87,000	–	–	87,000

YTL POWER INTERNATIONAL BERHAD

	Number of options over ordinary shares of RM0.50 each			
	Balance at 1.7.2006	Granted	Exercised	Balance at 30.6.2007
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	7,000,000	–	–	7,000,000
Dato' Yeoh Seok Hong	5,000,000	–	–	5,000,000
Dato' Michael Yeoh Sock Siong	3,000,000	–	–	3,000,000
Dato' Mark Yeoh Seok Kah	3,000,000	–	–	3,000,000
Syed Abdullah Bin Syed Abd. Kadir	3,000,000	–	–	3,000,000

Directors' Report

RELATED COMPANIES YTL CEMENT BERHAD

	Number of ordinary shares of RM0.50 each			Balance at 30.6.2007
	Balance at 1.7.2006	Acquired	Disposed	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1,681,634	361,289	–	2,042,923
Dato' Yeoh Seok Hong	225,634	–	–	225,634
Dato' Michael Yeoh Sock Siong	1,265,634	–	–	1,265,634
Dato' Mark Yeoh Seok Kah	187,200	–	–	187,200
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	–	7,600	–	7,600

YTL CEMENT BERHAD

	Number of Irredeemable Convertible Unsecured Loan Stocks (ICULS)			Balance at 30.6.2007
	Balance at 1.7.2006	Acquired	Converted/ Disposed	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1,681,634	45,789	–	1,727,423
Dato' Yeoh Seok Hong	225,634	–	–	225,634
Dato' Michael Yeoh Sock Siong	1,265,634	–	–	1,265,634
Dato' Mark Yeoh Seok Kah	187,200	–	–	187,200

YTL CEMENT BERHAD

	Number of options over ordinary shares of RM0.50 each			Balance at 30.6.2007
	Balance at 1.7.2006	Granted	Exercised	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1,400,000	–	–	1,400,000
Dato' Michael Yeoh Sock Siong	1,000,000	–	–	1,000,000

YTL LAND & DEVELOPMENT BERHAD

	Number of Irredeemable Convertible Preference shares 2001/2011 of RM0.50 each			Balance at 30.6.2007
	Balance at 1.7.2006	Acquired	Exercised/ Disposed	
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	20,000	–	–	20,000

RELATED COMPANIES
INFOSCREEN NETWORKS PLC *

	Number of ordinary shares of GBP0.01 each			Balance at 30.6.2007
	Balance at 1.7.2006	Acquired	Disposed	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	100	–	–	100

YTL CORPORATION (UK) PLC *

	Number of ordinary shares of GBP0.25 each			Balance at 30.6.2007
	Balance at 1.7.2006	Acquired	Disposed	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1	–	–	1

(* Incorporated in United Kingdom)

SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN BHD

	Number of ordinary shares of RM1.00 each			Balance at 30.6.2007
	Balance at 1.7.2006	Acquired	Disposed	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1	–	–	1

YEOH TIONG LAY CONSTRUCTION (S) PTE LTD #

	Number of ordinary shares			Balance at 30.6.2007
	Balance at 1.7.2006	Acquired	Disposed	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	2	–	–	2

(# Incorporated in Singapore)

Other than as disclosed above, directors who held office at the end of the financial year did not have interests in shares of the Company or related companies.

Directors' Report

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of remuneration received or due and receivable by directors as shown in the financial statements of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration from the Company's holding company.

INFORMATION ON THE FINANCIAL STATEMENTS

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

- a to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- b to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business 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:-

- a which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- b which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- c which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

No contingent or other liability 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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION

The directors state that:-

At the date of this report, they 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 respective financial statements misleading.

In their opinion,

- a the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- b there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ULTIMATE HOLDING COMPANY

The Company regards Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., a company incorporated in Malaysia, as its ultimate holding company.

AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to continue in office.

On behalf of the Board,

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE

Amarjit Singh Chhina

Dated: 25 October, 2007
Kuala Lumpur

Statement by Directors

We, TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE and AMARJIT SINGH CHHINA, being two of the directors of YTL e-SOLUTIONS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June, 2007 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board,

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE

Amarjit Singh Chhina

Dated: 25 October, 2007

Kuala Lumpur

Statutory Declaration

I, TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, being the director primarily responsible for the financial management of YTL e-SOLUTIONS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE

Subscribed and solemnly declared by the abovenamed
TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE
at Kuala Lumpur on 25 October, 2007

Before me:

Soh Ah Kau, AMN
Commissioner for Oaths

Auditors' Report

to the members of YTL e-Solutions Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 46 to 93. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:-
 - i the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - ii the state of affairs of the Group and of the Company as at 30 June, 2007 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date;

and

- b the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

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 consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

HLB LER LUM

(Firm Number : AF 0276)
Chartered Accountants

LER CHENG CHYE

871/3/09(J/PH)
Partner of the Firm

Dated: 25 October, 2007
Kuala Lumpur

Income Statements

for the year ended 30 June 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	4	25,593	30,678	5,640	9,289
Cost of sales		(14,457)	(16,405)	(2,853)	(3,649)
Gross profit		11,136	14,273	2,787	5,640
Other operating income		7,733	5,276	4,083	3,645
Administration expenses		(12,331)	(10,614)	(5,951)	(5,435)
Finance costs	5	(62)	(24)	(23)	(6)
Profit before taxation	6	6,476	8,911	896	3,844
Taxation	7	(1,962)	(2,235)	(738)	(1,172)
Profit for the year		4,514	6,676	158	2,672
Attributable to:-					
Equity holders of the Company		5,051	5,764	158	2,672
Minority interests		(537)	912	-	-
Profit for the year		4,514	6,676	158	2,672
Earnings per ordinary share					
Basic (sen)	8	0.37	0.43		
Gross dividend per share recognised as distribution to ordinary equity holders of the Company (sen)					
	9	0.20	0.20		

The notes set out on pages 55 to 93 form an integral part of these financial statements.

Balance Sheets

as at 30 June 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
Non-current assets					
Property, plant & equipment	10	3,744	3,383	1,290	1,468
Goodwill on consolidation	11	1,029	811	–	–
Development expenditure	12	–	1,024	–	16
Other intangible assets	13	953	–	12	–
Investment in subsidiaries	14	–	–	61,943	23,177
Unquoted investment	15	–	331	–	331
Fixed deposit	21	424	–	–	–
		6,150	5,549	63,245	24,992
Current assets					
Inventories	16	276	121	9	52
Trade receivables	17	3,603	4,035	134	606
Other receivables, deposits & prepayments	18	1,789	782	342	324
Tax recoverable		448	–	–	–
Amount due from ultimate holding company	19	1	–	1	–
Amount due from holding company	19	474	569	437	536
Amount due from subsidiaries	14	–	–	1,684	1,746
Amount due from related companies	20	2,705	2,211	2,272	1,722
Fixed deposits	21	176,865	164,836	77,437	119,658
Cash & bank balances	21	1,222	681	559	298
		187,383	173,235	82,875	124,942
Total assets		193,533	178,784	146,120	149,934

The notes set out on pages 55 to 93 form an integral part of these financial statements.

Balance Sheets

as at 30 June 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	135,000	135,000	135,000	135,000
Share premium		1,475	1,475	1,475	1,475
Other reserves	23	263	(278)	–	–
Unappropriated profits		30,592	27,512	8,406	10,219
		167,330	163,709	144,881	146,694
Minority interests		18,678	8,534	–	–
Total equity		186,008	172,243	144,881	146,694
Non-current liabilities					
Hire purchase payables	24	218	487	148	329
Deferred taxation	25	303	316	219	219
Deferred revenue	26	–	–	–	1,320
		521	803	367	1,868

The notes set out on pages 55 to 93 form an integral part of these financial statements.

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current liabilities					
Trade payables	27	2,004	2,033	207	247
Other payables & accruals	28	4,080	2,986	355	429
Post-employment defined contribution obligations	29(a)	153	108	57	55
Amount due to a subsidiary	14	–	–	–	36
Amount due to related companies	20	73	73	69	69
Finance lease liabilities	30	–	62	–	–
Hire purchase payables	24	269	275	181	171
Bank overdraft	21, 31	378	–	–	–
Provision for taxation		47	201	3	365
		7,004	5,738	872	1,372
Total liabilities		7,525	6,541	1,239	3,240
Total equity and liabilities		193,533	178,784	146,120	149,934

The notes set out on pages 55 to 93 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2007

Group	Attributable to equity holders					Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable		Distributable	Total RM'000		
		Share premium RM'000	Other reserves RM'000	Unappropriated profits RM'000			
Balance at 1 July, 2005	135,000	1,475	(122)	23,926	160,279	7,623	167,902
Currency translation differences	–	–	(390)	–	(390)	(1)	(391)
Expenses recognised directly in equity	–	–	(390)	–	(390)	(1)	(391)
Profit for the year	–	–	–	5,764	5,764	912	6,676
Total recognised income and expenses for the year	–	–	(390)	5,764	5,374	911	6,285
Transferred to capital reserve	–	–	234	(234)	–	–	–
Dividend paid	–	–	–	(1,944)	(1,944)	–	(1,944)
Balance at 30 June, 2006	135,000	1,475	(278)	27,512	163,709	8,534	172,243
Currency translation differences	–	–	541	–	541	1	542
Income recognised directly in equity	–	–	541	–	541	1	542
Profit for the year	–	–	–	5,051	5,051	(537)	4,514
Total recognised income and expenses for the year	–	–	541	5,051	5,592	(536)	5,056
Increase arising from subsidiary acquired	–	–	–	–	–	16,097	16,097
Reduction arising from acquisition of additional shares in existing subsidiary	–	–	–	–	–	(5,417)	(5,417)
Dividend paid	–	–	–	(1,971)	(1,971)	–	(1,971)
Balance at 30 June, 2007	135,000	1,475	263	30,592	167,330	18,678	186,008

The notes set out on pages 55 to 93 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2007

Company	Non-distributable		Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Unappropriated profits RM'000	
Balance at 1 July, 2005	135,000	1,475	9,491	145,966
Profit for the year, representing total recognised income and expenses for the year	–	–	2,672	2,672
Dividend paid	–	–	(1,944)	(1,944)
Balance at 30 June, 2006	135,000	1,475	10,219	146,694
Profit for the year, representing total recognised income and expenses for the year	–	–	158	158
Dividend paid	–	–	(1,971)	(1,971)
Balance at 30 June, 2007	135,000	1,475	8,406	144,881

The notes set out on pages 55 to 93 form an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2007

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from operating activities				
Profit before taxation	6,476	8,911	896	3,844
Adjustments for:-				
Allowance for diminution in value				
- subsidiary	-	-	180	-
- unquoted investment	331	-	331	-
Allowance for doubtful debts	108	-	11	-
Allowance for doubtful debts no longer required	-	(316)	-	-
Amortisation of development expenditure	-	224	-	224
Amortisation of intangible assets	79	-	3	-
Bad debts recovered	(2)	(5)	-	-
Bad debts written off	36	398	-	-
Depreciation	1,325	1,472	295	409
Development expenditure charged to Income Statement	16	213	16	213
Gain on disposal of property, plant & equipment	(52)	(17)	(41)	(19)
(Gain)/Loss on disposal of shares in subsidiaries	(4)	-	73	-
Impairment loss on development expenditure	1,008	-	-	-
Inter-company balance waived	-	-	1,166	-
Interest expenses	62	24	23	6
Interest income	(6,251)	(5,220)	(4,042)	(3,618)
Inventories written off	15	-	-	-
Negative goodwill recognised in Income Statement	(1,401)	-	-	-
Property, plant & equipment written off	51	-	30	-
Unrealised loss/(gain) on foreign exchange	1	-	1	(1)
Operating profit/(loss) before working capital changes	1,798	5,684	(1,058)	1,058

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Decrease/(Increase) in inventories	60	(8)	43	(18)
Decrease in receivables	273	885	619	388
(Decrease)/Increase in payables	60	(1,798)	(115)	(1,049)
Net changes in ultimate holding company	(1)	3	(1)	3
Net changes in holding company	95	45	100	78
Net changes in subsidiaries	-	-	(1,140)	424
Net changes in related companies	(494)	(101)	(550)	(86)
Cash generated from/(absorbed by) operations	1,791	4,710	(2,102)	798
Tax paid	(2,607)	(3,230)	(1,100)	(1,515)
Interest paid	(62)	(24)	(23)	(6)
Interest received	6,057	5,170	3,893	3,582
Net cash from operating activities	5,179	6,626	668	2,859
Cash flows from investing activities				
Acquisition of subsidiary (net of cash acquired)	14,974	-	(36,350)	-
Acquisition of additional shares in existing subsidiary	(4,016)	-	(4,016)	-
Proceeds from disposal of property, plant & equipment	167	23	83	21
Proceeds from disposal of subsidiary (net of cash disposed)	26	-	-	-
Purchase of property, plant & equipment	(1,273)	(515)	(188)	(234)
Purchase of intangible assets	(668)	-	(15)	-
Net cash used in investing activities	9,210	(492)	(40,486)	(213)

The notes set out on pages 55 to 93 form an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2007

Note	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from financing activities				
Dividend paid	(1,971)	(1,944)	(1,971)	(1,944)
Repayment of finance lease liabilities	(74)	(227)	–	–
Repayment of hire purchase payables	(275)	(89)	(171)	(36)
Net cash used in financing activities	(2,320)	(2,260)	(2,142)	(1,980)
Net changes in cash and cash equivalents	12,069	3,874	(41,960)	666
Effects of exchange rate changes	547	(393)	–	–
Cash and cash equivalents brought forward	165,517	162,036	119,956	119,290
Cash and cash equivalents carried forward	21	178,133	77,996	119,956

NOTES TO CASH FLOW STATEMENTS

Analysis of acquisition of property, plant & equipment:-

Cash paid	1,273	515	188	234
Hire purchase creditors	–	782	–	537
	1,273	1,297	188	771

The notes set out on pages 55 to 93 form an integral part of these financial statements.

Notes to the Financial Statements

1 GENERAL INFORMATION

The principal activities of the Company are investment holding, provision of incubation services including developing and incubating technology companies, internet contents of all descriptions and non-internet related businesses and provision of consultancy and advisory services in relation to the business of electronic commerce or internet commerce solutions. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia and is listed on the Malaysian Exchange of Securities Dealing & Automated Quotation Bhd ("MESDAQ") of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows:-

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

The address of the principal place of business of the Company is as follows:-

Level 1 & 3, Annexe Block
Lot 10 Shopping Centre
50 Jalan Sultan Ismail
50250 Kuala Lumpur

2 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group's and the Company's operations are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk.

The Group's and the Company's risk management policies seek to ensure that adequate resources are available to manage the above risks and to create value for their shareholders. The Board regularly reviews these risks and approves treasury policies, which covers the management of these risks. It is not the Group's and the Company's policy to engage in speculative transactions.

a Foreign currency risk

The Group and the Company are exposed to currency risk as a result of foreign currency transactions other than Ringgit Malaysia. However, the effect of foreign currency risk is not significant as the majority of Group's and Company's transactions, assets and liabilities are denominated in Ringgit Malaysia.

b Interest rate risk

The Group and the Company finance their operations through a mixture of shareholders' funds and borrowings. Interest rates exposures arise from the Group's and the Company's borrowings and deposits. It is the Group's and the Company's policy to manage their interest costs within predictable and desired range and to achieve this through the use of fixed rate debt where appropriate. Deposits with licensed financial institutions are held for short term and not for speculative purposes.

Notes to the Financial Statements

c Credit risk

The Group and the Company are exposed to credit risk mainly from receivables. The Group and the Company extend credit to their customers based upon established credit evaluation and monitoring guidelines.

d Liquidity and cash flow risk

The Group and the Company practice prudent liquidity risk management policies and maintain sufficient levels of cash and credit facilities for working capital and contingent funding requirements.

3 SIGNIFICANT ACCOUNTING POLICIES

a Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below) and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

The preparation of financial statements in conformity with the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed as Note 35.

The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

The adoption of the relevant new or revised Financial Reporting Standards ("FRS"), effective for financial periods beginning on or after 1 January, 2006 are as follows:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Presentation of Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRSs.

The adoption of the above FRSs does not have significant financial impact on the Group and the Company except as disclosed in the Notes to the financial statements.

b Investment in subsidiaries and basis of consolidation

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between net disposal proceeds and their carrying amounts is included in the Income Statement.

Subsidiaries are entities in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill as disclosed in Note 3(c).

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the Income Statement.

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases.

All significant inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary and is recognised in the consolidated Income Statement.

Notes to the Financial Statements

c Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the fair value of their identifiable net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in the Balance Sheet as an intangible asset.

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that carrying value may be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

d Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories cost is determined on a first-in-first-out method.

Cost includes the actual cost of purchase and other costs 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 costs of completion and applicable variable selling expenses.

e Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Computer infrastructure & equipment	10% - 20%
Furniture, fixtures & equipment	10% - 20%
Motor vehicles	20%
Musical instrument	20%
Office renovation & fittings	10%
Telecommunication equipment	10% - 20%

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

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in the Income Statement.

f Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as 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 the Income Statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the Income Statement, a reversal of that impairment loss is recognised as income in the Income Statement.

g Development expenditure

Expenditure on development activities are recognised as intangible assets when the following criteria are fulfilled:-

- i it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- ii management intends to complete the intangible asset and use or sell it;
- iii there is an ability to use or sell the intangible asset;
- iv it can be demonstrated how the intangible asset will generate probable future economic benefits;
- v adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- vi the expenditure attributable to the intangible asset during its development can be reliably measured.

The expenditure capitalised includes the cost of direct labour and an appropriate proportion of overheads. Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. The capitalised development expenditure is amortised over its estimated useful life.

Notes to the Financial Statements

h Other intangible assets

i Computer software

Software which forms an integral part of the related hardware is capitalised with that hardware and included within property, plant and equipment. Software which are not an integrated part of the related hardware are capitalised as intangible assets.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

ii Investment in programmes for future sale

Investment in programmes for future sale is stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. Amortisation of investment in programmes for future sale is charged to the Income Statement over the estimated average marketable life of the programme genre which is generally between five and ten years. The cost and accumulated amortisation of investment in programmes for future sale are reduced by programmes which are fully written off.

iii Broadband network customer base and coverage

Broadband network customer base and coverage are stated at cost, less accumulated amortisation. Amortisation is charged to the Income Statement over the estimated useful life of the asset.

i Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group and the Company.

j Income tax

Income tax on the profit or loss for the year comprises current and deferred tax.

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

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

k Receivables

Receivables are stated at cost less any allowances for doubtful debts. Known bad debts are written off and doubtful debts are provided for based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

l Foreign currencies

i Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the Company’s functional and presentational currency.

ii Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

m Investments

Investments held on long term basis are stated at cost. An allowance is made when the directors are of the opinion that there is a decline other than temporary in their value. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is included in the Income Statement.

n Revenue recognition

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the Group and the Company and the benefits can be reliably measured. The specific recognition criteria for revenue are as follows:-

i Sale of goods and rendering of services

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers.

Revenue from rendering of services is recognised in the Income Statements in proportion to the stage of completion of the transaction at the balance sheets date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

ii Interest income

Revenue is recognised as the interest income accrues, taking into account the effective yield on the asset.

Notes to the Financial Statements

o Deferred revenue and deferred credit

Deferred revenue, which is included in other payables and accruals, relates to unutilised airtime of prepaid telephony services packages. The deferred revenue will be progressively recognised as revenue based on actual airtime utilisation of the services.

Deferred credit, which is included in other payables and accruals, comprises deferred revenue from future advertising services to be rendered to customers and is recognised over the period of the relevant contracts.

p Financial instruments

i Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

ii Financial instruments recognised on the Balance Sheet

The particular recognition method adopted for financial instruments recognised on balance sheet is disclosed in the individual accounting policy statement associated with each item.

iii Fair value estimation for disclosure purposes

The face values of financial assets and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values. The carrying amount of other financial assets and liabilities at the balance sheet date approximate their fair value unless stated otherwise in the Notes to the financial statements.

q Finance lease

Leases of property, plant and equipment where the Group and the Company assume substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being written off to the Income Statement over the period of the lease in reducing amounts in relation to the outstanding obligations. The interest element of the finance charge is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset and the lease term.

All other leases are regarded as operating leases. Payments made under operating leases are charged to the Income Statement on the straight line basis over the lease period.

r Hire purchase

Property, plant & equipment acquired under hire purchase arrangements which in substance transfer the risks and benefits of ownership, are capitalised at the value equivalent to the principal sum of total hire purchase payables. The corresponding obligations are treated as liabilities.

Finance charges are allocated to the Income Statements to give a constant periodic rate of interest on the remaining hire purchase liabilities.

s Employee benefits

i Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

ii Post-employment benefits

Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to a defined contribution plan are charged to the Income Statement in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

iii Share-based compensation

The Company's holding company, YTL Corporation Berhad ("YTL Corp"), operates an equity-settled, share-based compensation plan (namely the Employees' Share Option Scheme ("ESOS") in relation to YTL Corp shares) for employees of the YTL Corp Group. As the Company is a subsidiary of YTL Corp, the eligible employees of the Company and its subsidiaries participate in the ESOS. The proportionate compensation expense relating to share options is recognised in the Income Statement over the vesting periods of the grants with a corresponding reduction in amount due from holding company. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a trinomial model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the Income Statement and a corresponding adjustment to amount due from holding company over the remaining vesting period.

Notes to the Financial Statements

t Borrowing costs

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the Income Statement.

u Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, bank overdrafts and deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in value.

4 REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sale of goods	2,443	3,235	2,994	3,605
Services rendered	23,150	27,443	2,646	5,684
	25,593	30,678	5,640	9,289

5 FINANCE COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Bank overdraft interest	25	–	–	–
Finance lease interest	1	11	–	–
Hire purchase interest	36	13	23	6
	62	24	23	6

6 PROFIT BEFORE TAXATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before taxation is stated after charging:-				
Auditors' remuneration				
- current year	89	85	7	7
- prior year	6	11	-	-
Allowance for diminution in value				
- subsidiary (included in administration expenses)	-	-	180	-
- unquoted investment (included in administration expenses)	331	-	331	-
Allowance for doubtful debts	108	-	11	-
Amortisation of development expenditure	-	224	-	224
Amortisation of intangible assets	79	-	3	-
Bad debts written off	36	398	-	-
Depreciation	1,325	1,472	295	409
Development expenditure charged to Income Statement	16	213	16	213
Directors' remuneration				
- fees	162	150	162	150
- emoluments	265	289	265	289
Impairment loss of development expenditure (included in administration expenses)	1,008	-	-	-
Inter-company balance waived	-	-	1,166	-
Inventories written off	15	-	-	-
Loss on disposal of shares in subsidiary	-	-	73	-
Loss on foreign exchange				
- realised	1	4	-	5
- unrealised	1	-	1	-
Property, plant & equipment written off	51	-	30	-
Rental of office equipment	17	17	13	13
Rental of premises	868	875	304	790
Staff costs (excluding directors' emoluments)	5,061	5,860	2,107	2,958

Included in staff costs is a charge arising from share options of YTL Corporation Berhad granted to employees amounting to RM125,248 and RM85,505 for the Group and the Company respectively.

Notes to the Financial Statements

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
And crediting (other than those disclosed in Note 4):-				
Allowance for doubtful debts no longer required	-	(316)	-	-
Bad debt recovered	(2)	(5)	-	-
Fixed deposit interest	(6,251)	(5,220)	(4,042)	(3,618)
Gain on disposal of property, plant & equipment	(52)	(17)	(41)	(19)
Gain on disposal of shares in a subsidiary	(4)	-	-	-
Gain on foreign exchange				
- unrealised	-	-	-	(1)
Negative goodwill recognised in Income Statement	(1,401)	-	-	-
Rental income	-	(3)	-	-

Cost of inventories recognised as an expense in the cost of sales are as follows:-

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of inventories	2,996	3,421	2,867	3,367

The aggregate remuneration of directors categorised into appropriate components for the year ended 30 June, 2007 are as follows:-

Group/Company

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others RM'000	Total RM'000
Executive directors	100	181	25	33*	339
Non-executive directors	62	-	-	26	88

* Included in this category is a charge of RM7,798 arising from share options of YTL Corporation Berhad granted to directors of the Company.

The number of directors of the Group and of the Company whose total remuneration fell within the following bands for the financial year ended 30 June, 2007 are as follows:-

Range of remuneration	Group/Company No. of Directors	
	Executive	Non-Executive
Below RM50,001	5	3
RM50,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	-

7 TAXATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
In Malaysia				
Tax charged for the current year	1,954	3,154	872	1,811
Over-provision in prior years	(153)	(866)	(134)	(639)
Deferred tax (Note 25)				
- Origination and reversal of temporary differences	(40)	(36)	-	-
- Over-provision in prior years	-	(182)	-	-
	1,761	2,070	738	1,172
Outside Malaysia				
Tax charged for the current year	200	174	-	-
Under/(over)-provision in prior years	1	(9)	-	-
	1,962	2,235	738	1,172

Notes to the Financial Statements

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before taxation	6,476	8,911	896	3,844
Income tax using Malaysian tax rate of 27% (2006: 28%)	1,749	2,495	242	1,076
Non deductible expenses	658	710	606	654
Non-taxable income	(378)	-	-	-
Over-provision in prior years				
- taxation	(152)	(875)	(134)	(639)
- deferred taxation	-	(182)	-	-
Tax effect of tax rate at 20% on first RM500,000 of chargeable income	(41)	(80)	-	-
Tax effect of unrecognised reduction in deferred tax liabilities during the year	14	94	24	81
Tax effect of unrecognised deferred tax assets during the year	92	61	-	-
Different tax rates in other countries	20	12	-	-
	1,962	2,235	738	1,172

Subject to agreement with the Inland Revenue Board, the Company has exempt income estimated at RM160,663 (2006: RM160,663), from which tax exempt dividends can be declared.

Based on prevailing tax rate applicable to dividends and the estimated tax credits under Section 108 of the Income Tax Act, 1967 and the tax exempt account balance as mentioned above, the Company has sufficient tax credit under Section 108 to frank the payment of dividends out of all (2006: RM9,861,328) its distributable reserves as at 30 June, 2007 without additional tax liabilities being incurred. This is, however, subject to confirmation by the Inland Revenue Board.

8 EARNINGS PER SHARE (EPS)

	Group	
	2007	2006
Basic EPS		
Net profit for the financial year attributable to equity holders of the Company (RM'000)	5,051	5,764
Weighted average number of shares in issue for basic EPS ('000)	1,350,000	1,350,000
Basic EPS (sen)	0.37	0.43

Basic EPS is calculated by dividing the net profit for the financial year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

9 DIVIDENDS

	Group/Company			
	2007	2006	2007	2006
	Gross dividend per share (sen)	Amount of dividend net of tax RM'000	Gross dividend per share (sen)	Amount of dividend net of tax RM'000
Dividends paid in respect of:-				
a Year ended 30 June, 2005 first and final, less 28% tax	–	–	0.20	1,944
b Year ended 30 June, 2006 first and final, less 27% tax	0.20	1,971	–	–
Proposed first and final dividend, less 27% tax (2006: 27% tax)	0.30	2,956	0.20	1,971

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 30 June, 2007 of 0.30 sen per share less Malaysian Income Tax will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June, 2008.

10 PROPERTY, PLANT & EQUIPMENT

Group	Cost						
	Balance at 1.7.2006 RM'000	Acquisition through business combination RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Adjustment RM'000	Balance at 30.6.2007 RM'000
2007							
Computer infrastructure & equipment	6,711	1,564	1,183	(164)	(100)	–	9,194
Furniture, fixtures & equipment	240	26	11	(2)	–	–	275
Motor vehicles	1,185	–	17	(229)	–	–	973
Telecommunication equipment	1,164	–	42	(13)	(4)	–	1,189
Office renovation & fittings	941	10	20	(40)	(49)	–	882
Musical instrument	1	–	–	–	(1)	–	–
	10,242	1,600	1,273	(448)	(154)	–	12,513

Notes to the Financial Statements

	Accumulated Depreciation						Balance at 30.6.2007 RM'000
	Balance at 1.7.2006 RM'000	Acquisition through business combination RM'000	Charge for the year RM'000	Disposals RM'000	Written off RM'000	Adjustment * RM'000	
Computer infrastructure & equipment	5,042	1,002	1,055	(109)	(78)	-	6,912
Furniture, fixtures & equipment	100	14	34	(1)	-	-	147
Motor vehicles	433	-	113	(198)	-	(90)	258
Telecommunication equipment	911	-	125	(9)	(4)	-	1,023
Office renovation & fittings	372	5	88	(16)	(20)	-	429
Musical instrument	1	-	-	-	(1)	-	-
	6,859	1,021	1,415	(333)	(103)	(90)	8,769

* The above adjustment was made as a result of a reassessment of residual values.

	Cost			
	Balance at 1.7.2005 RM'000	Additions RM'000	Disposals RM'000	Balance at 30.6.2006 RM'000

2006

Computer infrastructure & equipment	6,378	337	(4)	6,711
Furniture, fixtures & equipment	215	25	-	240
Motor vehicles	374	863	(52)	1,185
Telecommunication equipment	1,097	68	(1)	1,164
Office renovation & fittings	938	3	-	941
Musical instrument	1	-	-	1
	9,003	1,296	(57)	10,242

	Accumulated Depreciation			Balance at 30.6.2006 RM'000
	Balance at 1.7.2005 RM'000	Charge for the year RM'000	Disposals RM'000	
Computer infrastructure & equipment	4,095	948	(1)	5,042
Furniture, fixtures & equipment	68	32	-	100
Motor vehicles	285	197	(49)	433
Telecommunication equipment	711	201	(1)	911
Office renovation & fittings	278	94	-	372
Musical instrument	1	-	-	1
	5,438	1,472	(51)	6,859

	Net Book Value	
	at 30.6.2007 RM'000	at 30.6.2006 RM'000
Computer infrastructure & equipment	2,282	1,669
Furniture, fixtures & equipment	128	140
Motor vehicles	715	752
Telecommunication equipment	166	253
Office renovation & fittings	453	569
Musical instrument	-	-
	3,744	3,383

Included in property, plant & equipment of the Group as at 30 June, 2006 were computer equipment held under finance lease arrangements with net book value of RM236,000. The finance lease obligations for these assets were fully settled by 30 June, 2007.

Included in property, plant & equipment of the Group are motor vehicles with net book value of RM715,611 (2006: RM752,243) held under hire purchase arrangement.

Company	Cost					Balance at 30.6.2007 RM'000
	Balance at 1.7.2006 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Adjustment* RM'000	
Computer infrastructure & equipment	2,195	146	(13)	-	-	2,328
Furniture & fittings	157	2	(1)	-	-	158
Motor vehicles	791	17	(165)	-	-	643
Office renovation & fittings	941	20	(39)	(50)	-	872
Telecommunication equipment	28	3	-	-	-	31
	4,112	188	(218)	(50)	-	4,032

2007

Company	Accumulated Depreciation					Balance at 30.6.2007 RM'000
	Balance at 1.7.2006 RM'000	Charge for the year RM'000	Disposals RM'000	Written off RM'000	Adjustment* RM'000	
Computer infrastructure & equipment	1,881	172	(9)	-	-	2,044
Furniture & fittings	67	16	-	-	-	83
Motor vehicles	317	69	(151)	-	(53)	182
Office renovation & fittings	372	87	(16)	(20)	-	423
Telecommunication equipment	7	3	-	-	-	10
	2,644	347	(176)	(20)	(53)	2,742

* The above adjustment was made as a result of a reassessment of residual values.

Notes to the Financial Statements

	Cost			Balance at 30.6.2006 RM'000
	Balance at 1.7.2005 RM'000	Additions RM'000	Disposals RM'000	
2006				
Computer infrastructure & equipment	2,034	165	(4)	2,195
Furniture & fittings	156	1	–	157
Motor vehicles	247	593	(49)	791
Office renovation & fittings	938	3	–	941
Telecommunication equipment	20	8	–	28
	3,395	770	(53)	4,112

	Accumulated Depreciation			Balance at 30.6.2006 RM'000
	Balance at 1.7.2005 RM'000	Charge for the year RM'000	Disposals RM'000	
Computer infrastructure & equipment	1,705	177	(1)	1,881
Furniture & fittings	51	16	–	67
Motor vehicles	247	119	(49)	317
Office renovation & fittings	278	94	–	372
Telecommunications equipment	4	3	–	7
	2,285	409	(50)	2,644

	Net Book Value	
	at 30.6.2007 RM'000	at 30.6.2006 RM'000
Computer infrastructure & equipment	284	314
Furniture & fittings	75	90
Motor vehicles	461	474
Office renovation & fittings	449	569
Telecommunications equipment	21	21
	1,290	1,468

Included in property, plant & equipment of the Company are motor vehicles with net book value of RM460,553 (2006: RM474,336) held under hire purchase arrangement.

11 GOODWILL ON CONSOLIDATION

	Group	
	2007 RM'000	2006 RM'000
At beginning of the year	811	811
Arising from the acquisition of a subsidiary	253	–
Derecognised on disposal of a subsidiary	(35)	–
At end of the year	1,029	811

Goodwill is allocated for impairment to the individual entity which is also the cash-generating units (CGUs) identified according to the respective company. The following CGUs, being the lowest groups of assets for which there are separately identifiable cash flows, have carrying amount of goodwill that are considered significant in comparison with the Group's total goodwill balance.

Group	2007 RM'000	2006 RM'000
Infoscreen Networks PLC	767	767
Others	262	44
At end of the year	1,029	811

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management judgement.

The recoverable amount of goodwill attributed to Infoscreen Networks PLC ("INP") is based on fair value less cost to sell. Fair value is determined using the observable market price of INP's shares listed on the Alternative Investment Market of the London Stock Exchange.

Notes to the Financial Statements

12 DEVELOPMENT EXPENDITURE

This is mainly in respect of expenditure incurred for the development of internet portal.

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At beginning of the year	1,024	1,461	16	453
Less:-				
- Charged to Income Statement	(16)	(213)	(16)	(213)
- Amortisation of development expenditure	-	(224)	-	(224)
- Impairment loss	(1,008)	-	-	-
At end of the year	-	1,024	-	16
Cost	2,133	2,149	1,125	1,141
Less: Accumulated amortisation	(1,125)	(1,125)	(1,125)	(1,125)
Less: Accumulated impairment loss	(1,008)	-	-	-
Net book value	-	1,024	-	16

From the Group's year-end assessment of impairment of non-financial assets, it was noted that certain market indicators suggested that the fair value of development expenditure carried by a subsidiary is now negligible. This led to the recognition of RM1,007,848 impairment loss (included in "administration expenses" as disclosed in Note 6) during the year.

13 OTHER INTANGIBLE ASSETS

Group	Computer software RM'000	Investment in programmes for future sale RM'000	Broadband network customer base and coverage RM'000	Total RM'000
2007				
Cost				
At beginning of the year	-	-	-	-
Acquisition through business combination	-	-	364	364
Additions	29	639	-	668
At end of the year	29	639	364	1,032
Accumulated amortisation				
At beginning of the year	-	-	-	-
Charge for the year	6	64	9	79
At end of the year	6	64	9	79
Net book value				
As at 30 June, 2007	23	575	355	953

Notes to the Financial Statements

Company	Computer Software RM'000	Total RM'000
2007		
Cost		
At beginning of the year	–	–
Additions	15	15
At end of the year	15	15
Accumulated amortisation		
At beginning of the year	–	–
Charge for the year	3	3
At end of the year	3	3
Net book value		
As at 30 June, 2007	12	12

14 SUBSIDIARIES

a

	Company	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	41,992	1,726
Less: Allowance for diminution in value	(1,500)	–
Quoted shares, at cost	40,492	1,726
	21,451	21,451
	61,943	23,177
Market value - Quoted shares	77,644	75,603

From the Group's year-end impairment assessment exercise, it was noted that the Company's investment in PropertyNetAsia (Malaysia) Sdn. Bhd. ("PNAM") was impaired as market indicators suggested that the fair value of a substantial portion of PNAM's assets (related to development expenditure) was now negligible. This led to the Company's recognition of allowance for diminution in value of investments in subsidiaries totalling RM1,500,000 during the year.

The shares of all subsidiaries except for YTL Info Screen Sdn. Bhd. are held directly by the Company. Details of the subsidiaries are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2007 %	2006 %
Extiva Communications Sdn. Bhd.	Malaysia	Developing and marketing of VoIP telephony services	90	70
Hipmobile (M) Sdn. Bhd.	Malaysia	Telecommunication services and consultancy and the creation, aggregation and sale of wireless content, multimedia works and applications	–	70
Intellectual Learning Sdn. Bhd.	Malaysia	Education and training using advanced technology	100	100
PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Developing and operating a property portal known as PropertyNetAsia.com.my and the provision of related services	60	60
Y-Max Solutions Holdings Sdn. Bhd. (Formerly known as Titan Awards Sdn. Bhd.)	Malaysia	Investment holding	70	–
YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing and advertising content, media, web media, and up to date information via electronic media	99.78	99.78

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2007 %	2006 %
Y-Max Networks Sdn. Bhd. (formerly known as Bizsurf (M) Sdn. Bhd.)	Malaysia	Providing computer networking and related information technology services	50 [@]	–
*Hipmobile Singapore Pte. Ltd.	Singapore	Telecommunication services and consultancy and the creation, aggregation and sale of wireless content, multimedia works and applications	–	70
*Infoscreen Networks PLC	United Kingdom	Investment holding	99.78	99.78

@ Consists of 50% equity interest, plus 1 share

* Subsidiaries not audited by HLB Ler Lum

b Summary of the effects of the acquisition of subsidiaries

During the financial year, the Group completed the acquisition of certain subsidiaries, namely Y-Max Solutions Holdings Sdn. Bhd. (formerly known as Titan Awards Sdn. Bhd.) and Y-Max Networks Sdn. Bhd. (formerly known as Bizsurf (M) Sdn. Bhd.). These acquisitions were accounted for using the acquisition method of accounting.

i The effect of the acquisition of these subsidiaries on the financial results of the Group in the financial year are as follows:-

	2007 RM'000	2006 RM'000
Revenue	696	–
Loss for the year	(376)	–

If the acquisition had occurred on 1 July 2006, the Group's revenue and profit for the year would have been RM26,718,149 and RM4,445,065 respectively.

ii The assets & liabilities arising from the acquisition are as follows:-

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant & equipment	579	579
Other intangible assets	364	364
Inventories	231	231
Receivables	861	861
Cash and cash equivalents	51,324	51,324
Payables	(1,138)	(1,138)
Deferred taxation	(27)	(27)
Fair value of net assets	52,194	52,194
Less: Minority interest	(16,097)	
Group's share of net assets	36,097	
Goodwill on consolidation	253*	
Consideration paid, satisfied in cash	36,350	
Cash acquired	(51,324)	
Net cash inflow	(14,974)	

* Goodwill recognised on acquisition is attributable mainly to the broadband business acquired and its synergies with the Group's existing businesses.

c Summary effects of the disposal of subsidiaries

Group

Net assets disposed:-

	RM'000
Receivables	65
Cash and cash equivalents	1
Goodwill	35
Payables	(79)
Foreign exchange reserve	1
	23
Gain on disposal	4
Total proceeds from disposal	27
Less: Cash and cash equivalents	(1)
Disposal of subsidiaries, net of cash disposed	26

Notes to the Financial Statements

d Acquisition of minority interest

In June 2007, the Group acquired an additional 20% equity interest in Extiva Communications Sdn. Bhd. (“Extiva”) for a cash consideration of RM4,000,000 and incurred RM16,000 in incidental costs, increasing its equity interest from 70% to 90%. The carrying amount of Extiva’s net assets on the date of the acquisition was RM27,086,158. The fair value of net assets acquired through this transaction exceeded the purchase consideration by RM1,401,092 (“negative goodwill”). In accordance with *FRS 3 Business Combinations*, the Group recognised the negative goodwill in its Income Statement. In addition, the Group recognised a decrease in minority interest of RM5,417,232.

e Amount due from/(to) subsidiaries

The amount due from/(to) subsidiaries pertain mainly to trade receivables and payments on behalf. The outstanding amounts are unsecured, interest free and have no fixed terms of repayment.

15 UNQUOTED INVESTMENT

	Group/Company	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	331	331
Less: Allowance for diminution in value	(331)	–
	–	331

From the Group’s year-end impairment assessment exercise, it was noted that the Company’s unquoted investment was impaired as the investee company had ceased operations.

16 INVENTORIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Finished goods				
- at cost	276	88	9	18
- at net realisable value	–	33	–	34
	276	121	9	52

17 TRADE RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Trade receivables	3,871	4,035	145	606
Less: Allowance for doubtful debts	(268)	–	(11)	–
	3,603	4,035	134	606

The normal credit terms of the Group and of the Company granted for trade receivables ranged from 7 days to 30 days (2006: 7 days to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's and the Company's large number of customers. The Group's and the Company's historical experience in collection of accounts receivable fall within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts written off and the allowance made for doubtful debts is inherent in the Group's and Company's trade receivables.

18 OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Other receivables	889	67	211	41
Deposits	50	286	13	280
Prepayments	850	429	118	3
	1,789	782	342	324

19 HOLDING COMPANIES

The Company is a 74.07% (2006: 74.07%) owned subsidiary of YTL Corporation Berhad, a public listed company incorporated in Malaysia and the ultimate holding company is Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., a company incorporated in Malaysia.

The amount due from respective holding companies pertain mainly to trade receivables and payments on behalf. The outstanding amounts are unsecured, interest free and have no fixed terms of repayment.

20 AMOUNT DUE FROM/TO RELATED COMPANIES

The amount due from/to related companies pertain mainly to trade receivables/payables, rental charges and payments on behalf. The outstanding amounts are unsecured, interest free and have no fixed terms of repayment.

Notes to the Financial Statements

21 CASH & CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits				
- Licensed banks	177,289	141,282	77,437	118,719
- Other corporation	-	23,554	-	939
	177,289	164,836	77,437	119,658
Cash & bank balances	1,222	681	559	298
Bank overdrafts	(378)	-	-	-
	178,133	165,517	77,996	119,956

The weighted average interest rates of deposits that were effective at the balance sheet date were as follows:-

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Fixed deposits				
- Licensed banks	3.74	3.72	3.49	3.60
- Other corporation	-	3.54	-	3.55

Deposits of the Group and of the Company have maturities ranging from 4 days to 46 days (2006: 5 days to 36 days) and 4 days to 46 days (2006: 5 days to 35 days) respectively. Bank balances are deposits held at call with banks.

Deposits with licensed banks of the Group amounting to RM424,166 were pledged as security for borrowings as disclosed in Note 31.

22 SHARE CAPITAL

	Group/Company	
	2007 RM'000	2006 RM'000
Authorise:-		
10,000,000,000 ordinary shares of RM0.10 each	1,000,000	1,000,000
Issued and fully paid:-		
1,350,000,000 ordinary shares of RM0.10 each	135,000	135,000

23 OTHER RESERVES

	Group	
	2007 RM'000	2006 RM'000
Exchange difference reserve	29	(512)
Capital reserve	234	234
	263	(278)

24 HIRE PURCHASE PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Minimum hire purchase payments:-				
Repayable not later than one year	289	311	194	194
Repayable later than one year and not later than two years	223	289	152	194
Repayable later than two years and not later than five years	–	223	–	152
	512	823	346	540
Less : Financing charges	(25)	(61)	(17)	(40)
Present value of hire purchase payables	487	762	329	500
Present value of hire purchase payables:-				
Repayable not later than one year	269	275	181	171
Repayable later than one year and not later than two years	218	269	148	181
Repayable later than two years and not later than five years	–	218	–	148
	487	762	329	500
Represented by hire purchase payables:-				
Current	269	275	181	171
Non-current	218	487	148	329
	487	762	329	500

The hire purchase payables of the Group and of the Company carried interest rates at the balance sheet date ranging from 2.6% to 3.9% (2006: 2.6% to 3.9%) per annum.

Notes to the Financial Statements

25 DEFERRED TAXATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At beginning of the year	316	534	219	219
Acquisition through business combination	27	–	–	–
Credited to Income Statement (Note 7)	(40)	(218)	–	–
At end of the year	303	316	219	219

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 taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Balance Sheet:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<u>Deferred tax assets</u>				
Deferred revenue	(60)	(137)	–	–
Others	(19)	–	–	–
	(79)	(137)	–	–
<u>Deferred tax liabilities</u>				
Property, plant & equipment				
- Depreciation in excess of capital allowances	282	453	127	219
Others	100	–	92	–
At end of the year (after offsetting)	303	316	219	219

The estimated potential tax benefits of temporary differences not dealt with in the financial statements are as follows:-

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property, plant & equipment				
- Capital allowances in excess of depreciation	(673)	(81)	-	-
Unabsorbed tax losses	935	1,415	-	-
Unutilised capital allowances	856	228	216	-
	1,118	1,562	216	-
Potential tax benefits calculated at a tax rate of 20% and 27% (2006: 20%)	239	312	58	-

26 DEFERRED REVENUE

Deferred revenue as at 30 June, 2006 represented unearned development fees for the provision and maintenance of backend infrastructure facilities and development of website.

27 TRADE PAYABLES

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 60 days (2006: 30 days to 60 days).

28 OTHER PAYABLES & ACCRUALS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other payables	2,398	627	185	270
Accruals	1,276	1,838	170	159
Deferred revenue	406	481	-	-
Deferred credit	-	40	-	-
	4,080	2,986	355	429

Notes to the Financial Statements

29 EMPLOYEE BENEFITS

a Post-employment defined contribution obligations

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Defined contribution plan	153	108	57	55

Group companies incorporated in Malaysia contribute to Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

b Employees' Share Option Scheme

The Company's holding company, YTL Corporation Berhad ("YTL Corp"), operates an equity-settled, share-based compensation plan (namely the Employees' Share Option Scheme ("ESOS") in relation to YTL Corp shares) for employees of the YTL Corp Group. As the Company is a subsidiary of YTL Corp, the eligible employees of the Group and the Company participate in the ESOS.

The main features of the ESOS are as follows:-

- i The ESOS shall be in force for a period of ten (10) years, effective from 30 November, 2001.
- ii The maximum number of shares which may be made available under the ESOS shall not exceed ten per cent (10%) of the total issued and paid-up share capital of YTL Corp at the time of offering the option.
- iii Any employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer for an option ("Offer Date") the employee:-
 - a has attained the age of eighteen (18) years;
 - b is employed by and on payroll of a company within the YTL Corp Group; and
 - c has been in the employment of the YTL Corp Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including executive directors) of the YTL Corp Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the Bye-Laws not being met, at any time and from time to time.
- iv The price payable for shares under the ESOS shall be based on the five-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than 10%, if deemed appropriate.
- v Subject to Clause 14 of the Bye-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the options to a maximum number of new ordinary shares of YTL Corp and/or such percentage of the total ordinary shares of YTL Corp comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 11 and 12 of the Bye-Laws, the options can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to YTL Corp, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

- vi The grantee shall be prohibited from disposing the ordinary shares of YTL Corp so allotted to him for a period of twelve (12) months from the date on which the options are exercised. However, the options committee may at its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of YTL Corp at any earlier or other period.
- vii The persons whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

As allowed by the transitional provisions of FRS 2, the Company has applied the provisions of FRS 2 to all equity instruments granted after 31 December, 2004 but not fully vested as at 1 July, 2006, the effective date the Company adopted this FRS. The financial impact to the Company arising from the retrospective application of FRS 2 is not material and hence, no restatement of retained earnings is performed.

Information with respect to the number of options granted to employees and directors of the Group under the ESOS is as follows:-

Grant Date	Expiry Date	Exercise Price RM/share	At start of financial year	Number of share options			At end of financial year
				Granted	Exercised	Lapsed	
Year ended 30 June 2007							
1.7.2005	29.11.2011	4.81	553,000	–	–	(90,000)	463,000
7.8.2006	29.11.2011	4.41	–	75,000	–	–	75,000
			553,000	75,000	–	(90,000)	538,000

The fair value of options granted for which FRS 2 applies, were determined using the Trinomial Valuation model. The significant inputs in the model are as follows:-

	Share options granted on 1.7.2005	Share options granted on 7.8.2006
Valuation assumptions:-		
Expected volatility	24.7%	21.5%
Expected dividend yield	5.2%	5.6%
Expected option life	3 - 4 years	3 - 4 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.2%	4.1%

The volatility is based on statistical analysis of daily share prices over the last three years from the grant dates.

Notes to the Financial Statements

For the current year under review, the application of FRS 2 has resulted in a charge arising from ESOS granted to employees and directors of approximately RM133,000 and RM93,000 to the Income Statements of the Group and the Company respectively. The same amounts were offset against amount due from holding company.

30 FINANCE LEASE LIABILITIES

	2007 RM'000	Group 2006 RM'000
Minimum lease payments:-		
Repayable not later than one year	–	63
Less: Financing charges	–	(1)
Present value of finance lease liabilities	–	62
Present value of finance lease liabilities:-		
Repayable not later than one year	–	62
Represented by finance lease liabilities:-		
Current	–	62

The finance lease liabilities of the Group carried interest ranging from 3.4% to 3.9% as at 30 June, 2006.

31 BANK OVERDRAFT

Bank overdraft represents secured loans of a subsidiary of the Group. This overdraft is repayable in full on demand and bears interest of Base Rate plus 1.5%.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The significant related party transactions described below have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Entity	Relationship	Type of transaction	Group	
			2007 RM'000	2006 RM'000
Autodome Sdn. Bhd.	Subsidiary of holding company	*Sale of computer equipment	51	448
		*Sale of services rendered	226	32
Express Rail Link Sdn. Bhd.	Associated company of holding company	*Sale of computer equipment	778	300
		*Sale of services rendered	2,275	2,492
		^ Charges for media rights	(1,250)	(1,667)
East-West Ventures Sdn Bhd	Subsidiary of ultimate holding company	*Sale of services rendered	217	178
Star Hill Hotel Sdn. Bhd.	Subsidiary of holding company	*Sale of services rendered	454	435
Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.	Subsidiary of holding company	*Sale of computer equipment	482	293
		*Sale of services rendered	187	234
YTL Corporation Berhad	Holding company	*Sale of computer equipment	228	243
		*Sale of services rendered	937	551
YTL Land Sdn. Bhd.	Subsidiary of holding company	*Sale of computer equipment	162	531
		*Sale of services rendered	1,312	1,015
		#Rental of premises	–	(395)
Starhill Real Estate Investment Trust	Subsidiary of holding company	#Rental of premises	790	–

* Sale of computer equipment and sale of services rendered by the YTL e-Solutions Berhad Group.

Rental of premises charged to the YTL e-Solutions Berhad Group.

^ Charges for media rights charged to YTL e-Solutions Berhad Group.

Notes to the Financial Statements

33 CONTINGENT LIABILITY (UNSECURED)

The Company has given a corporate guarantee to a financial institution for facilities granted to subsidiaries as follows:-

	Total amount guaranteed		Amount utilised	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Bank guarantee	20,000	2,000	8,438	743

34 SEGMENTAL INFORMATION

No segmental information is prepared as the Group's activities are predominantly in one industry segment, namely the Information, Communications and Technology ("ICT") industry, and occur predominantly in Malaysia.

35 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a Impairment test on goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy as disclosed in Note 3(c). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less costs to sell calculations. These calculations require the use of estimates.

b Estimated useful lives of property, plant and equipment

The residual value and the useful life of the assets are reviewed at each financial year end. The review is based on factors such as business plans and strategies, expected level of usage and future regulatory changes.

c Allowance for doubtful debts

The Group and the Company assess at each balance sheet date whether there are objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

d Taxation

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

36 EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRSs

The adoption of FRS 2, 3, 5, 101, 102, 108, 110, 116, 121, 127, 132, 133, 136 and 138 do not have significant financial impact on the Group and the Company. The principal effects of the changes in accounting policies resulting from the adoption of the new/ revised FRSs are as discussed below:-

FRS 2: Share-based Payment

The adoption of FRS 2 resulted in a change in accounting policy for share-based payments. In the previous years, the provision of share options to employees and directors did not result in a charge in the Income Statement. Upon adoption of FRS 2, the total fair value of options granted by the holding company to the employees and directors of the Group and the Company is recognised as an expense in the Income Statements with a corresponding decrease in amount due to holding company over the vesting period of the grant.

The Group has applied the provisions of FRS 2 to all equity instruments granted after 31 December, 2004 but not yet vested as at 1 July, 2006, the effective date the Group adopted this FRS.

As the financial impact arising from the retrospective application is not material, no restatement of retained earnings has been performed. For the current year under review, the application of FRS 2 has resulted in a charge of approximately RM133,000 and RM93,000 to the Income Statements of the Group and the Company respectively arising from share options granted to employees and directors.

FRS 101: Presentation of Financial Statements

Prior to 1 January, 2006, minority interests at the balance sheet date were presented in the Consolidated Balance Sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the Consolidated Income Statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the Statement of Changes In Equity. The revised FRS 101 also requires disclosure, on the face of the Statement of Changes in Equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

37 THE NEW OR REVISED FINANCIAL REPORTING STANDARDS

The new or revised Financial Reporting Standards which have been published that are mandatory for accounting periods beginning on or after 1 October, 2006 or later period, are as follows:-

- a Standards that are not yet effective and have not been adopted early
- b Standards that are not yet effective and not relevant for the Group's and the Company's operations

- a Standards that are not yet effective and have not been adopted early

- i FRS 117 Leases (effective for accounting periods beginning on or after 1 October, 2006)

This standard requires the classification of leasehold land as prepaid lease payments. The Group and the Company will apply this standard from the financial year beginning 1 July, 2007.

- ii FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October, 2006)

This standard will affect the identification of related parties and some other related party disclosures. The Group and the Company will apply this standard from the financial year beginning 1 July, 2007.

Notes to the Financial Statements

- iii FRS 139 Financial Instruments : Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board)

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group and the Company will apply this standard when effective.

- iv FRS 112 Income Taxes (effective for accounting periods beginning on or after 1 July, 2007)

This standard requires the recognition of deferred tax assets on reinvestment allowance. The Group and the Company will apply this standard from financial year beginning 1 July, 2007.

- v FRS 107 Cash Flow Statements (effective for accounting periods beginning on or after 1 July, 2007)
- FRS 118 Revenue (effective for accounting periods beginning on or after 1 July, 2007)
- FRS 134 Interim Financial Reporting (effective for accounting periods beginning on or after 1 July, 2007)
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets (effective for accounting periods beginning on or after 1 July, 2007)

Implementation of above FRSs are not expected to significantly affect the financial statements for the year ending 30 June, 2008.

- vi FRS 119 Employee Benefits
- FRS 126 Accounting and Reporting by Retirement Benefits Plans
- FRS 129 Financial Reporting in Hyperinflationary Economies

The following three FRS, which have the same effective dates as their original standards, are renamed as:-

- FRS 119 Employee Benefits (which supersedes FRS 119₂₀₀₄ Employee Benefits and Amendment to FRS 119₂₀₀₄ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures)
- FRS 126 Accounting and Reporting by Retirement Benefits Plans (which supersedes FRS 126₂₀₀₄ Accounting and Reporting by Retirement Benefits Plans)
- FRS 129 Financial Reporting in Hyperinflationary Economies (which supersedes FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies)

- b Standards that are not yet effective and not relevant for the Group's and the Company's operations

- i FRS 6 Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January, 2007).
- ii Amendment to FRS 119₂₀₀₄ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (effective for accounting periods beginning on or after 1 January, 2007).
- iii Amendment to FRS 121 The Effect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 July, 2007).

38 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 3 July, 2007, Titan Awards Sdn. Bhd., a subsidiary of the Company, changed its name to Y-Max Solutions Holdings Sdn. Bhd. ("YSHSB"). On 6 August, 2007, YSHSB entered into a Subscription cum Shareholders' Agreement with Webtransact Sdn. Bhd. ("WSB") and Airzed Broadband Sdn. Bhd. ("AZB") to set out the terms and conditions of YSHSB's subscription of 1,400,000 Ordinary Shares of par value RM1.00 each and 5,600,000 Redeemable Convertible Preference Shares of par value RM0.10 each in AZB ("Proposed Subscription"), and WSB and YSHSB's relationship with each other as shareholders inter se of AZB and certain aspects of the affairs of AZB. Upon completion of the Proposed Subscription, AZB will become an indirect subsidiary of the Company. The Proposed Subscription is still subject to the approval of the FIC and any other relevant government authorities (if required).

39 FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values.

40 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue by the Board of Directors in accordance with the Directors' Resolution dated 25 October, 2007.

Form of Proxy



I/We (full name as per NRIC/company name in block capitals)

NRIC/Company No. (new and old NRIC Nos.)

CDS Account No. (for nominee companies only)

of (full address)

being a member of **YTL e-Solutions Berhad** hereby appoint (full name as per NRIC in block capitals)

NRIC No. (new and old NRIC Nos.)

of (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Friday, 7 December 2007 at 12.00 noon and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

NO. RESOLUTIONS		FOR	AGAINST
1	Receipt of Reports and Audited Financial Statements		
2	Declaration of First and Final Dividend		
3	Re-election of Dato' Chong Keap Thai @ Cheong Keap Tai		
4	Re-election of Dato' Yeoh Seok Hong		
5	Re-election of Amarjit Singh Chhina		
6	Re-election of Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman		
7	Approval of the payment of Directors' fees		
8	Re-appointment of Messrs HLB Ler Lum as Company Auditors		
9	Authorisation for Directors to Allot and Issue Shares		
10	Proposed Renewal of Share Buy-Back Authority		
11	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
12	Proposed Amendments to the Articles of Association		

Dated this day of 2007

Signature of shareholder

No. of shares held

Notes:

- 1 A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid.
- 2 This form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the Registered Office, 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for the Meeting.
- 3 In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.
- 4 Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
- 5 For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 59(ii) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 30 November 2007. Only a depositor whose name appears on the General Meeting Record of Depositors as at 30 November 2007 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

| Affix Stamp Here |

The Company Secretary

YTL E-SOLUTIONS BERHAD

11th Floor
Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

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